Annual Report and Accounts 2020

The Global Integrated Manufacturing Specialists

Welcome to the Annual Report 2020

Who We Are

Volex is a leading integrated manufacturing specialist for performance-critical applications and supplier of power products. We serve a diverse range of markets and customers, with particular expertise in cable assemblies, higher-level assemblies, data centre products, electric vehicles and consumer electronics.

We are headquartered in the UK but operate from 14 manufacturing locations and employ over 6,000 staff across 20 countries. Our products are sold through our own global sales force and through distributors to Original Equipment Manufacturers ('OEMs') and Electronic Manufacturing Services companies.

Our products and services are integral to the increasingly sophisticated digital world in which we live, providing power and connectivity for both everyday items and complex machinery.

How We Do It

Having completed two further acquisitions in the past year we now have 14 manufacturing sites across nine countries. We support these sites through a network of field application engineers, a centralised engineering hub and sales and administrative offices in a further 11 countries. We operate a number of leased warehouses and stock hubs close to our key customers in order to support their global operational requirements.

Integrated manufacturing services are always bespoke as we act as a solutions provider. We support customers who want to outsource both simple and highly complex cable assemblies, box builds and PCBAs to a stable partner with a truly global manufacturing footprint. Each site has developed capabilities in manufacturing, procurement and engineering. Our sites in Suzhou in China and Batam in Indonesia cater for our high-speed data transmission cables. Our sites in Poland and Slovakia support mainly European medical customers, and our sites in Mexico are focused on North American medical and industrial customers. Through our recent acquisitions we have solidified our market-leading position in the medical equipment segment as well as other high-tech sub-sectors.

The majority of our power cord production is still undertaken in China, close to raw material suppliers. The in-year acquisition of Ta Hsing continues our journey from an assembler of power cords to a vertically integrated power products company with extensive technologies and capabilities in the markets we serve.

Our global footprint allows us to balance production demands across Asia, offering a tariff-free capability from our sites in Vietnam and Indonesia. Power Product engineering is managed centrally from our Asian head office in Singapore and procurement is centralised in China.

Our Key Differentiators

Volex differentiates itself from the competition in three key aspects:

Quality and reliability

Quality and reliability is of critical importance to our premium customer base. Volex has an enviable reputation in the market for safety and a detailed understanding of local regulatory requirements.

Read more about our Business Model on pages 14 and 15

Manufacturing footprint

None of our direct competitors is able to offer manufacturing sites located across nine countries and three continents. In Volex, our international customers have access to one global supplier with a detailed knowledge of local markets and the ability to reduce lead times.

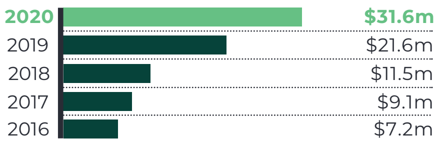
Read more about our Markets on pages 12 and 13

Scale

In a fragmented market, Volex is one of the largest producers, which allows us to benefit from economies of scale and significant purchasing power in the global component market.

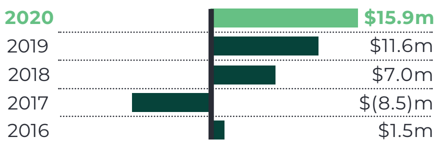
Highlights

UNDERLYING OPERATING PROFIT ($M)[1]

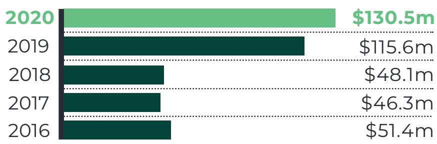


REVENUE ($M)

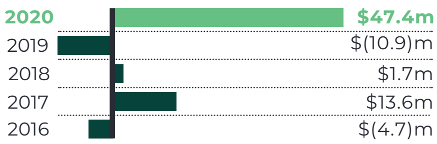
PROFIT BEFORE TAX ($M)



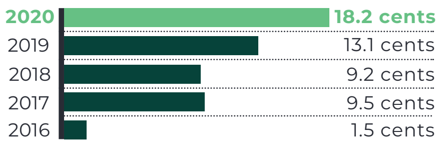
NET ASSETS ($M)



FREE CASH FLOW ($M)[2]



UNDERLYING BASIC EARNINGS PER SHARE[3] (CENTS)



1. Operating profit before adjusting items and share-based payment charges — see note 7 on page 94.
2. Free cash flow is net cash flow before financing activities and the acquisition of businesses, net of cash acquired.
3. Based on profit before underlying earnings — see note 11 on page 97.

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Read more within our Operational Review on pages 20 and 21

Read more about our Key Performance Indicators on page 18

At a Glance

Introduction

Volex is a global supplier of integrated manufacturing services for performance-critical applications and power products. We have renamed our Cable Assemblies division Integrated Manufacturing Services to reflect the expanding capabilities in this area. Power Products is the new name for Power Cords as our product set grows.

Manufacturing Solutions

Taking a customer blueprint, Volex can source the raw materials, build the manufacturing line and develop rigorous testing procedures to ensure that every product is built to exacting quality standards in an efficient way that delivers value to our customers.

Our global network of manufacturing sites, warehouses and hubs helps ensure that finished products are held in the right locations to minimise our customers' stockholding needs.

Product Development

Should a customer choose to outsource its entire assembly requirement, our team of experienced engineers can engage with the customer's product development team at an early stage to design and build everything from complex higher-level assemblies through to high-volume power cords.

Whatever the challenge, whether it be data-transmission rates, signal-degradation issues, durability or aesthetics, our team of engineers will produce the optimal solution at the ideal price point.

We Operate Across Two Divisions

Integrated Manufacturing Services

Volex designs and manufactures a broad range of higher-level assemblies and connectors (ranging from high-speed copper cables to complex multi-branch high reliability systems) that transfer electronic, radio-frequency and optical data.

Volex products are used in a variety of applications including medical equipment, data networking equipment, data centres, wireless base stations, mobile computing devices, factory automation and vehicle telematics.

Integrated Manufacturing Services on page 22

Power Products

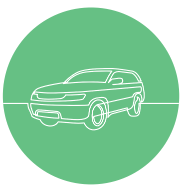
Volex designs and manufactures power cords, duck heads and related products that are sold to manufacturers of a broad range of electrical and electronic devices and appliances.

Volex products are used in laptops, PCs, tablets, printers, TVs, games consoles, power tools, kitchen appliances and electric and autonomous vehicles.

Power Products on page 24

Our Markets

Consumer Electronics



Electric Vehicles

Data Centre Products

Medical

Our Locations

As the trend towards globalisation continues, Volex is well positioned to serve and engage with customers on a global basis, from engineering design to manufacturing and delivery to account management.

We maintain production and distribution facilities across three continents in order to be a 'local partner' to customers, better supporting their global operational requirements.

AMERICAS

Sales offices and staff in Canada and the United States. Distribution centres throughout North America. Manufacturing sites in Mexico and the United States.

EUROPE

A head office close to London and a shared service centre in Poland. A UK and Ireland-based sales team that works with customers across the continent. Manufacturing sites in Poland, the UK, Romania and Slovakia.

ASIA

A regional head office in Singapore. Sales offices and/or staff in Singapore, China, Malaysia, Thailand, the Philippines, Japan, Taiwan, India and Hong Kong. Manufacturing facilities in China, Indonesia and Vietnam.

REVENUE BY LOCATION

- Americas $145.1m
- Europe $106.1m
- Asia $140.1m

EMPLOYEES BY LOCATION

- Americas 1,095
- Europe 632
- Asia 4,431

NON-CURRENT ASSETS BY LOCATION*

- Americas $25.8m
- Europe $28.4m
- Asia $21.5m

* excluding deferred tax assets

100 years of Volex

In September 2019, Volex plc celebrated its 100th year as a UK company.

1892
Business established

1910
Earliest known use of the 'Volex' brand name

1911
First involvement in the modern automotive industry, supplying cables to the Ford plant in Manchester

1919
Incorporated and registered at Companies House as 'Ward & Goldstone Ltd'

WARD & GOLDSTONE

The business, focused on the manufacture of electrical products, was originally established in the Manchester suburb of Gorton, in northwest England, in around 1892 by Meyer Hart Goldstone and James Henry Ward. Volex was not formally incorporated until 1919, when it was registered with Companies House under the name 'Ward & Goldstone Ltd'. That year, it booked a trading profit of £23,000 and counted net assets of £87,000. By then, it had expanded its operations to sites across Manchester, Salford and Lancashire, setting up its factories in former mill sites. For most of the 20th century, the Company would be a major manufacturer and employer in the region.

By 1922, the Company employed 850 people and manufactured and/or sold a wide range of electrical products, including lamps, torches, medical coils, electric kettles, batteries, dynamos and telephones, as well as wireless telegraphy sets. As early as 1910, Ward & Goldstone had begun using the 'Volex' brand name to market dry-cell batteries. During the Second World War, the Company supplied radio communications products for the UK military, in particular wiring accessories that were used in RAF aircraft.

By 1969, Ward & Goldstone was selling its products in around 100 overseas markets. Although production remained UK-based, it had established local representative offices and distribution centres around the world, including in Ireland, mainland Europe, Africa, South and Central America, the Caribbean, the Middle East and elsewhere in Asia. That year, it employed around 6,000 staff in 15 UK factories and offices, and throughout the period was a major supplier to the electrical, radio, television, domestic appliance, automobile and aircraft industries, as well as to government departments. Its products by now included wiring systems for cars, buses and lorries, power and television cables, batteries and lighting accessories, as well as plugs, sockets, fuses and switches for domestic use in people's homes.

Number of workers

1919: 800 (approx.)
2019: 6,000 (approx.)

1950s

Massive expansion in product ranges in all divisions during the post-war plastics and consumer booms. Company becomes one of Salford's biggest employers. 'Volex' brand name becomes widely used again

1960s

Auto division begins supplying harnesses to the iconic 60s British car, the Mini. Also a supplier for the popular Pifco brand of fans, hairdryers and heaters

Volex Accessories advertisement

Countries operating in

1919: 1
2019: 20

In 1979, former England footballer Bobby Charlton attended the Company's annual party in Eccles to present prizes to staff

1968

Supplied 25% of the British market for car electrical systems, with customers including Aston Martin

1970s

Factory floorspace in UK now over 2 million square feet. Expansion into Ireland. Patented and launched UK's first moulded plugs for domestic use

1984

Name changed to 'Volex Group plc'

100 years of Volex CONTINUED

FROM WARD & GOLDSTONE TO MODERN VOLEX

Although it was by now selling its products around the world, the firm remained a UK-centred, family-run company for most of the 20th century. However, following a series of difficult years financially and after the last members of the Goldstone family left the Board of Directors, the Company changed its name in 1984 to ‘Volex Group plc’ and began attaching the Volex brand name to most of its individual operations – later becoming simply ‘Volex plc’ in 2011.

In 1991, the Volex Accessories division, which manufactured the plugs, sockets, switches and related electrical items found in millions of British households, was sold to Electrium, a division of Hanson plc, which in turn was bought by the Siemens Group in 2006. These items remain in production today under the Volex Accessories brand, despite no longer being manufactured or sold by Volex itself.

By 2000, although the head office remained in Warrington, in northwest England, and some manufacturing was still taking place in the UK, Volex had expanded to become an international company, with not only significant sales operations but also multiple manufacturing sites around the world. Eventually its manufacturing activities would be undertaken entirely overseas, from as many as 30 sites across North and South America, Europe and Asia.

However, the Group was hit hard by the telecoms crash of 2001, and the next decade saw a period of consolidation and a refocus away from telecoms to the medical and industrial sectors.

In 2009, Volex plc moved its head office from the northwest to London, where it remained for the next 10 years. In April 2020, the head office was moved to Basingstoke. Since 2015, when the current executive management team took over after a series of difficult years for the Company, Volex has once again become a profitable, expanding and acquisitive business. The Group has acquired five businesses since 2018, and through its ownership of GTK is now manufacturing in the UK again after a gap of over 10 years.

1992
Significant expansion into US and Asia. By 2001 Volex had 29 manufacturing sites around the world

2002
First duck head manufactured

2006
V-lock range launched

2007
First high-speed copper cables

2008
Halogen-free cables launched

Net assets

1919: £87,000
2019: $126m (As at September 2019)

Profit

1919: £23,000 (Trading profit)
2019:$31.6m (Underlying operating profit 2019/20)

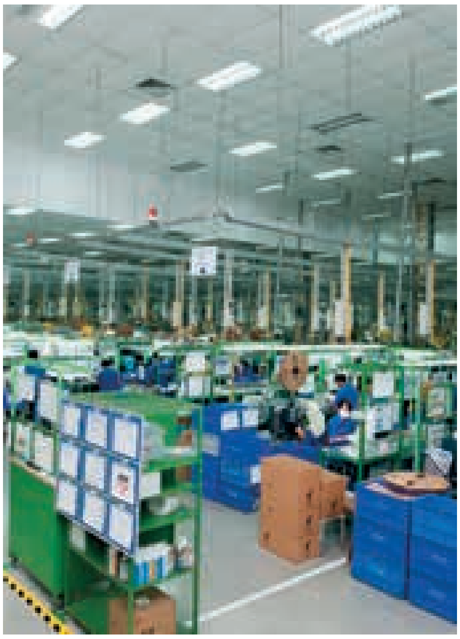
2009
HQ moves from northwest England to London

2011
Name changed to 'Volex plc'

2015
V-Novus range launched

2018
Acquisitions of GTK, Silcotec and MC Electronics

2019
Acquisitions of Servatron and Ta Hsing



Executive Chairman's Statement

'Volex's strategy over the past five years to diversify our customer base and geographic footprint has resulted in a resilient business with a renewed reputation for quality and reliability.'

Nathaniel Rothschild
Executive Chairman

The year ended 5 April 2020 ('FY2020') has been another transformative year. We have strengthened our position, expanded our business, built a strong platform for growth and made two further acquisitions.

The acquisition of Ta Hsing continues our journey from an assembler of power cords to a vertically integrated power products company with extensive technological knowledge in the markets we serve. The acquisition of Servatron is in line with our strategy to become a global leader in integrated manufacturing services.

Across both divisions we added new customers and invested in operations to improve our profit margins. These actions meant that we ended the year with both our operating profit and cash reserves at a 10-year high, despite having invested $30.5 million of cash in acquisitions and capital expenditure during the year.

In January 2020, the global Covid-19 outbreak presented us with new and significant challenges. Following an extended production site closure over the Chinese New Year period as a result of the outbreak, our local teams worked tirelessly with the local authorities, customers and suppliers to safely reopen our sites and resume the delivery of critical products to our customers. Our other sites across the world were able to plan and prepare for a global spread of the virus, and as a result we have kept our business running, our employees safe and supported our customers with minimal disruptions.

The Covid-19 outbreak will clearly have an adverse impact on the global economy, which we are unable to influence. However, we can take steps to ensure that Volex is in the best possible position to continue to make progress in more uncertain economic times.

Our strategic goals are clear and remain unchanged. We aim to continue to improve our cost position in the manufacture of power products and to develop our presence in value-added segments of the power market such as electric vehicles. In Integrated Manufacturing Services we continue to benefit from the need of our global customers to outsource both simple and highly complex cable assemblies, PCBAs and fully integrated box builds to a stable partner with a truly global manufacturing footprint. By targeting both organic growth and strategic acquisitions we see the opportunity to move further up the value chain and to increase our levels of vertical integration.

As we increase our scale and technical capabilities through continued development and innovation, we are accessing higher-value opportunities in our core medical, data centre and industrial end markets, where barriers to entry and profit margins are higher.

Recent Performance

Revenue for FY2020 was $391.4 million, an increase of 5.2% over the prior year.

In Integrated Manufacturing Services, which is now the larger of our two divisions, we saw growth across all our main market segments of data centre connectivity, medical and industrial equipment. Demand from customers in our largest geographic market, North America, was particularly strong during the period, as we were able to utilise non-China production to support tariff-free supply. Going forward we expect continued growth in Integrated Manufacturing Services as we acquire new customers that seek exposure to a global partner like Volex. We are already seeing the benefits that scale can bring through our recent acquisitions of MC Electronics, Silcotec and Servatron, and are working with customers on a number of new development projects as a direct result of these acquisitions.

In Power Products, our revenue reduced as we took the decision to lessen exposure to lower-margin business, and instead focus on higher-margin customers and products. This resulted in an overall improvement in profitability and provides us with funds to invest in new production capacity outside of China and to continue our success in the electric vehicle segment. We continue to see more opportunities in electric vehicles for Volex and expect a number of new vehicle programmes to launch in the coming year supported by Volex technology.

We were particularly pleased with the improvement in gross margin during the year from 19.8% to 23.2% despite continued cost inflation and competitive pressures on pricing. The improvement in gross margin occurred across both our operating divisions and is a result of the hard work by management to rationalise our production site and office footprint, and a continuous focus on improving profitability across all of our locations, product lines and customers.

Underlying operating expenses at $59.0 million increased by 13.7% year on year. This was due to the acquisitions made during the year and also as a result of our strong financial performance triggering increased bonus payments for our staff.

Cost inflation is a common theme across all of the countries in which we operate and we are therefore continuing to invest in automation across the Group to mitigate this. In addition, the effect of US import tariffs on Chinese production has resulted in Volex moving certain production capacity to alternative locations outside of China, which has resulted in additional administrative and investment costs for the Group.

Overall underlying operating profit for the year was $31.6 million, up 46.3% from $21.6 million in the prior year.

Acquisitions

Achieving growth through acquisition is part of our DNA. We have made two successful acquisitions during the year, which have added new customers, capability and geographic presence to the Group.

In June 2019 we acquired Ta Hsing, with manufacturing facilities in Shenzhen, China. Ta Hsing provides Volex with power cables and is part of our strategy to increase vertical integration in the power division.

In July 2019 we acquired Servatron, a US-based manufacturer of complex printed circuit boards and complete sub-assembly solutions for the industrial, medical and aerospace markets.

We continue to evaluate acquisition targets, in line with our stated strategy, across both divisions. Our priorities are to continue to reduce cost and increase vertical integration in our power division, and to improve our technological capability and product offering in complex sub-assemblies to support medical and high-speed data centre customers.

We have been very pleased with all five companies that we have acquired over the past two years and going forward we expect to continue to acquire well-run, high-quality businesses.

Financial Flexibility

We ended FY2020 with a net cash balance before lease liabilities of $31.6 million. As a global group we rely on a portion of this cash to support ongoing working capital fluctuations and capital investment. However, a substantial proportion of this cash is available to continue to grow Volex through acquisitions and allow us to increase our profitability and further diversify our revenue mix.

In addition, we have a $30 million committed revolving credit facility, which is currently undrawn, to provide further financial flexibility as required.

People

Our recent success can be attributed to the skill and dedication of all of our 6,000 employees across the globe. On behalf of our Board and our shareholders, I would like to thank all our employees for all of their hard work and dedication.

We recognise the need to invest in and to motivate our people. Over the past 12 months we have taken steps to improve our internal communication, improve safety and working conditions in our sites and reintroduce performance management and career planning for our managers.

We are very fortunate to have a team which has a deep understanding of our business and our customers' requirements. Volex's success depends on our ability to deliver complex products, of high quality, on time and at a competitive cost. We achieve this for hundreds of customers across our 14 production sites, 24 hours a day, seven days a week.

Outlook

Through this period of unprecedented uncertainty, Volex has implemented a series of plans and actions set to protect the safety and health of our employees and wider communities, at the same time as reducing our costs and protecting our cash flows. We entered this period with a very strong balance sheet and ample liquidity. The Group has continued to generate strong cash flows in the first two months of our financial year. We are continuing to invest back into the business for future growth and margin enhancement.

As anticipated in the 16 April 2020 announcement, our 'essential' business status has allowed Volex to keep operating throughout the period, supporting our customers' requirements. Despite experiencing labour shortages caused by compliance with local government restrictions, such as employee shielding and self-isolation, the overall situation is now improving as these government restrictions ease, with all Volex facilities open, and the number of employees in self-isolation reducing.

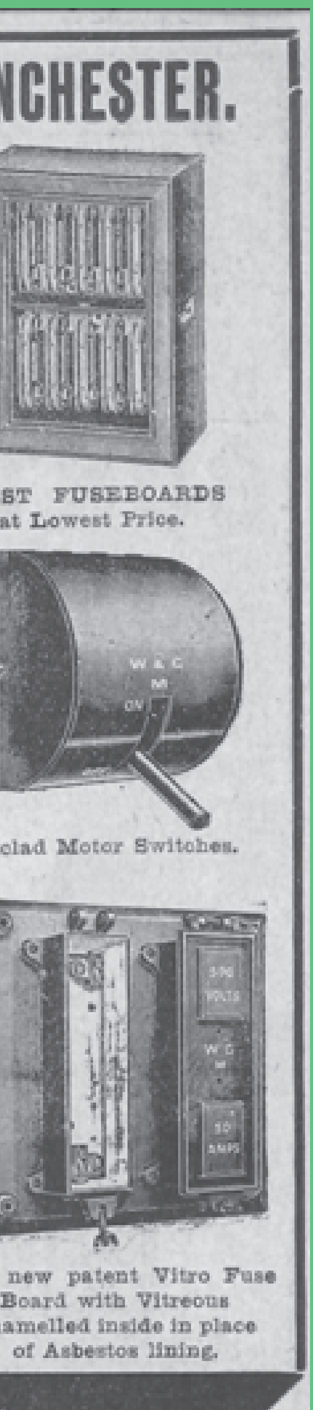
Unaudited revenue for the four months ended May 2020 was $126.2 million, 4% ahead of the same period a year earlier. During this period, the business has performed ahead of expectations, although we are now seeing areas of weakness primarily in the medical equipment installation sector, as hospitals around the world remain closed for non-critical medical procedures. In our electric vehicle business, after weakness in March and April due to customer factory closures, we are starting to see a recovery. Our consumer and data centre businesses continue to perform well.

However, the duration and breadth of the market disruption arising from this situation remains unclear and therefore we do not believe it is appropriate to provide financial guidance for the current year at this early stage. We remain optimistic for our business prospects over the medium term and consider that our focus on the high-quality growth markets of medical, electric vehicle and high-speed data centre products, combined with our strong funnel of design wins in our Integrated Manufacturing Services division, will allow us to grow and prosper in the years to come.

Nathaniel Rothschild
Executive Chairman
18 June 2020

01

Strategic report



1919

One hundred years of innovation and a household name

From its beginnings as a business during the years when electricity was becoming interwoven into the fabric of everyday life in the UK, Volex – or Ward & Goldstone Ltd as it was then, with Volex merely one of its brands – has been at the forefront of technological innovation in the electronics sector, producing a wide range of electrical accessories, including batteries, switches, dynamos, lamps and even 'Magneto-Electric Machines', designed to administer mild electric shocks to patients for therapeutic or medical purposes.

Unlike today, up until the 1970s most domestic appliances in the UK were sold without plugs – which consumers would need to purchase separately and attach to the lead themselves. Working with appliance manufacturers, Ward & Goldstone were the first company to develop a moulded plug that would come pre-attached to the power lead. By 1982, the company was the market leader in the production of moulded plugs, of the sort that were eventually made compulsory in the UK. Most households in the UK today are likely to have at least one power lead with a moulded plug bearing the Volex name.

Earliest known use of Volex brand name

1910

Price of Volex car battery c.1917

18 shillings

Markets

MEDICAL

Trends

Technology is changing medicine. Advances in diagnostic and therapeutic devices are bringing a range of new treatments to patients around the world. Earlier identification of serious illness and longer life expectancies are increasing demand for medical technology. Patients are expecting the best possible treatment to encourage optimal outcomes. Healthcare spend as a percentage of GDP is increasing in many economies. This makes the procurement of effective and up-to-date equipment a priority for healthcare providers.

Demand for cutting-edge technology comes from advanced markets and specialist hospitals. Over time, the next generation of device will become more affordable and more widely available. This supports the investment required in device design through a sustainable product life cycle, which may include many years of manufacturing with periodic incremental improvements and cost reductions.

DATA CENTRE PRODUCTS

Trends

The adoption of cloud technology has revolutionised the information-processing and software sectors. Cloud is often the default choice for complex deployments and challenging global roll-outs. Consumers have embraced cloud technology through streaming and social media. And as cloud demand grows, data centre capacity grows. This creates challenges for data architects who must design scalable and cost-efficient data centres that can meet end-user expectations with respect to availability and speed.

High-performance computing, artificial intelligence and big data are providing solutions to problems that were previously unanswerable. These systems require exceptional levels of connectivity and the lowest latency to ensure data is distributed as quickly as possible.

These trends are set not just to continue, but to accelerate. Moves to remote working and streaming entertainment have created increased demand for communications services and related infrastructure.

ELECTRIC VEHICLES

Trends

A greater awareness of the environmental impact of passenger vehicle emissions is seeing a move towards electric vehicles (EV). This is a consumer-led trend with government support. Acceptance of the electric vehicle proposition is growing among car buyers as the charging infrastructure improves and range increases. Many countries are offering fiscal incentives to encourage the adoption of EV and some have even set deadlines that will see the sale of internal combustion engine cars completely phased out in years to come. This is likely to prompt a scaling back of investment in traditional engine technology, with automotive development focusing on EV.

As adoption of EV grows, the charging infrastructure will need to develop further to accommodate those who are unable to charge at home, such as city dwellers. Advances in battery technology are likely to allow faster charging at higher currents.

CONSUMER ELECTRONICS

Trends

Growth in consumer electronics comes in two directions. At the premium end of the market, improvements in functionality and user experience encourage the replacement of items to take advantage of an expanded feature set. Manufacturers of high-end products also place a greater emphasis on the aesthetics of the power cord. Improvements in manufacturing and the simplification of complex technology allow value-focused manufacturers to drive down costs, which attracts a new group of consumers to products that were previously unaffordable.

Developments in battery technology and improvements in energy efficiency are resulting in more devices that can operate wirelessly. This is impractical for many appliances with either a high power draw or those that operate for extended periods. In addition, the extra cost and complexity of incorporating a battery is only justified where this provides a significant benefit in the functionality of the device. As a result, these changes are only likely to have a marginal impact on power cord demand.

Annual growth in medical devices market[1]

5.2%

Increase in life expectancy 2000–2016[2]

5.5 years

How we are responding

Our significant experience in the medical sector is an important strength as we work closely with our customers to support the development of their products and help them deliver increased value through the product life cycle. We understand where there are opportunities to improve processes and replace components with items of comparable quality to reduce total production costs. We have developed comprehensive testing and quality assurance processes which mean our customers can trust us to deliver a consistent and reliable product.

Our acquisitions in the past two years have expanded our capabilities, meaning we can offer a greater range of services to our customers. This helps our customers deal with the increasing complexity of their medical devices by outsourcing more assembly activity into the supply chain. We have a lot of experience supporting just-in-time manufacturing flows and work closely with customers to anticipate demand to meet tight production schedules.

Annual growth in public cloud market[3]

17%

Top 5 cloud providers market share[4]

76%

How we are responding

Exceptional performance is critical in products that are pushing the technical boundaries to support the most advanced data centres in the world. We deliver this through a first-class manufacturing process and a rigorous end-to-end testing regime which we develop to meet customer requirements. This provides confidence that our cables will work first time and support a straightforward installation process.

Data rates for our cables continue to improve, with our latest cables capable of delivering a data rate of up to 400 Gb/s. Our engineers work closely with our suppliers to take advantage of new components that support transmission speed improvements. This is supported by our prototype and test specialists, who identify how we can create a product that will meet or exceed industry standards. In addition, our passive copper cables do not require any additional power, which means they support data centres' efforts to manage power consumption and environmental impact.

Forecast global battery electric cars by 2025[5]

52m

Increase in sales of electric vehicles[6]

92%

How we are responding

The emergence of electric vehicles posed a new challenge for automotive designers. The industry has a deep understanding of operating low-voltage power and data transmission systems within vehicles, but no experience of the engineering complexity and safety considerations relating to dealing with mains voltage systems. Fortunately, we have unrivalled expertise in this area and have solutions to ensure power cords can operate reliably and consistently in challenging conditions. All of this is achieved while ensuring that end-user safety is the foremost consideration.

This has included using our specialist knowledge to deliver products which can cope with harsh environments, such as being left outside for a prolonged period. We have incorporated several safety features into the power cords to make sure potential issues are identified and to reduce the risk to consumers. We have also built systems and processes to give exceptional levels of traceability and quality assurance throughout the manufacturing process.

Increase in consumer electronics spending[7]

5.3%

Number of PCs sold globally[8]

261m

How we are responding

Delivering value to customers is extremely important in this market segment. During the year we purchased a cable extrusion operation which will allow us to vertically integrate the supply chain for power cords and improve price competitiveness. We are simplifying our product set, which will allow for increased efficiency and help us achieve optimum utilisation for our automated production lines.

We continue to serve the most demanding customers who have strict criteria about the colour, finish and appearance of their power cords. We have extensive experience in being a reliable partner to organisations with complex supply chains through the use of vendor-managed inventory which supports the just-in-time manufacturing approaches that most large manufacturers use.

1. KPMG Medical devices 2030
2. WHO Global Health Observatory data
3. Gartner Global Public Cloud Revenue forecast for 2020; Nov 2019
4. Gartner Worldwide IaaS Public Cloud Services Market Share, 2017–2018; July 2019
5. IEA Electric vehicle stock in the EV3030 scenario 2018-2030
6. Jato.com Global BEV sales H1 2019 vs H1 2018
7. IDC Global consumer spending on electronic devices; Oct 2019
8. Statista PC shipments worldwide for 2019

Business Model

Introduction

Volex's business model is based on adding value to customer products, delivered through our expertise in design and development and in manufacturing and testing. We aim for 'trusted partner' status with our customers, where we engage with their product development cycles at an early stage to provide solutions that meet their specific requirements for product performance and quality, greater efficiency and timely delivery. Through the provision of these services we seek to create sustainable value for Volex and its shareholders.

KEY RESOURCES

Experienced management
Our management team have a deep understanding of our business and our customers. This helps us define the appropriate strategy for our organisation.

Strong capital structure
We have a strong balance sheet and significant resources, which allow us to develop our business and invest in additional capabilities.

Global reach
Our global manufacturing base and international sales team allow us to run manufacturing on a cost-efficient basis with local support for our customers.

Extensive knowledge of our industry
We have an exceptional amount of knowledge within this organisation. This is why we work so well with customers in addressing their technical challenges and why we have a great reputation for quality.

OUR DIVISIONS

Volex Integrated Manufacturing Services

Volex Power Products

Product development
We are able to support our customers with their technical challenges at the design stage, helping them achieve their objectives. We also work closely with our customers during production to help optimise the process and identify where alternative sourcing strategies could deliver savings.

Manufacturing services
We provide a range of manufacturing services tailored to the requirements of our customers. This can include sourcing raw materials, developing the manufacturing process and establishing the testing regime. Our capabilities include the production of complete higher-level assemblies.

Our competitive advantages are vital to Volex and underpin our business model:

Unrivalled global manufacturing footprint
None of our direct competitors is able to offer manufacturing facilities located over nine separate countries across three continents. Our global customers have access to one global supplier, but one with detailed knowledge of their key local markets and an ability to reduce local lead times.

Respected brand known for quality and reliability
Quality and reliability is of importance to our premium customer base. Volex has an enviable reputation in the market for safety and a detailed understanding of local regulatory requirements.

Scale
In a fragmented market, Volex is one of the largest producers, which allows us to benefit from economies of scale and significant purchasing power in the global component market.

OUR MARKETS

Medical
We are involved in a wide range of products in the healthcare market from simple cable assemblies through to complex high-level assemblies for diagnostic and therapeutic machines. Quality standards are stringent, with demanding regulatory approval requirements.

Data centre products
We supply industry-standard cables which can guarantee high-speed and reliable data transmission at a reasonable price point. This requires specialist manufacturing and a rigorous end-to-end testing approach.

Electric vehicles
We can deliver high-current power cords with numerous safety features that are suitable for use in a demanding automotive environment. Our expertise in this area and our global safety approvals mean we can be a trusted partner for manufacturers and OEMs.

Consumer electronics
This is a diverse and complex market with different features. We can cater for high-volume production as well as more specialist requirements for premium products such as high-end audio. We have multiple production locations to suit individual customer requirements.

DELIVERY CHANNELS

Engineering/Design
We design solutions that meet the power and connectivity needs of our customers while also addressing the challenges our customers face with their next-generation products.

We work closely with our customers' engineering teams at an early stage of the development cycle to help optimise the approach and achieve their design objectives. Our design-to-cost strategy ensures the products meet quality and price expectations.

Supply chain management
We manage, on behalf of our customers, the sourcing of all required components for their cable assembly solutions. We seek to own the bill of materials for all our products, allowing selection of components that offer the best all-round performance after considering cost, quality and delivery response times.

Manufacturing
We construct and test integrated manufacturing solutions according to customer requirements for volume, quality, lead-time and price.

Our global manufacturing footprint and distribution hubs enable cost-efficient localised production and effective inventory control.

Global logistics
We maintain facilities over three continents in order to be a 'local' supplier to customers and better support their own production and speed-to-market objectives. Our customer hubs enable us to support fully our customers' just-in-time manufacturing processes.

VALUE CREATED

Shareholders
We are developing the business sustainably through a combination of organic growth and acquisition. There is a strong focus on profitability and cash generation. These measures have given us the confidence to recommence dividend payments in FY2020.

Employees
We have a highly capable and dedicated workforce who are committed to making Volex a successful business. We want to empower our employees to develop their talents and realise their potential. This requires effective communication channels with our employees to help them understand Group strategy and also to understand their feedback and suggestions.

Customers
Customer satisfaction is central to everything we do. Our customers have different requirements and we work hard to understand these and how we can best support their objectives. This means we need to focus on the end-to-end service we provide.

Local communities
We want to have a positive impact on the communities where we operate. We comply with all relevant local environmental and regulatory requirements and encourage employee awareness of waste reduction, recycling and responsible disposal. Many of our sites support local charities to enhance their communities.

Strategy

Our strategy is focused on five areas that we believe will position us for growth and improve profitability. This is part of our plan to build a world-class manufacturing business.

PRODUCT DEVELOPMENT

What this means:

We support a wide range of customers with broad requirements. At the heart of this we have to demonstrate great value and excellent quality in everything we do. We need to be alert to how technological developments are shaping future requirements and be prepared to innovate our product set and capabilities. This means offering customers solutions for the technical challenges they are facing.

Strategy in action:

We have continued to improve the data transmission rate in our copper high-speed data cables while achieving stringent quality standards. The acquisition of Servatron has expanded our capabilities to deliver higher-level assemblies to our customers.

We have rationalised our product offering in Power Products to create a simpler range which will offer benefits in the manufacturing process and achieve a lower cost of production.

Future priorities:

There is an opportunity to increase the proportion of our power cords that are made using Volex manufactured and branded cable. This will have beneficial cost impacts.

We will explore how we can expand our product range aimed at the data centre market.

Our capabilities in delivering full assemblies will expand our product offering significantly.

Link to KPIs

1 3 4

CUSTOMER FOCUS

What this means:

It is essential we deliver value to our customers. We need to communicate effectively and explain our expanding capabilities. We should demonstrate a comprehensive understanding of our customers' operations. We need to be responsive at every stage of the customer journey from the initial engagement and quotation process through to order fulfilment.

Strategy in action:

During the year we created a central customer quotation team which improves the speed and consistency of our response to customer enquiries.

Future priorities:

We will make customer satisfaction measures a central part of the annual objectives for all our production general managers.

We will be making targeted investments in sales resource for high-growth areas of our business. In addition, there will be a focus on cross-selling our capabilities to existing customers, allowing us to demonstrate how our expertise has grown following recent acquisitions.

Link to KPIs

1 2

OPERATIONAL EXCELLENCE

What this means:

We continue to invest in operational efficiencies across the Group. The focus is on creating a best-in-class organisation that is capable of leveraging its global footprint and scale to optimise production.

Continuous improvement has to take place at all levels of the organisation on both the production floor and in support functions. Local managers are supported by senior leaders to deliver positive change in the organisation.

Strategy in action:

We have made good progress in delivering automation to improve the efficiency of production in China. We have also been able to take advantage of our global footprint and transfer production between our facilities, which is reducing the fully landed cost for some of our customers in the US.

There is a culture of continuous improvement in all of our facilities and this has contributed to a reduction in costs throughout the year.

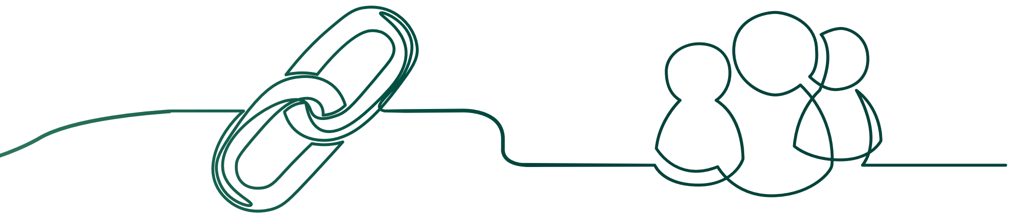
Future priorities:

We have plans to roll out automation to our site in Indonesia, which will create additional capacity and optimise production costs.

As well as ongoing continuous improvement programmes there will be targeted activities to identify and deliver synergy savings in respect of the acquired businesses.

Link to KPIs

2 4 5



INVESTMENT AND ACQUISITION

What this means:
Acquisitions are a key element of our overall growth strategy. The combination of a strong balance sheet and low interest rates provides an opportunity to increase scale, customer reach and capability. Our agile approach to acquisitions, strong network among Volex senior management and earnout-based model differentiates us from traditional acquirors.

We have significant investment opportunities in our existing business that will deliver good cash returns.

Strategy in action:
We made two important acquisitions during the year which expand our business. The acquisition of Servatron enhances our capabilities and delivers on our stated aim of moving up the value chain and cementing our position as a leading integrated manufacturing services business. Our acquisition of Ta Hsing, a cable extrusion business, helps us control our supply chain and take costs out of our business.

We have made a number of key strategic investment decisions over the last two to three years which will help move the business forward in future periods.

Future priorities:
We will continue to identify potential strategic acquisitions which will deliver value to the Group.

Link to KPIs

3 6

PEOPLE

What this means:
We are changing rapidly. Volex has emerged from a turnaround story as a strong and ambitious organisation ready for growth. This requires our senior management to be aligned around a clear set of goals with a clarity of focus and a shared purpose.

Strategy in action:
This year we have taken steps to improve our internal communication, improve safety and working conditions in our sites and reintroduce performance management and career planning for our managers.

Future priorities:
Work will commence on a Group-wide review of systems and processes to ensure that the right tools are being deployed to manage our business.

A new system will capture objectives for all our managers to ensure better visibility and alignment as part of the annual appraisal process.

A number of communications projects are being rolled out along with a recognition programme.

Link to KPIs

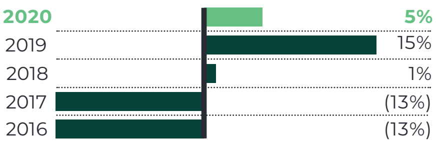
3 6

Key for KPIs

1. Annual Revenue Change
2. Underlying Operating Profit
3. Return on Capital Employed
4. Underlying Free Cash Flow
5. Underlying Basic EPS
6. Employee Safety

Key Performance Indicators

1 ANNUAL REVENUE CHANGE (%)



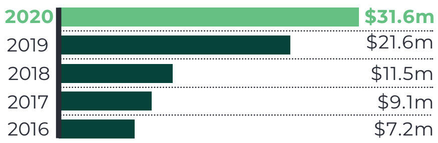
Definition
Change in reported revenue compared to the previous year.

Relevance
Through consistent customer service and the right sales mix we aim to drive higher revenue.

Performance
Revenue growth was lower this year as we made a decision to reduce low-margin Power Products sales and focus on profitability.

Link to Strategy
- Product Development
- Customer Focus

2 UNDERLYING OPERATING PROFIT ($M)



Definition
Operating profit before adjusting items and share-based payment expense.

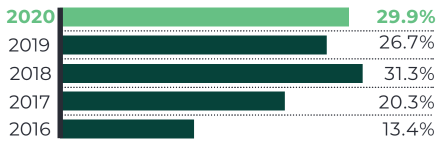
Relevance
Optimising profitability is central to our strategy. This is realised through a robust pricing strategy and efficiency programmes.

Performance
Profitability increased significantly as a result of favourable improvements in the sales mix and cost optimisation.

Link to Strategy
- Customer Focus
- Operational Excellence

Link to Remuneration
Annual bonus
LTIP

3 RETURN ON CAPITAL EMPLOYED (%)



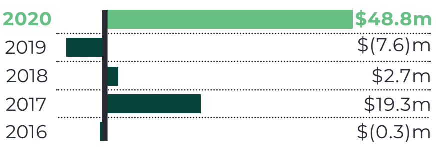
Definition
Underlying operating profit as a percentage of net assets excluding net cash/debt.

Relevance
This measures return on the equity asset base as the Group continues to grow.

Performance
This measure has improved due to higher profitability and the success of the acquisition strategy.

Link to Strategy
- Product Development
- People
- Investment and Acquisition

4 UNDERLYING FREE CASH FLOW ($M)



Definition
Underlying free cash flow excludes costs of acquisitions and non-recurring items.

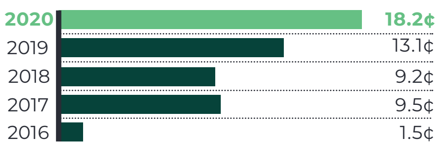
Relevance
We aim to maximise cash generation to fund further acquisitions and support the growth of the business.

Performance
Cash flow has benefited from the underlying profitability of the business and favourable working capital movements.

Link to Strategy
- Product Development
- Operational Excellence

Link to Remuneration
Annual bonus

5 UNDERLYING BASIC EPS (CENTS)



Definition
Earnings per share adjusted for the impacts of adjusting items and share-based payment expense.

Relevance
This measures the growth and profitability of the Group and is a measure used by investors when assessing the business.

Performance
The growth of the business through acquisition and the improvements in profit have improved EPS.

Link to Strategy
- Operational Excellence

6 EMPLOYEE SAFETY

Definition
Reportable accidents per million hours worked.

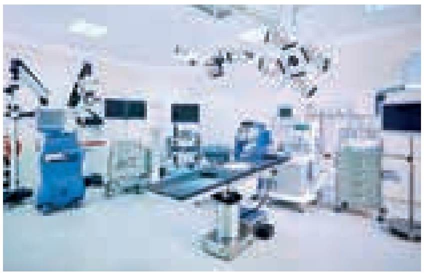
Relevance
We want to ensure that we offer a safe environment for our employees and that all of our sites take safety seriously.

Performance
A new Health & Safety Committee was established this year and Group-wide site reviews were completed.

Link to Strategy
- People
- Investment and Acquisition

STRATEGY IN ACTION

Kepler SignalTek: a Volex partner and specialist manufacturer of medical, high-speed data and industrial interconnects



Kepler SignalTek was founded in 2017 by Scott Hayden, a veteran of the medical device and interconnect industries with 30 years of experience in leadership, design and manufacturing. Volex owns 26% of Kepler SignalTek.

Kepler SignalTek is focused on the production of high-performance cable and interconnect products, and benefits from a strategically selected team and a cost-effective business structure. It has formed a niche in process technologies and micro interconnects for wires that are as small as 0.45mm (0.018") along with value-added assembly.

The Volex partnership and investment have supported the growth of Kepler's current business to top tier OEM customers in seven countries with a 95% concentration in the medical device market. Within medical, Kepler focuses on single and multiple-use products in support of patient monitoring, diagnostic ultrasound, and surgical and interventional procedures. The focus on interconnect assemblies and finished medical devices for its OEM customers has fuelled its year-on-year growth. Kepler's ability to expedite its planned expansion has helped to address the global demand for monitoring and imaging products aimed at supporting patients during the Covid-19 outbreak.

The company has exceeded initial revenue and profitability projections and is currently investing in new capabilities as it expands its business and widens its customer and technology base. The relationship with Volex has provided the company with financial credibility and the stability needed during the start-up phase in 2017. Kepler has worked in conjunction with the Volex team to bring their technical capabilities to various medical and high-performance applications to complement each other's business objectives. Kepler's future will include further expansion of its Dongguan China manufacturing location as well as investment in operations and staff in targeted areas of its business.

Kepler is accounted for as an associate and more details can be found in note 16 on page 102 of the financial statements.

Kepler revenue in FY2020

$7.3m

Revenue growth (YoY)

330%

Operational Review

Q&A with John Molloy Chief Operating Officer

Q How has Volex developed in the last 12 months?

A There are several things I am proud of achieving this year including our continued focus on improvements in profitability. In Integrated Manufacturing Services, the acquisitions we have completed in the last two years have introduced new customers and capabilities. We have kept up our focus on improving profitability through manufacturing efficiency, smarter sourcing and intelligent production planning. The impact of this approach is clear in the 46.3% improvement in underlying operating profit year on year.

We have welcomed some important new customers to our Power Products business as well as broadening and deepening our relationship with key existing customers. We have also reduced our exposure to lower-margin business. This demonstrates that we have a compelling proposition with good traction in the market. The division is most successful where we work with significant global brands who value the quality of our products, our technical ingenuity and our customer service. Our introduction of automated production lines into China has been a great success and improved the efficiency of our operations. We plan to extend this to Indonesia in FY2021.

Q How would you explain the strategy at Volex?

A Our focus is on generating shareholder value by optimising our manufacturing capabilities and developing our revenues by acquiring new customers either organically or through our acquisition strategy.

We need to deliver the right balance between great quality, customer service and competitive pricing. Quality comes down to having well-run operations and successful processes. We also need to understand our customers and identify what they need from our products so we can anticipate their requirements. Hitting the right price point is all about optimising the product and sourcing the best-value components as well as running our manufacturing in the most efficient way possible.

Q What was it that appealed to you about the two acquisitions you made this year?

A There were different drivers behind the acquisitions we made this year. Servatron is a US-based electronic manufacturing services business who have significant expertise in PCB and higher-level assembly. They are experienced at delivering very reliable electronic assemblies into applications where safety is critical, including medical and aerospace markets. This means they are a great fit with our existing Integrated Manufacturing Services business with complementary customers. Their capability with PCB assemblies and the associated testing and quality assurance process brings additional capability into the Group. They also have a strong management team and track record of profitable growth.

This year we also acquired a cable extrusion business called Ta Hsing, based in Shenzhen in southern China. This gives us control over the most significant component of our power cords, allowing us to drive savings through vertical integration.

We selected our acquisitions very carefully. The businesses we have bought are well run and profitable. Through the due diligence process, we make sure we have a deep understanding of what makes the operations work. Post-acquisition we make sure we maintain this approach and ensure that we retain and motivate the local management team to deliver stretching cash and profit targets. We also identify where there are sales synergies and leverage relationships that we have across the Group in relation to both sales and procurement.

Q How do you think Covid-19 will impact you moving forward?

A We saw the first impact of Covid-19 in China when we were required to delay the reopening of our production sites at the end of the Lunar New Year holiday. We worked hard to put in place measures to prevent the spread of the virus amongst our workforce, which allowed us to get the plants back up and running reasonably quickly. We took this approach forward to our other locations and made sure that we were well prepared as the impact moved from China to the rest of the world. I think our global footprint certainly helped us mitigate the impact. I'm also immensely grateful to all our staff who have supported our operations through these challenging times, allowing us to continue delivering to our customers, which include many providing essential products into the medical sector.

The scale and depth of the economic repercussions of the Covid-19 pandemic are still uncertain and this makes it hard to forecast the impact on customer demand. Two-thirds of our Integrated Manufacturing Services business is dedicated to the supply of medical customers and the production of high-speed data cables for deployment in data centres. We believe that this will be less affected by global recessionary trends but there might be some short-term disruption. Our power cords are used in a wide range of applications including home appliances, consumer electronics and electric vehicles. This means we have some exposure to consumer demand which can vary dependent on underlying economic conditions. However, we can scale our operations to maintain profitability where demand is variable.

Q How is the market evolving?

A Our Integrated Manufacturing Services customers are innovative and working at the cutting edge of technology, and they work with us to develop products that support their design strategies. We continue to deepen our technical expertise to ensure we remain the best partner for these customers. More of our customers now require full end-to-end traceability of our products to support their deployment in safety-critical applications. Our scale and experience mean we can easily fulfil these requests. Some customers have asked us to move the production of goods destined for the US market out of China to avoid tariffs. Our global manufacturing footprint has meant that we are well placed to support this.

The power cords market has been undergoing significant change for several years now, with consumer electronics manufacturers shifting from mains cords to USB power supplies. At the same time, we are seeing opportunities from electric vehicles which require complex and safety-critical solutions. We believe this presents us with additional prospects to deliver higher-value-added products to a new set of customers. In relation to our core offering of mains power cords, the family of products has grown over time as customer-specific requirements have created multiple versions of essentially similar items. There is a strong case for rationalising these products as it allows us to unlock the benefits of automation and standardisation. We are working with our customers to deliver a simpler set of products that meet their requirements and deliver great value.

Q What will drive growth?

A There are three elements to growing our operations. The first is deepening our relationship with existing customers and delivering on the greater capabilities that we have, for example through harnessing our skills in PCB assembly and our expertise in providing mains power solutions in an automotive context. The second area is identifying how we can generate new customer relationships and make sure we are demonstrating how we can replace incumbent suppliers. The third element is making the right acquisitions that expand our reach and deliver profitable growth.

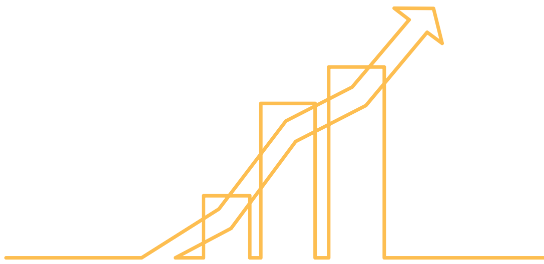
We have successfully acquired some very strong businesses and I believe that there will be more opportunities to follow. The acquisitions are strong and healthy businesses with good opportunities for further growth. They have all been cash generative from day one. The market we operate in is extremely fragmented and there are many businesses that we could acquire and develop successfully. We have a good approach and our success to date demonstrates that.

Q What are the key milestones on your roadmap for the next year?

A We have been in the process of transferring some production from China to Indonesia. This reduces the cost of goods to our customers in the US by reducing the impact of importation tariffs. I'm looking forward to seeing this activity ramp up to full capacity. There are some great sales synergies that we are working on between our business units and I am excited about these opportunities. We've made some successful acquisitions so far and there is definitely scope for further deals that will move us forward.

Underlying operating margin

8.1%



Underlying operating profit growth

46.3%

Divisional Review
Integrated Manufacturing Services

MEDICAL

Revenue

$116.0m

Proportion of revenue

52.6%

DATA CENTRE PRODUCTS

Revenue

$33.4m

Proportion of revenue

15.2%

INDUSTRIAL AND TELECOMS

Revenue

$70.9m

Proportion of revenue

32.2%

$'000	**53 weeks ended 5 April 2020**	52 weeks ended 31 March 2019
Revenue	**220,346**	173,219
Underlying* gross profit	**54,801**	37,141
Underlying* gross margin	**24.9%**	21.4%
Operating costs	**(31,460)**	(23,668)
Underlying* operating profit	**23,431**	13,473
Underlying* operating margin	**10.6%**	7.8%
Operating profit	**17,681**	9,884

* Before adjusting items and share-based payments charge (see note 4 on page 93 for more details).

Our Integrated Manufacturing Services business delivers technically sophisticated manufacturing solutions designed to satisfy customer requirements. Our manufacturing approach can cope with a large variety of products in varying volumes, from a handful of pieces up to thousands of units. Across our sites we use a wide variety of manufacturing techniques and controls to ensure that every single item is of the highest quality and able to pass rigorous testing. All of this enables Volex to hit challenging deadlines supporting our customers' integrated supply chains on a global basis.

Integrated Manufacturing Services' products include bespoke high-performance cabling solutions designed to transmit power and data in accordance with a customer's technical requirements in medical and industrial applications. This segment also builds partial and full electro-mechanical assemblies which may include multiple elements of hardware, printed circuit boards and bespoke cabinets, all fully commissioned and tested in-house by Volex personnel. The Integrated Manufacturing Services division also includes the production of high-speed copper cables that transmit data at extremely high speeds and with low error rates. These products are used extensively in communications networks and data centre environments. Other production is centred around 10 locations: two in Asia, four across Europe and four in North America. This distribution reflects the spread of our customers and each site has specialist capabilities to support local demands. Our global footprint allows manufacturing to be conducted in the most appropriate site depending on the customer's requirements.

Revenue for FY2020 was up $47.1 million to $220.3 million (FY2019: $173.2 million). Gross profit increased to $54.8 million (FY2019: $37.1 million) representing a gross margin improvement of 350 basis points to 24.9% (FY2019: 21.4%). The growth includes the impact of the acquisition of Servatron and the fact that FY2020 includes a full year of the three acquisitions made in FY2019. The margin improvement is caused by the product mix and the efficiency improvements implemented during the year.

The medical sector has been strong in FY2020. Volex makes many connectivity solutions which are critical to the operation of diagnostic imaging and therapeutic machines. Our products are used within a wide variety of applications including robotic surgery, patient imaging and ventilators. Technological advances in the treatment of serious diseases are encouraging healthcare operators to invest in new equipment to improve patient outcomes. What is particularly encouraging about the growth in this market is that stringent regulatory approval processes mean Volex solutions are usually specified into the customer's design for the life of the product, which may extend over many years.

Data centre capacity is continuing to expand rapidly to fulfil demand for cloud computing and storage. This is contributing to increased demand for the very high-specification copper data cables that we produce in our specialist facilities in Suzhou, China, and Batam, Indonesia. The majority of the market demand for these cables is in the US and new production lines have been opened at our site in Indonesia to help mitigate any effects of US tariffs.

Our industrial and technology clients continue to exploit opportunities for innovation in their specialist markets. This is seen through an increased demand for products that support energy efficiency and miniaturisation. As solutions are driven more by digital communications there are fewer requirements for legacy radio-frequency connectors, and we have seen a corresponding decline in sales.

Volex has responded to trends in the market by implementing improvements in manufacturing processes and production configuration. This has included distributing high-speed cable production and complex cable harness manufacture between sites to give customers additional flexibility and local support and to maximise the use of resources.

The Integrated Manufacturing Services division has expanded significantly through acquisition over the last two years with three acquisitions in FY2019 and the acquisition of Servatron in FY2020. The results in FY2020 include a full year of each of the prior year acquisitions and benefit from the inclusion of Servatron from August 2019. Servatron was an important step in our stated aim of broadening the capabilities of the Group through the introduction of PCB and higher-level assemblies. This creates opportunities for the cross-selling of new competencies into existing customers as well as growing Servatron's own strategic customer base on a global footprint.

Just over half of the customers for our Integrated Manufacturing Services business are in the medical and healthcare industry. Although there has been some disruption to the medical systems installation business recently due to the inability to access hospitals at the current time, generally demand for medical products is less cyclical than for industrial products. This market is relatively fragmented and there is an opportunity for customers to aggregate their requirements with larger, global suppliers like Volex who can offer high levels of customer service and consistent, on-time delivery. The majority of the Group's customers strive for growth through continual technological innovation. Volex's ability to successfully partner with these organisations through the product life cycle, from initial development and subsequent optimisation, is a key value driver.

The Integrated Manufacturing Services division is emerging as a world-class manufacturing business with a strong suite of capabilities and a relentless focus on quality. The recent acquisitions have created additional opportunities for cross sales and profitable growth.

STRATEGY IN ACTION

Servatron: moving us from complex assemblies to a true integrated manufacturing services provider

Volex acquired Servatron in July 2019, the fourth acquisition in Integrated Manufacturing Services in two years.

Headquartered in Spokane, Washington, Servatron currently supplies printed circuit board assemblies ('PCBA'), box builds and complete sub-assembly solutions from a single manufacturing site in the US.

Servatron's business is a complementary fit with Volex's strategy to maintain and build leading positions in niche sectors with structural growth drivers and defensive characteristics. Servatron adds complementary technologies including PCBA manufacturing, state-of-the-art test capabilities and higher-level system integration.

Combining our cable-assemblies expertise and R&D skills has helped drive revenues for the newly enlarged Volex. As well as a strengthened footprint in North America, the acquisition provides increased organic growth through value-added services for our existing cable harness customers. We also benefit from the incorporation into our business of a skilled local workforce and management team.

Manufacturing facility	Employees
65,000 sq ft	238

Divisional Review
Power Products

PVC

Revenue

$131.3m

Volume

101.7m

HALOGEN-FREE

Revenue

$12.4m

Volume

3.2m

DUCK HEADS

Revenue

$4.2m

Volume

4.8m

INTERNAL HARNESSES AND OTHER

Revenue

$23.1m

$'000	53 weeks ended 5 April 2020	52 weeks ended 31 March 2019
Revenue	**171,008**	198,885
Underlying* gross profit	**35,860**	36,377
Underlying* gross margin	**21.0%**	18.3%
Operating costs	**(21,807)**	(23,148)
Underlying* operating profit	**14,053**	13,229
Underlying* operating margin	**8.2%**	6.7%
Operating profit	**13,995**	11,557

* Before adjusting items and share-based payments charge (see note 4 on page 93 for more details).

Volex manufactures power cords and other power products for some of the biggest brands in the world. Products vary in complexity and are designed to meet specific customer requirements. This can include specialist cosmetic features for use in high-end domestic applications or technical capabilities allowing deployment in challenging environments. Volex has safety approvals covering every major market which simplifies the procurement process for international manufacturers. The Group has the scale to meet the demands of the largest customers in the market, who demand regular product improvements and price reductions over the product life cycle.

Customers are supported by a dedicated engineering team based in Singapore and China who have deep experience in designing and optimising components to meet demanding technical requirements. The Group has manufacturing facilities in China, Indonesia and Vietnam that support our global sales team and customer base. Our global presence is a differentiator from our fragmented China-based competition. Production is allocated to particular plants based on their strengths, customer proximity and supply-chain availability.

The competitive landscape for Power Products is changing as energy efficiency and battery technology change the power requirements of some products. The development of battery technology has also had a huge impact in the automotive sector, and high-current power cords with numerous safety features are an important element of the new generation of electric and plug-in hybrid vehicles.

Revenue in the Power Products division declined by $27.9 million to $171.0 million (FY2019: $198.9 million). Gross profit reduced slightly to $35.9 million (FY2019: $36.4 million) with a gross margin improvement of 270 basis points to 21.0% (FY2019: 18.3%). This reflects a deliberate shift in the product and customer mix away from low-margin customers, combined with improvements in efficiency and the further implementation of automated lines. Volex has reduced its business in low-margin commodity power cords in order to free up resources for new and higher-margin customers.

Volex continues to adapt to the trends in the power cords sector. Premium manufacturers often have specific requirements about the appearance and aesthetics of the power cords that are deployed with their products. This is in addition to robust safety and quality requirements. Volex has efficient production facilities that can meet customer demands and has also created a range of high-quality power cords designed to be manufactured for maximum value. Electric vehicles represent an opportunity for Volex to deploy its expertise in handling mains voltage in challenging environments in an automotive context.

Volex has always stood for high quality and solid engineering. This is borne out through positive feedback from customers who are looking for a trouble-free solution that will be reliable and durable. As the complexity of global supply chains has increased and manufacturers look for opportunities to improve efficiencies, Volex has been able to support them by making things easy for customers through the use of vendor-managed inventory associated with just-in-time manufacturing. Value for money is critically important in this sector, which is achieved through a deep knowledge of the best manufacturing approach and leveraging a significant and global supply chain to drive down raw material costs.

During the year Volex acquired a Chinese cable extrusion business, Ta Hsing. The business was well known to Volex as an important and long-standing supplier. This acquisition has given Volex greater control over its supply chain for a critical input to the manufacturing process for power cords. It also creates opportunities to reduce the overall costs of products and to deliver better value to customers and therefore receive increased business volumes. A process is underway to migrate key customers onto Volex-produced and branded cables, which will reduce reliance on external suppliers over time.

There has been a focus on eliminating low-margin business during the year. Although revenues for the Power Products segment are lower than the prior year, profitability is up by 150 basis points. This approach is part of a clear strategy to focus on cash generation and higher-value-added opportunities. This has included work to improve space utilisation in the south China sites, which has reduced overhead costs.

In FY2020 the Group won a number of significant new customer projects. These were for customers in the consumer electronics and electric vehicle markets. This demonstrates the strength of our commercial proposition, which combines value for money with quality and customer service.

Towards the end of the financial year, two of our Power Product sites were closed temporarily in response to the outbreak of Covid-19 in China. Although this closure resulted in a reduction in production capacity, the impact on sales was minimised because during this period customers continued to access vendor-managed inventory held at hub locations. In addition, the sites had built up buffer stocks of finished goods and raw materials to account for the planned Lunar New Year holiday, which reduced the impact of supply-chain disruption. The revenue impact of the Covid-19 closures in the last quarter of FY2020 in Power Products is estimated to be $8.0 million.

There will be a number of areas of focus in the next financial year all aimed at improving profitability and cash generation. This will include steps to move more customers onto cables produced using Volex's cable extrusion capabilities. High-volume customers will be offered the opportunity to move to a new range of products which are designed to be manufactured more efficiently on automated production lines, offering better value.

The Power Products division will maintain a robust approach to preserve margins, working with customers to reduce material costs and improve efficiency through automation. The division continues to generate strong cash flows for the Group with a sales team focused on the types of business with the greatest fit and the best margins. Going forward, the highly fragmented market offers selective growth opportunities to Volex as the only major western listed company with a global sales and engineering force located in Europe and North America. There is also the potential for accretive and margin-enhancing acquisitions which could unlock significant value.

STRATEGY IN ACTION

Improving profitability with Ta Hsing

Ta Hsing was well known to Volex as a supplier of high-quality power cables.

Volex's strategy is to maintain and build on its position as a global leader in the power and integrated manufacturing solutions sectors, and to be a stable, long-term and trusted partner to its customers. As a result, the Company is constantly looking for opportunities to develop efficiencies in its production processes and supply chains. Vertical integration is a key component of this strategy. Ta Hsing has been a long-time supplier of cables to Volex and is based close to one of our main global power cord manufacturing sites.

The acquisition provides an opportunity for vertical integration of our power business in China and consequential improvement in operational and manufacturing efficiencies. This will allow us to bring in-house the design and manufacture of power cables and produce our own PVC resin, a critical component of power cord production. In time, this will also provide the opportunity for further expansion of in-house cable extrusion capacity in other production locations.

32%
of Volex's PVC cable demand is made by Ta Hsing

Financial Review

‘As well as two successful acquisitions we have significantly improved profitability and shown strong cash generation.’

Daren Morris
Chief Financial Officer

Financial Highlights	53 weeks to 5 April 2020	Year-on-year change	52 weeks to 31 March 2019
Revenue	**$391.4m**	5.2%	$372.1m
Underlying* operating profit	**$31.6m**	46.3%	$21.6m
Statutory operating profit	**$17.1m**	31.5%	$13.0m
Underlying* profit before tax	**$30.4m**	50.5%	$20.2m
Statutory profit before tax	**$15.9m**	37.1%	$11.6m
Statutory profit after tax	**$14.7m**	59.8%	$9.2m
Basic earnings per share	**9.9c**	43.5%	6.9c
Underlying diluted earnings per share	**17.3c**	36.2%	12.7c
Net cash (note 26)	**$21.2m**	2.9%	$20.6m
Net cash (excluding lease liabilities)	**$31.6m**	53.4%	$20.6m

* Before adjusting items and share-based payments charge (see note 4 for more details)

Trading performance

FY2020 has delivered growth in revenue and improvement in profitability. Revenue is up by 5.2% to $391.4 million (FY2019: $372.1 million). This has been achieved at the same time as significant increases in both underlying operating profit and profit before tax.

During the year, the Group made two acquisitions. Servatron is a US-based electronic manufacturing services business with a strong customer base and significant expertise in PCB assembly, complex testing requirements and the delivery of complete assemblies. The business has a manufacturing site in Spokane, Washington, with the majority of customers based in North America. During the year, Servatron contributed $26.4 million to Group revenues.

The second acquisition was a cable extrusion company based in south China. This operation was previously a significant cable supplier to Volex. Acquiring this business provides the Group with greater control over a significant element of the Power Products supply chain while also offering opportunities to improve profit margins through vertical integration. Although most of the output of the acquired business was to the Group, there are some remaining external sales which contributed $1.6 million to Group revenues during the year.

The Group has a strong balance sheet and significant undrawn committed facilities. In the current low interest rate environment, this offers significant opportunities for further earnings-enhancing acquisitions. The Board has adopted a strategy that anticipates revenues growing to over $650 million in the next few years with an underlying operating margin of 10%. Part of this growth will come from organic improvements in our existing business, but the larger proportion will come via selective bolt-on acquisitions.

Revenue in Integrated Manufacturing Services increased by $47.1 million to $220.3 million (FY2019: $173.2 million). This included revenues from Servatron and a full year of revenue from the three acquisitions that were completed in FY2019. The high-level trends in this segment were a year-on-year increase in medical and high-speed copper data cable sales and a reduction in sales to legacy telecommunications customers.

The increased demand in medical reflects a market sector that has performed strongly in recent years as new therapeutic and diagnostic technology drives demand for more advanced equipment from healthcare providers. The market in high-speed copper data cables is driven by both new data centres and the upgrade of existing facilities to provide increased bandwidth for customers. The fall in telecommunications revenues was expected as the new generation of base stations uses a different technical architecture which is less dependent on radio frequency connectors and cables supplied by Volex.

Power Products revenue fell by $27.9 million to $171.0 million (FY2019: $198.9 million). The strategy for FY2020 was to reduce levels of lower-margin power cord sales with the intention of improving profitability. The effectiveness of this strategy is demonstrated by the improvement in gross margin of 270bps to 21.0% (FY2019: 18.3%). Despite the fall in revenue, underlying operating profit for the division increased by $0.9 million to $14.1 million (FY2019: $13.2 million).

There were some significant new customer programmes in the Power Products segment during the year including some automotive electric vehicle projects. The division is fortunate to have a wide variety of customers, and recent efforts to balance the customer portfolio have reduced any reliance on individual contracts.

Underlying operating expenses have increased by $7.1 million to $59.0 million (FY2019: $51.9 million). Most of the increase is a result of the acquisitions but there were also uplifts in performance-related remuneration, reflecting the strong performance and profitability seen across the entire Group. During the year certain costs were incurred related to the reconfiguration of operations within production sites and transfers between sites to optimise production costs. These costs have been included within operating costs.

The Group aims to manage operations as efficiently as possible, and management are continually challenged to take out any costs that are not adding value. This has resulted in operating costs which are competitive in the context of the global operations and structure. Production sites have relatively low management overheads, which does require some costs in the centre, but this represents the most efficient way of running this organisation. Although it is more demanding to operate any business profitably and deliver growth when the economic conditions are challenging, the Group has a great track record in reducing costs and optimising the operating model.

Underlying operating profit (which is stated before adjusting items such as the amortisation of acquired intangibles and also before the charge for share-based payments) has increased by $10.0 million to $31.6 million (FY2019: $21.6 million). Statutory operating profit is up by $4.1 million to $17.1 million (FY2019: $13.0 million).

Adjusting items and share-based payments

The Group presents some significant items separately to provide clarity on the underlying performance of the business. This includes significant one-off costs such as restructuring and acquisition related costs, the non-cash amortisation of intangible assets acquired as part of business combinations, and share-based payments, as well as the associated tax.

Costs of $0.2 million (FY2019: $1.8 million) were incurred in connection with the acquisitions that took place during the year. These costs are modest because the Group uses its own experts and in-depth understanding of the sector to conduct detailed due diligence on acquisition targets, minimising external fees. Incremental improvements in the operating efficiency of the business have been achieved during the year without incurring material restructuring costs, and the costs associated with these improvements have been included within underlying operating profit. As a result, restructuring costs were nil (FY2019: $1.9 million).

Amortisation of acquired intangibles has increased to $5.7 million (FY2019: $2.0 million) because the results include a full year of amortisation for the prior-year acquisitions and also the impact of the acquisitions made during the year. The Group has recognised two classes of separately identifiable intangible assets, which are customer relationships and the acquired open order book. The open order book is amortised over a period of less than one year, so the level of amortisation is higher in the first year following acquisition in comparison to subsequent years. Customer relationship intangible assets are generally amortised over a period of between four and five years.

Share-based payments include awards made to incentivise senior management as well as awards granted to the senior management of acquired companies. These awards form an important part of the negotiation of consideration in an acquisition situation and are used to reduce the cash consideration and as an incentivisation and retention tool. In accordance with IFRS, where these awards have included any ongoing performance features, they must be recognised in the income statement rather than as part of the cost of acquisition.

During the year, the charge recognised through the income statement for share-based payment awards comprises $2.4 million (FY2019: $1.7 million) in respect of senior management, $5.6 million (FY2019: $0.3 million) in respect of acquired businesses and $0.7 million (FY2019: $0.4 million) for associated payroll taxes.

Finance costs

The Group has maintained cash balances throughout the year and the revolving credit facility has been undrawn except for a short period when it was utilised to support the acquisition of Servatron. Finance costs include a commitment fee in respect of the revolving credit facility and the amortisation of the arrangement fee incurred when the facility was renewed. For FY2020 the Group has adopted IFRS 16 Leases, which means a financing element is calculated for operating leases and reflected in the income statement as a finance cost. Because the Group has taken the modified retrospective approach, there is no adjustment to the comparative figure. This has resulted in an increase in net financing costs in FY2020 of $0.4 million. Overall net financing costs have increased to $1.2 million (FY2019: $1.1 million).

Foreign exchange

Most sales are in US dollars, with limited sales in other currencies including euros and British pounds sterling. Most purchases of raw materials are denominated in US dollars but costs such as rent, utilities and salaries are paid in local currencies. This creates some exposure to movements in foreign exchange, some of which is hedged. Foreign exchange gains recognised in the income statement for the period were $0.4 million (FY2019: $0.4 million).

Financial Review CONTINUED

Tax

The Group incurred a tax charge of $1.2 million (FY2019: $2.4 million) representing an effective tax rate (ETR) of 7.3% (FY2019: 20.9%). The underlying tax charge of $3.5 million (FY2019: $2.6 million) represents an ETR of 11.5% (FY2019: 13.1%).

The underlying tax charge of $3.5 million (FY2019: $2.6 million) comprises an underlying current tax charge of $7.7 million (FY2019: $3.4 million) and an underlying deferred tax credit of $4.2 million (FY2019: credit of $0.8 million).

The underlying current tax charge is calculated by reference to the taxable profits in each individual entity and the local statutory tax rates. Where tax losses are available, these have been used to the fullest extent possible to reduce the taxable profit.

The Group operates in a number of different tax jurisdictions and is subject to periodic tax audits by local tax authorities in relation to corporate tax and transfer pricing. As at 5 April 2020, the Group has net current tax liabilities of $6.2 million (FY2019: $4.9 million) which include $7.9 million (FY2019: $2.6 million) of uncertain tax provisions.

A deferred tax credit of $5.1 million (FY2019: $0.8 million) arose due to an increase in the deferred tax asset recognised on trading losses and short term timing items due to the utilisation of losses based on future forecast taxable profits in certain regions. At the reporting date the Group has recognised a deferred tax asset of $9.0 million (FY2019: $4.3 million), of which $4.5 million (FY2019: $3.4 million) relates to tax losses, $3.9m (FY2019: $nil) to short term timing items and $0.6m (FY2019: $0.6m) to intangible assets.

Earnings per share

Basic earnings per share for FY2020 was 9.9 cents (FY2019: 6.9 cents), reflecting improved performance in FY2020. The underlying fully diluted earnings per share was 17.3 cents (FY2019: 12.7 cents).

Cash flow

Cash flow has improved significantly from the previous year as a result of the higher operating profit and improvements in working capital. Operating cash flow before movements in working capital has increased by $16.6 million to $37.7 million (FY2019: $21.2 million), which reflects the strong growth in operating profit.

Working capital improved by $19.6 million, which compares to an adverse movement of $24.7 million in FY2019.

The inflow comprises:

- An increase in inventory leading to a cash outflow of $2.9 million (FY2019: inflow of $0.6 million). This change is driven by higher volumes of Integrated Manufacturing Services activity, which requires more inventory than Power Products;
- A decrease in receivables leading to a cash inflow of $20.5 million (FY2019: outflow of $10.2 million). This decrease is partially due to the timing of the year end, which was on 5 April, meaning greater opportunities to collect March end-of-month customer receipts. In addition, the change in product mix from Power Products to Integrated Manufacturing Services has had a positive impact on the receivables profile; and
- An inflow related to payables of $2.0 million (FY2019: outflow of $15.1 million). This was a result of the timing of the year end which resulted in the receipt of deliveries from suppliers for an additional week.

Net financing outflows were $10.5 million (FY2019: inflow of $32.8 million). This year, this included the interim dividend payment of $2.0 million (FY2019: $nil) and also the additional interest expense as a result of the adoption of IFRS 16 and due to the finance leases that were acquired with Servatron. As part of the extension and enhancement of the Group's revolving credit facility, legal costs and arrangement fees of $0.7 million (FY2019: $nil) were incurred during the year. These amounts will be spread over three years in the income statement.

Capital expenditure increased to $5.0 million from $3.3 million in FY2019. During the year, the Group has continued to invest in automation to deliver efficiency in the Power Products segment. An investment of $0.8 million was made during the year to secure additional land adjacent to the Group's production site in Batam, Indonesia, to allow for expansion. There will be further expenditure in FY2021 to support the build and fit-out of the additional manufacturing capacity.

Free cash flow increased by $58.3 million to $47.4 million (FY2019: cash outflow of $10.9 million). Free cash flow represents net cash flows before financing activities excluding the net outflow from the acquisition of subsidiaries. This was a significant improvement caused by the increase in operating profit and the improvement in working capital.

Total cash expenditure on acquisitions (net of cash acquired) was $25.6 million (FY2019: $23.8 million) including $2.9 million (FY2019: $nil) in respect of contingent consideration. The Group is expecting to make payments of $4.0 million in FY2021 in relation to contingent consideration for acquisitions made in FY2020 and previous years.

The cash outflow associated with the settlement of awards under share-based payment arrangements was $4.6 million (FY2019: $1.0 million) including the purchase of shares to be held in trust to fulfil exercises in future periods.

IFRS 16 Leases

The Group implemented IFRS 16 Leases with effect from 1 April 2019. On adoption of the new standard, the Group recognised $3.5 million of right-of-use assets, $2.1 million investment in finance leases and $5.8 million of lease liabilities. The impact on the income statement in the year has been to increase underlying operating profit by $0.6 million and net interest expense by $0.4 million. Comparative information for the prior year has not been restated.

Net cash and dividends

The Group has maintained a net cash position throughout the year. At the end of FY2019 the net cash balance stood at $20.6 million. At the end of FY2020 cash stood at $31.6 million excluding lease liabilities and $21.2 million including lease liabilities.

The Group paid an interim dividend of 1.0 pence per share in February 2020. A final dividend of 2.0 pence per share will be recommended to shareholders at the Annual General Meeting, which reflects the robust financial position of the Group.

Banking facilities, going concern and covenants

In July 2019, the Group extended its $30 million revolving credit facility ('RCF') for three years on improved terms. The key terms of the extension were: a 40 basis point reduction in the non-utilisation fee and a 70 basis point reduction in interest-rate margin; fewer restrictions in key operational covenants; and a

$10 million uncommitted 'accordion' feature to provide further capacity, up to a total RCF limit of $40 million, for potential future acquisitions to support the Group's strategy.

This facility is provided by a syndicate of two banks (Lloyds Bank plc and HSBC UK Bank plc) and was undrawn at the year end.

The key terms of the facility are:

- Available until 23 July 2022;
- No scheduled amortisation; and
- Interest cover and total debt to EBITDA leverage covenants.

As at 5 April 2020, the RCF was undrawn (FY2019: undrawn) with $nil drawn under the cash pool (FY2019: $0.3 million). After accounting for guarantees and letters of credit, the remaining headroom as at 5 April 2020 was $29.7 million (FY2019: $29.1 million). Under the terms of the facility the two covenant tests above must be performed at each quarter-end date. Throughout FY2020 all covenants were met.

The Group prepared forward-looking financial forecasts as part of its strategic and financial planning process, incorporating profit, cash and covenant measures. In assessing the ability of the Group to continue on a going concern basis, the financial forecasts are sensitised using scenarios that take into account the principal risks and uncertainties set out on pages 30 to 34 of the Annual Report. For FY2020, as a result of the increased pressures on the global economy as a result of the Covid-19 pandemic, we conducted additional financial stress testing and sensitivity analysis, considering revenues at risk as well as the impact of our response plan to the crisis. The Group's forecasts show that the Group should continue to operate in compliance with its banking facilities for a period of at least one year from the date of this report. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements.

Financial instruments and cash flow hedge accounting

For most products in our Power Products division, the price of copper has an impact on the cost of key raw materials. This risk is minimised by passing the variability in cost through to the end customer in the majority of cases. Where the customer contract does not provide for the pass-through of risk, the Group enters into forward contracts to mitigate the Group's exposure to copper price volatility (see page 34 where rising commodity prices have been identified as a key risk).

The forward contracts act as an economic hedge against the impact of copper price movements. They meet the hedge accounting requirements of IFRS 9 and therefore are accounted for as cash flow hedges of forecast future purchases of copper. As at 5 April 2020, a financial liability of $0.3 million (FY2019: financial asset of $0.2 million) has been recognised in respect of the fair value of open copper contracts with a corresponding $0.3 million debit recognised in reserves. This debit is retained in reserves until such time as the forecast copper consumption takes place, at which point it will be recycled through the income statement.

A credit of $0.1 million has been recognised in cost of sales for FY2020 (FY2019: credit of $0.1 million) in respect of copper hedging contracts that closed out during the period. This credit has arisen since the average London Metal Exchange copper price in the period has been above the contracted price.

Defined benefit pension schemes

The Group's net pension deficit under IAS 19 as at 5 April 2020 was $3.5 million (FY2019: $2.4 million). The increase is primarily due to recognising an overseas unfunded retirement benefit obligation within this balance this year rather than within other liabilities, to reflect the substance of the arrangement.

Covid-19

The Covid-19 pandemic has had an impact on all of the Group's operating locations and the surrounding communities. From the outset, the guiding principle has been to protect the health and well-being of our workforce by implementing sensible precautions at every site. During FY2020, the initial impact was at our Chinese sites when local authorities extended the Lunar New Year holiday to prevent the spread of the virus. Each site worked swiftly to implement new procedures to protect our staff allowing the sites to reopen. Immediately after production recommenced the sites were operating at reduced capacity to allow time for the health prevention measures to be embedded and because many staff were in locations subject to travel restrictions. Capacity increased during February and production returned to normal levels in March.

It is estimated that the reduced production in quarter 4 of FY2020 resulted in a reduction in revenue of $8.0 million. The impact of the disruption was minimised for a number of reasons. The sites in China built additional stocks of raw materials and finished goods in preparation for the Lunar New Year holiday. This enabled many customers to continue to pull inventory from hub locations during the site closures. The raw materials allowed production to recommence despite some short-term issues in the production supply chains. The hard work and flexibility of our employees was also central to our ability to get back to work quickly.

Moving into FY2021 the Group has implemented measures at all sites to lessen the risk of transmission of Covid-19 within the work environment. Production for some customers is being transferred to ensure there are geographically diverse locations. It has been clear since the beginning of the Covid-19 disruption that communication with customers is critical to prioritising supply and ensuring the continuity of deliveries. This is a strength of the Group and something that will continue.

Many of the Group's facilities supply essential components into the medical and healthcare markets. In most locations there are provisions in place to allow such production to continue during periods of restricted movement. All our sites with medical output are closely engaged with customers and local authorities to ensure that this critical activity can continue in a safe way when restrictions on non-essential activity are in place.

It is anticipated that there will be some impact on demand in FY2021 caused by Covid-19-related disruption. It is difficult to forecast the timing and amount of this impact. The Group is fortunate to have a strong and diverse business. The medical market, which makes up half of our output in Integrated Manufacturing Services, tends to be less cyclical than other sectors. The Group has a robust business which is well funded and capable of adapting to changing levels of demand.

Daren Morris
Chief Financial Officer
18 June 2020

Group Risk Management

Risk Governance

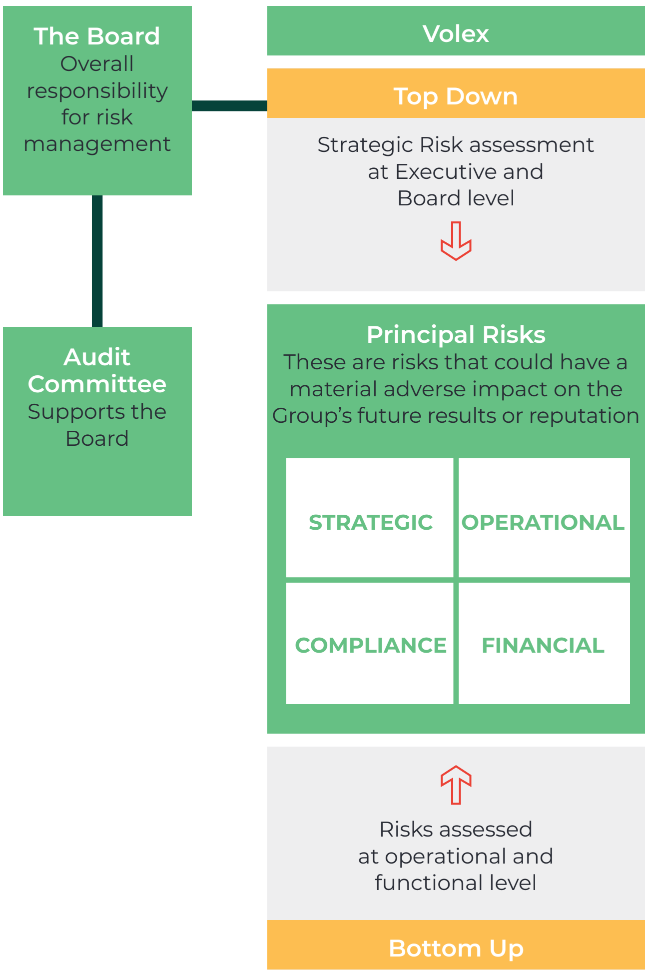
Under the QCA Code, the Board is expected 'to ensure that the company's risk management framework identifies and assesses all relevant risks in order to execute and deliver strategy', including the need to determine 'the extent of exposure to the identified risks that the company is able to bear and willing to take'. The Board has overall responsibility for the management of risk within the Group as part of its role in providing strategic oversight, with specific responsibility for reviewing the effectiveness of the Group's system of internal controls and risk management being delegated to the Audit Committee.

Given the risks and uncertainties involved in operating in a complex, competitive and fast-changing global environment, identifying, understanding and managing those risks is essential to the Group's long-term success and sustainability. Clearly one current area of concern for all businesses, including Volex, is the disruption being caused by the Covid-19 pandemic. The potential impacts on production operations and staff, on supply chains and on the Group's customers, as well as the longer-term impact on the global economy and the risk of recession, all need to be considered. However, given Volex's strong balance sheet and cash position, as well as its presence in the medical and high-speed sectors, the Group is in a good position both to manage and mitigate the disruption caused by the virus in the short term and to sustain itself in the longer term when the economic environment improves. The accompanying briefing on page 35 sets out how Volex has managed its immediate response to the outbreak and consequent government-imposed restrictions in order to protect both its staff and its business, as well as the efforts the Group has made to assist in the fight against Covid-19.

Risk Management Process

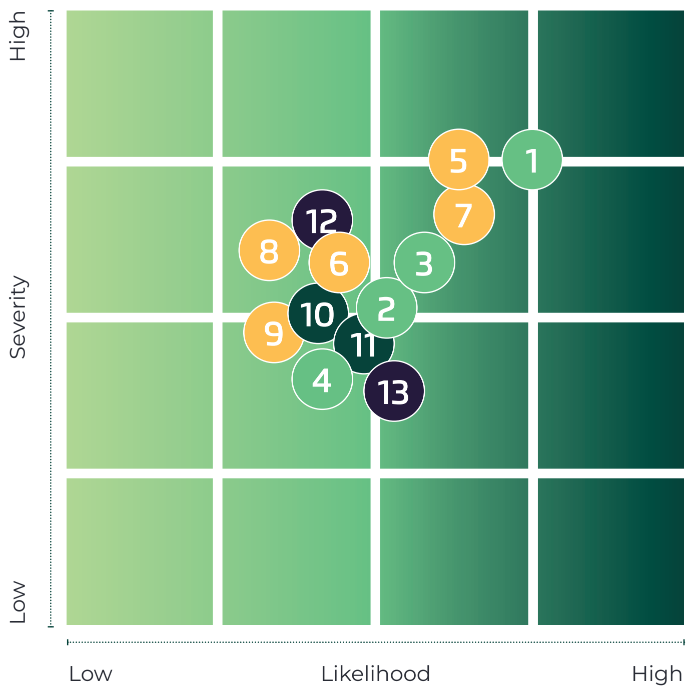
The risk management process across the year essentially comprises two separate elements:

- An ongoing process of assessment and review of individual Volex sites and/or entities undertaken by the Group's Internal Audit function through an Enterprise Risk Management system, which has been introduced this year following the appointment of a new Head of Internal Audit; and
- The wider annual risk survey conducted centrally across the entire senior management team and Group-wide functions. Potential risks are assessed to reflect the likelihood of occurrence and the potential impact on the business were they to occur, as well as the extent to which they are being addressed and mitigated.



Risk Heat Map

The diagram below illustrates the relative positioning of our risks in terms of impact and likelihood, and the level of management focus on each.



1 Global Economic Conditions
2 Acquisition Integration
3 Market Competition
4 Customer Concentration
5 Supply Chain
6 Staffing and HR
7 IT & Cybersecurity
8 Product Quality
9 Technological Change
10 Access to Finance
11 Commodity Prices & FX Rates
12 Regulatory Compliance
13 Financial Controls

Key: Strategic Operational Financial Compliance

Principal Risks

The Board, having reviewed the relevant risk data, considers the following to be the most significant risks that could materially affect the future prospects or reputation of the Group, including those that would threaten its business model, future performance, solvency or liquidity. Identifying these potential risks assists in ensuring risk management procedures and internal controls exist to prevent them occurring, or to at least mitigate their impact should they occur.

Principal risks are classified into four broad areas:

Strategic – Risks that potentially may affect the Group in delivering its strategy or achieving its strategic objectives.

Operational – Risks arising out of operational activities in areas such as sales and operations planning, procurement, warehousing, logistics and product development.

Financial – Risks relating to the finances of the business that may arise externally, such as financial market risk, or internally from the perspective of internal controls and processes.

Compliance – Risks relating to compliance with applicable laws and regulations.

Developments

The results of the risk survey for this financial year suggested a shift in perceived risks to the Group, with those relating to the global economy and supply chains – both affected in turn by Covid-19 – taking over from acquisition integration and HR/staffing issues as the top identified potential risks.

Risk and Possible Impact	Risk Mitigation Activities	Trend	Link to Strategy
1 Strategic – Global Economic Conditions			
Although the global economy has performed well in recent years, the risk exists of it falling into cyclical recession in the coming years. This possibility increased significantly at the end of the financial year as a result of the wider disruption caused by the Covid-19 pandemic.	Covid-19 has had a limited financial impact on FY2020 due to the nature of the Group's customer base and the effective action taken when the crisis began to potentially impact the business, but the longer-term impact as government-imposed shutdowns continue and as both customers and suppliers react to changing circumstances remains unclear. The Group has a strong presence in the medical market and a roster of financially secure customers more generally. The Group has carried out a robust assessment of its financial position and even if revenues fall, the Group has sufficient liquidity to operate as a going concern.	Up Trend	Operational Excellence
2 Strategic – Acquisition Integration			
Although the Group's recent acquisitions have been of companies that complement or expand the Group's existing business, there is a risk that the synergies envisaged pre-acquisition do not materialise and that the Group's activities become too unfocused.	The Group continues to focus on sequential acquisitions that add value and cash generation from day one, with an effective earn-out model to encourage success and senior staff retention in the acquired businesses. Some acquisitions, for example, Ta Hsing, were explicitly made to afford greater vertical integration within the Group and its supply chain. Others were designed to expand the Group's potential reach into new products and increase opportunities for cross-selling, as well as sharing staff resources and best practice. Consideration may need to be given to accelerating more formal integration in terms of internal structures and procedures.	No Change	Investment and Acquisition

Key: Up Trend · Down Trend · No Change · Customer Focus · Product Development · People · Investment and Acquisition · Operational Excellence

Group Risk Management CONTINUED

Risk and Possible Impact	Risk Mitigation Activities	Trend	Link to Strategy
3 Strategic – Market Competition			
The Group operates in highly competitive markets and faces competition from rivals operating with lower costs and overheads, especially in the power cords market.	Volex has created a successful differentiation strategy that mitigates this risk. The Group continues to focus on markets and customers where it can differentiate on factors other than price, including engineering know-how and quality. The Group has looked to increase the use of automation for standard, lower-margin mass production, while seeking greater vertical integration to stay competitive. More complex Volex products often not only require specialised engineering knowledge but are subject to stringent regulatory approval, making supplier churn for customers more difficult. Volex is continually looking to keep its high-speed product offering up to date.	→	
4 Strategic – Customer Concentration			
A proportion of the Group's revenue continues to be derived from a small number of large customer accounts, leading to potentially disproportionate impact if a key customer account is reduced or lost.	Previously reliant on a smaller number of large customers, Volex has in recent years pursued a successful diversification strategy and seen the growth of smaller accounts that have lessened this risk. Some of the new acquisitions, for example GTK, have a very broad customer base. Individual production sites and other entities may however be more susceptible to reliance on individual customers.	→	
5 Operational – Supply Chain			
The Group is in some cases dependent on single external suppliers for components and is not as vertically integrated as some competitors. In addition, the Covid-19 pandemic risks disruption to supply chains.	Volex will need to continue pursuing its current strategy of increased vertical integration and supplier diversification. The likelihood of supplier and customer distress and bankruptcy due to the global pandemic and subsequent economic depression has increased. As a contract manufacturer, however, in many cases we are tied to customers' Approved Vendor Lists for raw materials and components, while for some specialist products, supplier options can be limited. Especially in light of the disruption caused by Covid-19, individual sites and entities are taking steps to secure sufficient stock, including from alternative sources, where possible.	↑	
6 Operational – Staffing and People			
The retention of staff in key executive roles as well as in on-the-ground operations is important to any business. The departure of senior managers who have led the Group's turnaround as well as any increase in turnover of production staff may have a negative impact on the Group.	A new long-term incentive plan for key senior executives was put in place in FY2020 to encourage retention. Turnover rates in other roles vary considerably between Volex sites, with high churn rates of staff in some production sites. With a new Global HR Director in place, effort is being put into staff engagement and improving conditions across the Group as well as into succession planning for more senior positions.	↓	

Risk and Possible Impact	Risk Mitigation Activities	Trend	Link to Strategy
7 Operational – IT and Cybersecurity			
With a computer usage base of an estimated 1,500–2,000 employees and a high number of evolving cyberattacks daily, the Group faces a constant challenge to keep staff aware of and alert to the threat from data breaches. In addition, the obsolescence of infrastructure will need to be managed.	Mandatory cybersecurity awareness training was implemented in FY2020, and internal phishing tests were conducted to measure levels of awareness. Volex IT is investigating other security technologies to improve overall security as well as enhanced data classification and management. Investment will continue to maintain up-to-date and effective servers and hardware.	No Change	Operational Excellence
8 Operational – Product Quality			
The impact on the Group of product defects or product failure not only carries immediate financial risk in terms of repair or recall costs, but longer-term damage to its reputation for quality and reliability.	Volex has high quality standards and has developed an ability to mitigate technical setbacks through close customer relationships. Volex sites and entities are subject to regular customer audit and third-party review, and all are ISO 9001 certified. Sites focused on medical equipment have ISO 13485 accreditation and those focused on the aerospace sector have AS9100D accreditation. Closer control of supplier-provided components by the procurement function and increased automation in manufacturing, as well as recruitment of experienced Quality and Engineering staff, will enable further improvements in Volex's overall reputation for quality.	No Change	Product Development
9 Operational – Technological Change			
Developments in technology and resulting changes in demand for specific products represent not only an opportunity but also a threat. The Group's products risk becoming obsolete, while it also risks failing to take advantage of the new sectors opening up.	As a contract manufacturer, Volex is driven by customer needs and designs but is also addressing this risk through increased R&D investment, acquisitions and an improved strategic marketing function. The Group's design team continues to develop innovative, patentable products, and Volex remains a strong player in the expanding high-speed data and EV markets. Volex is seeking to diversify products and enter a wider range of markets. Changes in charging technology have affected the power cords business, and there is also a risk from increasing wireless transmission of data, but having a well-diversified customer portfolio and broadening our service offering should help secure a longer-term future.	Up Trend	Product Development
10 Financial – Access to Finance			
If the Group cannot access sufficient cash, bank borrowing or equity finance, investment and acquisition plans may be adversely affected.	The Company currently has a strong balance sheet. The $30 million revolving credit facility was renewed in FY2020 on improved terms and was undrawn at year end. The Group ended the year with a strong cash position. However, changing economic conditions and further acquisitions may temporarily have an impact here.	Down Trend	Investment and Acquisition

Key: Up Trend Down Trend No Change Customer Focus Product Development People Investment and Acquisition Operational Excellence

Group Risk Management CONTINUED

Risk and Possible Impact	Risk Mitigation Activities	Trend	Link to Strategy
11 Financial – Commodity Prices and FX Rates			
As a global manufacturer producing and selling around the world, the Group's supply chain can be adversely affected by movements in commodity prices and other supplier inputs. The Group is also exposed to fluctuations and changes in currency exchange rates.	Volex has demonstrated an ability to manage commodity price risk, for example through effective hedging and copper clauses in contracts with customers. In the near to medium term, due to the likely weak economic environment and fall in oil prices, the Volex supply chain should face reduced risk this year in terms of these costs.		
12 Compliance – Regulatory Compliance			
The Group operates in many jurisdictions around the world, all with different standards and rules for corporate governance, taxation employment law, environmental law and product compliance and quality. Failure to adhere to local or international rules can result in severe fines, or even restrictions on the right of the Group to operate in those jurisdictions.	Compliance across the Group is overseen centrally by head office HR, Tax and Legal/ Compliance functions, and managed locally in Volex regional centres, with assistance from professional advisers. Regular internal assessments are made, for example, of employment practices, health and safety conditions, corporate compliance, et cetera. For Volex products, safety and compliance staff are involved in the early stages of product design, liaising with customers and regulatory agencies. A dedicated trade compliance team was set up early last year to ensure improved export control compliance. At the supplier level, since 2018, updated standard agreements including an NDA, a Code of Conduct, a Purchase Agreement containing product warranty/ liability provisions, and environmental/quality agreements before any non-AVL supplier can be selected and qualified as a Volex supplier have been rolled out.		
13 Compliance – Financial Controls			
With global operations and considerable autonomy often afforded to local regional centres and entities, the risk of control breaches opens up the risk of loss through fraud or through prosecution for breach of financial regulations.	The Group's dedicated Internal Audit function has conducted regular on-site reviews throughout the year, which will resume when international travel restrictions are lifted. Where minor potential issues have been identified, corrective action has been instituted. An Enterprise Risk Management scheme is currently being rolled out for all sites. Central and regional head offices exercise ongoing review and assessment of individual Volex operations. Annual participation in the Volex Group Anti-Bribery e-learning course is mandatory for all relevant staff. Internal authorisation processes are reviewed periodically to ensure that they remain relevant and effective.		

Key: Up Trend Down Trend No Change Customer Focus Product Development People Investment and Acquisition Operational Excellence

Covid-19: Volex Response

Introduction
As the world celebrated the Chinese New Year on 25 January, for the Year of the Rat, and our Chinese workforce commenced what should have been a seven-day Spring Festival holiday period, it quickly became clear that 2020 was going to be different. The WHO situation report published on 26 January identified 2,014 confirmed global cases of the new Covid-19 infection originally identified in the city of Wuhan, with 52 deaths in Hubei province alone, and cases in Hong Kong, Macau, Taipei, Vietnam and Australia.

The Spring Festival is a time for family, and many people travel within China during this special time. As a company with several thousand manufacturing employees we saw many return to their home provinces to mark the festival.

The response to the developing epidemic started with the lockdown of Wuhan and the wider Hubei province, and from here it quickly became apparent that there would be disruption to travel as the Spring Festival came to an end and that many hundreds of our employees could be stranded in their home provinces. Although our sites in China are all some distance from the original centre of the outbreak, the lockdown and disruption were clearly going to have a potentially significant impact on all manufacturing operations in the country.

Early action
Within the first few hours of this situation developing our management teams were looking at ways to secure our plants, and to ensure that quarantine requirements could be met and that the ability of each worker to return to our sites after the holiday period was being assessed. This was an immediate communication challenge as key staff found themselves in their home towns, far away from their normal office environments.

By 28 January the Chinese government had already announced regulations around the suspension of production, and operations across China and Pacific provinces were confirming that the Spring Festival holiday would be extended by a number of days.

As February began the focus was on implementing the necessary health controls to ensure that as soon as our plants could reopen everything would be in hand. This meant setting up emergency response teams in each site, and sourcing masks, disinfectants and other necessary materials. Each site where there were dormitories had to take more stringent actions to ensure the health and safety of our workforce, and dedicated quarantine zones were established.

Alongside government-mandated rules, we established countrywide guidelines for the prevention and control of the Covid-19, focused on strict rules around checking whether people had travelled to or from risk areas, staff working from home where possible, the wearing of masks, temperature checks, disinfection of work surfaces and self-isolation for anyone found displaying symptoms of possible infection. Every site worked incredibly hard to comply with these onerous obligations. The establishment of temporary hospitals in Wuhan triggered an urgent order for cables from our Zhongshan production site and we received special permission to bring in a team of workers to complete this order. Some workers at our Henggang plant who did not travel over Chinese New Year were quarantined locally during the countrywide lockdown, and this factor played a key part in getting the Henggang facility back up and running quickly once production resumed.

All of our plants resumed work on 14 February, although initially with limited production. Many employees were still in lockdown in their home provinces, while others were in quarantine having returned to our production locations. By 19 February we had less than 50% of our workforce back available for work but by the end of February this had increased to around 70%.

Lessons learned from China
With a global business, and with the signs that the virus was spreading across the world, we chose to apply the same health prevention standards at all sites worldwide. Although local governments have moved at very different speeds, our decision to adopt these global standards enabled all of our sites to remain open through March and April as the pandemic spread and the global economy went into partial shutdown. With our global supply chain expertise we have been able to ensure masks and other protective equipment have been supplied, where needed, to all of our plants around the world.

Manufacturing expertise and community assistance
As a business with many customers in the medical sector we have been working extremely closely with those customers to arrange rapid turnaround of the development, manufacture and supply of critical cable assemblies and other products to meet the urgent medical needs in many countries around the world, including parts for ventilator production. Our teams have also been proactive in supporting health services in their communities – for example, our production site in Poland has been using its 3D printers to create face visors for use by staff in the local hospital, while GTK has donated hundreds of high-grade masks from its stocks to a UK home care provider in southeast England which was running short for its own staff.

Corporate Social Responsibility

The Volex Board is committed to the Group having a positive impact on the environment and society and to taking seriously the needs of all stakeholders and not just its shareholders. The Board is responsible for developing and managing the Group's strategy on matters including health and safety, diversity, compliance with ethical trading practices, conflict minerals, and modern slavery and human trafficking. The Group's Code of Business Conduct and the range of more detailed internal policies that sit under it set out clear ethical values, which the Board expects all Group companies and staff to adhere to. All senior staff are expected each year, on behalf of their business units or areas of responsibility, to sign a certificate confirming their compliance with key internal Volex policies.

Our people

The commitment, enthusiasm and skill of the people who work for Volex are critical if the Group is to continue its successful transformation. Communication with and input from staff are key, an area our new Group HR Director has focused on this year along with employee retention and health and safety. For more on our commitment to our people, please see pages 38 and 39.

Equality and human rights

Volex is committed to generating benefits for all its stakeholders while ensuring that it does not infringe the human rights of others. We recognise that our employees are crucial to the ongoing success of the business and to how the Company is regarded by the wider market, and believe that all employees should be treated equally, fairly and with respect.

Modern slavery

Modern slavery is a fundamental violation of human rights. It takes various forms, all of which seek to deprive a person of their liberty for another's commercial or personal gain. Volex has a zero-tolerance approach to any form of modern slavery and is committed to ensuring there is no modern slavery or human trafficking in any part of its supply chains, or its own business. As required by UK law, we also publish a Modern Slavery Transparency Statement, which is made available on our website. We expect the same high standards from all of our contractors, suppliers and other business partners.

Diversity

Volex's success is reflected in our diverse global workforce. To maintain our competitive edge, we believe it is important to maintain diversity in gender, ethnicity, age, thinking and background. Our leadership and management team is distributed across the world; however, of our top 50 leaders, only 28% are female, and overall our Board and executive team remains imbalanced when it comes to gender, figures we are looking to improve.

Health and safety

Volex maintains stringent safety practices and implements industry best practice across the Group. Each manufacturing site conducts programme training, risk assessments and regular management reviews to identify safety risks and ensure compliance with industry best practice. All sites comply with local law and regulations relating to health and safety, and most have ISO 45001 or equivalent accreditation. A new health and safety policy was approved by the Board and rolled out this year, and a new Health & Safety Committee established.

Community involvement and charity

Volex strives to become involved in local events and activities in the areas where it has sites. For example, in Tijuana, Mexico, each year staff collect presents and food which they deliver to local care home residents over Christmas. During the year, GTK staff raised thousands of pounds for Great Ormond Street Hospital, a London hospital for children, through sponsorship of and participation in the London to Brighton bicycle ride and through direct donations at Christmas. Silcotec donates €3,000 every year to a local orphanage in the town of Komárno, where its Slovakian production site is based.

The Volex Board has agreed in principle to make more regular payments to charities when financial performance allows, and approved a £13,000 donation to cancer and youth charities following Chief Financial Officer Daren Morris's successful sponsored climb of Ben Nevis, the highest mountain in the UK, in June 2019. Following the Covid-19 outbreak, local sites and subsidiaries have been providing aid and assistance to local hospitals and other care providers (see page 35 for more on Volex's response to the outbreak).

Customers and suppliers

Just as Volex's customers around the world demand strict adherence to high environmental and ethical standards, we demand the same of our suppliers, requiring them to sign up to a Supplier Code of Conduct that mirrors the standards we set for ourselves. All of the traditional Volex sites and our recently acquired sites are ISO 9001 certified. Sites focused on medical equipment have ISO 13485 accreditation and sites focused on the aerospace sector have AS9100D accreditation. We aim to meet any additional requirements explicitly requested by our customers.

Conflict minerals

Volex has a dedicated policy addressing the issue of conflict minerals. We are committed to avoiding the use of conflict minerals in our products, and we ask our suppliers to ensure that materials used in components and products they supply to us, including tin, tantalum, tungsten and gold, are conflict-free.

Our impact on the environment

We comply with all relevant statutory and regulatory requirements in the jurisdictions in which we operate. We monitor the environmental impact of our business activities and encourage employee awareness of waste reduction, recycling and responsible disposal. Nine of our manufacturing sites are ISO 14001 certified and have local waste-reduction and/or pollution-prevention programmes. We are compliant with the provisions of EU RoHS and EU REACH, and implement stringent controls to eliminate the use of hazardous substances. Our products are free from MCCP, phthalates, lead and DINP. We also offer a range of halogen-free cables.

Streamlined Energy & Carbon Reporting (SECR)

Under the Climate Change Act 2008 and The Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013, we are mandated to disclose our global energy use and associated greenhouse gas (GHG) emissions for which we are responsible. Specifically, we are required to report, in the form of tonnes of carbon dioxide equivalent (CO_2e), on all material emissions of the six Kyoto gases generated from both direct sources and purchased electricity, heat, steam and cooling.

We partnered with Carbon Footprint Ltd to complete the calculation of our carbon footprint for the data period: 1 April 2019 to 31 March 2020.

Calculation Methodology

Carbon Footprint Ltd has assessed Volex's GHG emissions in accordance with the UK Department for Environment, Food and Rural Affairs (Defra) 'Environmental reporting guidelines: including Streamlined Energy and Carbon Reporting requirements', and uses the 2019 emission conversion factors developed by Defra and the Department for Business, Energy & Industrial Strategy (BEIS).

We have used the financial control approach.

The scope of the GHG emissions assessment includes:

- Buildings-related energy including:
  - Natural gas (Scope 1)
  - LPG consumption (Scope 1)
  - Site diesel (Scope 1)
  - Electricity (Scope 2)
  - District heating (Scope 2); and
- Vehicle and equipment fuel consumption (Scope 1); and
- Employee owned vehicle (grey fleet) fuel and hire car travel (Scope 3).

Results

The table below shows Volex GHG emissions during the reporting year 1 April 2019 to 31 March 2020. This is the fourth year Volex has assessed its emissions.

Element	2019/20 (tCO_2e)
Direct emissions (Scope 1) – Natural gas, LPG, diesel, company car travel, refrigerants & vehicle fuel consumption	989.34
Indirect emissions from purchased electricity and district heating generation (Scope 2)	14,084.69
Total tCO_2e (Scope 1 & 2)	**15,074.03**
Intensity metric: Scope 1 and 2 GHG emissions per employee	2.64
Intensity metric: Scope 1 and 2 GHG emissions per $M turnover	38.51
Total energy consumption (kWh) (Scope 1&2 only)	26,244,543
Scope 3	
Other indirect emissions (Scope 3) – grey fleet travel, hired vehicles, electricity and district heating distribution	**1,182.84**
Overall Gross Total (Scope 1,2 & 3)	**16,256.87**

Volex's UK operations account for 0.87% of Volex's global consumption and 0.36% of Volex's total associated global emissions.

Energy Efficiency

Volex attempts to rely on renewable energy sources and electric vehicles as much as possible and to limit unnecessary energy use. The Group does not however have centrally managed carbon reduction or offsetting programmes.

Corporate Social Responsibility CONTINUED

'I was delighted to join the Volex family at the start of the financial year. Volex has a long history, with our origins traceable back to 1892. At one time we employed over 11,000 worldwide.'

Alan Taylor
Group HR Director

VOLEX – IT'S ALL ABOUT OUR PEOPLE

It was clear to me that as Volex starts to grow and confirm its position as a leading global business there would need to be a series of important people-centred workstreams. Over the past 12 months, as I have gained an ever-deeper insight into the business, it is very clear where the people priorities are.

Ensuring the safety of all

First and foremost, we all believe in ensuring the safety and health of everyone involved and affected by our operations. Four of our main sites have certified Health and Safety Management systems that meet either OHSAS 18001 or ISO 45001.

We do not rely on heavy manufacturing processes, and the risks created in our sites are modest. However, accidents do occur on sites, and during the year we have significantly strengthened our commitment to enhancing our safety culture throughout the Group. We have renewed our Group's health and safety policy, which has been cascaded across the business in local languages as appropriate. We have defined and deployed an initial set of minimum safety standards and implemented a series of regular plant safety reviews, based on visual inspection. These regular and systematic on-site visual inspections are conducted by me in collaboration with members of each site's management team. Our Board, through its Health & Safety Committee, provides a further forum to review and challenge our practices and to ensure that our actions as an executive team are fit for purpose.

In FY2020 we:

- Launched our management team development programme, with 40 managers in Mexico, Slovakia and Poland completing the programme
- Achieved a 52% reduction in lost-time accidents compared to the previous year, with two large sites achieving 12 months without any accidents.

In FY2021 we will:

- Continue to enhance our strong focus on health and safety
- Work to embed a new Group-wide performance management process for our top 210 leaders
- Continue to expand the scope of the site management team development programme across the remaining sites

Ensuring workforce stability

One of the immediate concerns that I was asked to focus on was in relation to the levels of workforce stability in a couple of our key sites. All sites now have action plans in place to drive necessary improvements.

Ensuring we create a place where people are proud to work and give their best

Our people are committed, hard-working and keen to contribute to the success of the Company. We want to empower our employees to realise their potential and are working to ensure we have the talent to meet, and exceed, our organisational ambitions for future growth. We can do this in many different ways, from celebrating success with improvements to internal communications, and from engaging them in kaizen continuous improvement activities within each of their plants, to simply listening to their ideas and any concerns.

Diversity

Our commitment to realising the potential of our people extends to all employees. For us, it's all about merit. Anyone can and should be able to realise their full potential in Volex without experiencing inequality or unfairness on any grounds. The advantage of being a global business means that we naturally accept contributions from every part of the world irrespective of a person's nationality, beliefs, gender or age. Our leadership team is distributed internationally, which creates a truly global culture within our leadership.

Despite this, our track record for gender diversity within our Board, executive team and top 50 leaders remains imbalanced. As we work to increase our bench strength by attracting external talent and promoting internally we will pay real attention to ensuring fairness, inclusion and equity in these core people processes.

Employee voice

We are working to improve communications across the business. This workstream takes many different forms, from updating and reconfiguring our intranet site to developing a regular staff newsletter. We are working to ensure there are clear channels for employees to speak up at some sites, whether through elected or unelected representatives. We also have an effective internal whistleblowing process called *Right to Speak!*

Alan Taylor
Group HR Director

CASE STUDY

Kaizen

All sites have formal kaizen programmes and report weekly on these activities. This creates opportunities for quick sharing of best practices around the Group. Several of our sites have held celebration and recognition events to thank our employees for their efforts in supporting our kaizen programme.

The team (pictured) are from our Batam plant in Indonesia during their most recent event to celebrate kaizen.

CASE STUDY

Celebrating Chinese New Year

Celebrating festivals, national holidays and other seasonal events is hugely important for our site-based workforce. It has been great to see the efforts taken by our local teams to recognise these important events. With a significant percentage of our workforce based in China, one of the most important dates in the calendar is Chinese New Year.

CASE STUDY

Sports Day in Volex Vietnam

Increasing employee involvement and engagement is important for all of our sites. Our Vietnam team (pictured) delivered an outstanding Sports Day this year in which the majority of the workforce participated.

Section 172 Statement

The Companies (Miscellaneous Reporting) Regulations 2018 require Directors to include a statement in the Strategic Report describing how they have had regard to the matters set out in sections 172(1)(a) to (f) of the Companies Act 2006. This section 172 statement explains how the Company's Directors have, as well as the interests of shareholders, also taken into account the following issues.

The likely consequences of any decision in the long term

As a global business working in the high-technology sector, the Board is always conscious of the longer-term impact of decisions and the changing context in which the Company operates. In October, the Board and other senior managers held two days of extended meetings to plan the Company's long-term objectives and strategy. Further details of the Company's strategy and longer-term objectives can be found in the Executive Chairman's Statement on pages 8 and 9, in the Strategy section on pages 16 and 17 and in the Chief Operating Officer's Q&A on pages 20 and 21.

The interests of the Company's employees

With the recent appointment of a new Group HR Director, and the establishment of the Health & Safety Committee, the Board has shown its commitment to supporting and managing the development of its staff. Employee safety is one of the Company's KPIs, while 'People' is one of the five key strategy areas. The activities recently undertaken to improve employee engagement and welfare are set out in the Executive Chairman's Statement on pages 8 and 9, and in more detail in the 'People' section of the Corporate Social Responsibility Report on pages 38 and 39. The Health & Safety Committee Report can be found on pages 55 and 56.

The need to foster the Company's business relationships with suppliers, customers and others

The Company maintains long-term relationships with many customers, suppliers and other business partners including its professional advisers. The nature of its business, with many products requiring safety and other technical certifications, ensures close co-operation with partners and the development of strong business relationships. Further information on the Company's business relationships can be found in the Strategy section on pages 16 and 17, the Chief Operating Officer's Q&A on pages 20 and 21, and the Divisional Review on pages 22 to 25.

The impact of the Company's operations on the community and the environment

The Company continues to examine ways in which its impact on the community and environment, whether local or global, can be managed and mitigated, as set out in the Corporate Social Responsibility Report on pages 36 and 37. The Company maintained regular monitoring and reporting of its energy use and carbon emissions even when that was not compulsory for AIM-listed companies. This year, the Board established a new policy on charitable donations. Details of the Company's commitment to engagement with the local community can be found in the People report on pages 38 and 39, and in the account of its response to Covid-19 on page 35.

The desirability of the Company maintaining a reputation for high standards of business conduct

The Volex Group has a clear Code of Conduct regarding its ethical and business standards, formally approved by the Board, and numerous more specific company policies which lie under and feed into that code, relating to financial matters, health and safety issues, environmental standards, employment practices, modern slavery, conflict minerals, et cetera. Company policies are hosted on the company intranet site and communicated to new staff on entering employment. Suppliers are required to sign an equivalent document which confirms their commitment to abide by similar standards. Every year, senior management for individual production sites and cross-company areas of responsibility in all the subsidiary companies are required to sign a Certificate of Compliance with the main code and with other key policies, confirming their adherence to them. More details on the Company's ethical values and standards can be found in the Corporate Social Responsibility Report on pages 36 and 37 and in the Governance Report on pages 48 to 51.

The need to act fairly as between members of the Company

All Volex shares are publicly traded on AIM and each carries equal value and an equal vote for any members' resolutions. The Board does not make any distinction between the Company's shareholders and currently does not issue different types of share. The Executive Chairman is a major shareholder, which helps align his interests with those of other shareholders. All of the Company's Directors, including the Non-Executives, are usually available to speak to shareholders and answer questions at the Company's AGM. Smaller shareholders are often the most regular attendees and active in questioning the Board at the AGM.

Stakeholder engagement

Outlined below are some of the key ways in which the Company engages with stakeholders. Further details can be found across the Annual Report.

Employees

The Company communicates centrally with its global workforce through newsletters, its intranet site and local HR engagement. We have an internal whistleblowing 'Right to Speak' process, and are working to establish improved channels for employees to speak up about other matters of concern through their representatives.

Ahead of the Servatron acquisition, senior executives visited the factory in Washington state, and as part of the acquisition terms ensured arrangements were in place for the retention of key staff. As part of its strategy trip in October 2019, the Board visited the Silcotec factory in Komárno, Slovakia.

Customers

'Customer Focus' is one of the five key strategy areas identified by the Company. As well as the day-to-day contact through our global sales teams, senior executives including at Board level are in regular contact with customers. The Company's larger customers often speak directly to the Directors.

Suppliers

We have a dedicated procurement team, based in Suzhou, China, that manages our supplier relationships. We work extremely closely with all of our supply chain to ensure that they can collaborate with us in meeting our customers' needs. We have a dedicated global network of supplier quality engineers that support our supplier community.

Communities

Our sites around the world regularly engage in local community events. This year, the Board approved a new policy on charitable donations, intended in part to further encourage such activity.

Investors

The Executive Chairman and Chief Financial Officer are in regular contact with institutional shareholders, and undertake roadshows and presentations to current and prospective investors. Under usual circumstances, the AGM offers a regular forum for any members to question the Board in person.

The Environment

The Company monitors its Group-wide carbon emissions and energy use, and operates dedicated recycling systems for scrap material across the Group. Energy conservation activities take place at most of our sites and we are constantly looking at increasing the energy efficiency of our production machinery.

Public Authorities

The Company liaises with regulators and other public authorities as and when appropriate and necessary. This engagement became particularly important as a result of the Covid-19 outbreak, since each one of our sites has needed support from local authorities in order to remain open and to be qualified as an essential business. Interactions with local authorities are commonplace and an essential part of maintaining effective relationships in the communities in which we operate.

02

Governance

1919

From the Northwest of England to a Global Conglomerate

When it was incorporated in 1919, Ward & Goldstone was a small but growing business based in the northwest of England – today, Volex is a multinational corporate group with manufacturing sites and sales offices in 20 countries and a presence across the Americas, Europe and Asia. Although the Company had established a manufacturing site outside the UK and Ireland previously, in Malaysia, and had exported internationally for some time through its overseas sales offices, it was not until 1992 that it took serious steps to establish itself as a global manufacturer.

In January 1992, the Company acquired Cable Products, Inc., a US manufacturer with operations in Massachusetts and Ireland, which saw the Group enter the field of data cable assemblies – two further US acquisitions followed in the next 12 months, forming the basis of what would eventually become Volex Inc., now our main US trading company. In October 1992, we acquired a 60% stake in Singapore-based Mayor Pte Ltd, with facilities in Singapore, China, Indonesia, Mexico and Wales. Volex later acquired the remaining 40%, and it is this entity that constitutes the modern Volex (Asia) Pte Ltd, which oversees our current operations in China and the rest of east Asia.

Worldwide manufacturing sites in 2001

29

Sales in 2001

£418.3m

Board of Directors

NATHANIEL ROTHSCHILD
Executive Chairman

N H

Nathaniel Rothschild was appointed to the Board as a Non-Executive Director on 15 October 2015 and became Executive Chairman on 27 November 2015.

Nathaniel was previously a Non-Executive Director of Barrick Gold Corporation, Genel Energy plc, Asia Resource Minerals plc and RIT Capital Partners plc. From 1996 to 2009 he was a partner at Atticus Capital and prior to that worked as an investment analyst at Gleacher and Co., Inc. He holds an MA in History from Oxford University and an MSc in Addiction Studies from King's College London. He was appointed as a Foundation Fellow of Wadham College, Oxford in 2018, and is currently a Visiting Senior Research Fellow in the Department of Addictions within the Institute of Psychiatry, Psychology & Neuroscience, King's College London.

Key areas of expertise:
Sales & marketing, strategic planning and business development in developed and emerging markets.

DAREN MORRIS
Chief Financial Officer and Company Secretary

Daren Morris was appointed as interim Chief Financial Officer on 11 December 2014 and Chief Financial Officer on 8 June 2015.

Daren has spent the majority of his career in the financial services industry, where he was a managing director at UBS Investment Bank and Morgan Stanley, advising manufacturing and technology companies on their expansion and financing strategies. Daren is a qualified chartered accountant and holds a degree in Physics from Oxford University.

Key areas of expertise:
All aspects of financial management, cost control, corporate finance, commercial and legal contract risk, company secretarial duties and investor relations.

DEAN MOORE
Senior Non-Executive Director

A R N

Dean Moore was appointed as a Non-Executive Director on 18 April 2017. He is Chairman of the Audit Committee, and a member of the Remuneration Committee and Nominations Committee. He is the Senior Independent Director.

Dean is a chartered accountant with wide-ranging experience as both an Executive and Non-Executive Director. A former Chief Financial Officer of Cineworld Group plc, N Brown Group plc, T&S Stores plc and Graham Group plc, he is currently also a Non-Executive Director at Cineworld Group plc, where he acts as Chair of the Audit and Remuneration Committees, and at Dignity plc, where he is Chair of the Audit Committee.

Key areas of expertise:
Governance, risk management, mergers & acquisitions, managerial finance, strategy.

Committee Membership: A Audit Committee N Nominations Committee R Remuneration Committee

ADRIAN CHAMBERLAIN
Non-Executive Director

R A N

Adrian Chamberlain was appointed to the Board of Directors as a Non-Executive Director on 16 June 2016. He is Chairman of the Remuneration Committee, and a member of the Audit Committee and the Nominations Committee.

Adrian is Executive Chairman of eConsult Health Limited, a cloud-based medical triage company, and a Non-Executive Director of Cambridge University NHS Trust and Alfa Financial Software Holdings plc. Adrian has proven experience in technology markets, customer development and business strategy. He holds an MA in History from Trinity College, Cambridge, and an MSc in Business Studies from London Business School.

Key areas of expertise:
Technology and telecoms markets, customer development, product management, marketing, and business strategy.

JEFFREY JACKSON
Non-Executive Director

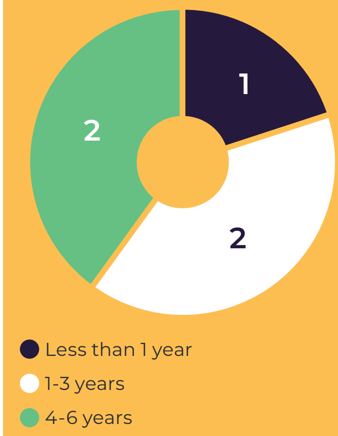
H

Jeffrey Jackson was appointed to the Board of Directors as a Non-Executive Director on 30 July 2019. He is Chair of the newly constituted Health & Safety Committee.

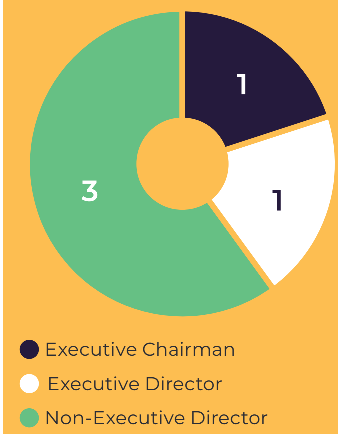
Jeffrey is Program Director with aerospace manufacturer Meggitt plc working on reducing their global manufacturing footprint as well as leading several cost improvement initiatives. He holds a BA in Cultural Anthropology from Michigan State University and undertook post-graduate business studies at the University of Phoenix.

Key areas of expertise:
Operations and supply chain management, planning, sourcing, manufacturing and distribution operations in several market segments including automotive, electronics, aerospace and medical devices.

BOARD TENURE



EXECUTIVE SPLIT



H Health & Safety
Chair of Committee

Executive Chairman's Introduction

'Maintaining our high standards of corporate governance remains a key objective for the entire leadership team.'

Nathaniel Rothschild
Executive Chairman

The corporate governance section of the Annual Report sets out the standards and practices we at Volex follow both at Board level and in terms of wider management of the business, and seeks to assure shareholders and other stakeholders, including our customers and our own staff, that we have not only articulated but embedded the values that they would expect to see in place. Corporate governance guidelines set a framework which underpins the core values of the business, setting standards against which the Board and senior management can judge whether we are acting in the right way and for the right reasons when we make decisions, and at the same time ensuring we have all the appropriate and necessary safeguards, checks and balances in place.

Maintaining our high standards of corporate governance remains a key objective for the entire leadership team, and we continue to follow the Quoted Companies Alliance Corporate Governance Code (the 'QCA Code'). We remain committed to those standards and continue to comply with the provisions of the QCA Code, with some exceptions.

Following the successful turnaround of the business in recent years, changes were made to the Board structure this year, with the addition of a third Non-Executive Director and the creation of a Health & Safety Committee to complement the work of the Board's existing Committees and to broaden the Board's decision-making and review processes. As we anticipated doing in last year's Annual Report, we have retained the Company's executive leadership structure, including my Executive Chairman role. We acknowledge that this is one respect in which we do not fully comply with the requirements of the QCA Code, which recommend a division between the role of Chairman and Chief Executive. However, given the ongoing progress made under the current leadership arrangement, the Board still believes that it is in the best interests of the Company for it to continue, while at the same taking steps to broaden the executive structure in other ways. Our Board structure now allows for swift and effective decision-making but also for more thorough oversight and review of all aspects of our leadership decisions. We are constantly evaluating what further changes may need to be made as the business moves forward.

The Non-Executive Directors have played a vital role in advising the Executive Directors this past year, through informal engagement as well as through attendance at formal Board and Committee meetings. Our new Non-Executive Director, Jeffrey Jackson, based in the United States, has decades of experience in supply chain management and operations. His arrival has strengthened the Board's ability to provide effective and independent oversight of the Company's strategy and its global business operation. Our revamped HR and Internal Audit functions now both report regularly to the Board, ensuring we are better placed to understand and manage any issues around employee relations, financial risk and ethical standards.

Our Corporate Governance Report is set out on pages 48 to 51 and explains how we manage the Group in order to follow the provisions of the QCA Code, as well as corporate and business standards and best practice more generally. It also sets out further details about the activity of the Board and its various Committees during the year.

As Executive Chairman, I remain committed to combining effective leadership of the business with high standards of governance. Maintaining our values and the integrity of the Volex brand is key to driving long-term performance. Despite global uncertainty, we remain committed to and confident about the Company and its future, and fully understand the role that good corporate governance will play in building that future.

Corporate Governance Report

'Volex remains committed to high standards of corporate governance.'

Daren Morris
Chief Financial Officer and Company Secretary

The Corporate Governance Report sets out how the Group's main corporate governance principles have been applied across all its companies. Volex plc has taken the provisions of the QCA Corporate Governance Code as its main benchmark for good corporate practice for the year ended 5 April 2020, and from that date up to the date of publication of this Annual Report and Accounts. It has adhered to those provisions other than in the highlighted instances.

The Board seeks not only to ensure that the Company can generate sustainable growth and deliver long-term value for shareholders and other stakeholders but to establish the governance standards, values and strategic aims of the Company. The names, biographical details and dates of appointment of the members of the Board are set out on pages 44 and 45.

The Board provides leadership on these issues and maintains a framework of controls for risk assessment and management. Specific matters are formally reserved for decision-making by the Board and its Committees to ensure a sound system of internal control and risk management.

The Executive Chairman, Nathaniel Rothschild, is responsible for the leadership of the Company and the Board. He is jointly responsible with the Senior Independent Director for creating the right Board dynamics and for ensuring that all important matters, including strategic decisions, receive adequate time and attention at Board meetings.

The Executive Chairman, Chief Financial Officer and Chief Operating Officer are, together, responsible for the day-to-day management of the business, developing corporate strategy, advising the Board and then implementing Board decisions.

The Chief Financial Officer also acts as Company Secretary, and reports to the Executive Chairman and Senior Independent Director on governance matters. With support from the Company's Nominated Adviser and the Assistant Company Secretary, he is responsible for keeping the Board up to date on all legislative, regulatory and governance issues, managing the timetable of Board and Committee meetings, advising on Directors' duties and facilitating appropriate information flows between the business and the Board.

Although the dual roles are not an arrangement preferred by the QCA Code, Volex continues to believe this more focused and streamlined structure is appropriate given the size of the Company, the current Board's proven success in transforming the fortunes of the business, and the oversight and support resources available. However, as with all aspects of the Company's governance, this will remain under review, especially as the Group expands.

The Company's three Non-Executive Directors, whose appointments are reviewed every three years, are responsible for exercising independent and objective judgement to constructively challenge the decisions of executive management and satisfy themselves that the systems of business risk management and internal financial controls are robust. They are expected to spend as much time as is necessary to perform their duties.

Operation of the Board

The Board is responsible for setting the Company's business objectives, oversight of risk, strategic development and effective corporate governance. It holds regular, scheduled meetings throughout the year to review the Company's financial and operational performance and to consider any other matters as appropriate, including potential merger and acquisition opportunities, risk management and shareholder feedback. When issues requiring the attention of the Board arise outside the regular schedule, the Directors will action agreement via minuted ad hoc Board calls or written resolutions.

All the Directors receive comprehensive briefing packs in advance of Board and Committee meetings. They have access to the services of external advisers and can take independent professional advice at the Company's expense if needed.

Matters reserved for the Board

The Board delegates day-to-day management of the Company to the Executive Directors who, as appropriate, delegate to executive management. However, certain matters are formally reserved for decision by the Board, including:

- Approval of the annual budget;
- Approval of the Company's objectives and setting its long-term strategy;
- Approval of material capital expenditure projects;
- Approval of acquisitions;
- Approval of half-yearly reports, trading updates, the preliminary announcement of year-end results and the Annual Report and Accounts;
- Internal control and risk management; and
- Material contracts, expenditure and Group borrowings.

Board focus in FY2020

The major focus this year was to maintain the progress made by the business in recent years and to further secure its financial position, but also to look forward to the longer-term strategic options for the Group, including identifying potential further acquisitions that could bring additional value. In particular, this year the Board:

- Approved the acquisition of Ta Hsing Industries Ltd, a Hong Kong and China-based cable manufacturer whose incorporation into the Group is intended to help drive its vertical integration;
- Approved the acquisition of Servatron, Inc., a US PCBA, box build and complex assembly manufacturer based in Washington state;
- Approved the investment in Batam, Indonesia, to significantly expand the existing facility for the production of high-speed data cables and power cords;
- Approved the restoration of dividend payments, with a 1.0 pence per share interim dividend being paid in February 2020 and a 2.0 pence per share final dividend to be recommended to shareholders in July 2020;
- Approved the renewal of the Group's three-year revolving credit facility on much improved terms;
- Approved the Company's new long-term incentive plan, designed to retain and motivate the executive leadership and other staff;
- Held several sessions with senior management representatives across a two-day period to review and discuss the Company's long-term strategy, including a visit to the Silcotec factory in Komárno, Slovakia.

Attendance at meetings

The Board met for scheduled discussions nine times during the year, following a timetable set at the start of the year and based around the calendar of key upcoming events for the Company. The four Board Committees met 10 times in total. The size of the Board allows it flexibility to meet on short notice on a more ad hoc basis in response to the needs of the business, and Non-Executive Directors are also encouraged to communicate directly with Executive Directors and executive management between Board meetings.

Directors attended all meetings of the Board and of those Committees of which they are members. Directors' attendance at the Board and Committee meetings during the financial year:

Number of meetings	Full Board (9 meetings)	Audit Committee (4 meetings)	Remuneration Committee (5 meetings)	Nominations Committee (0 meetings)	Health & Safety Committee (1 meeting)
Chairman					
Nathaniel Rothschild	9/9	1/4[1]	1/5[1]	–/–	1/1
Executive Directors					
Daren Morris	9/9	4/4[1]	1/5[1]	–/–	–/1
Non-Executive Directors					
Adrian Chamberlain	9/9	4/4	5/5	–/–	–/1
Dean Moore	9/9	4/4	5/5	–/–	–/1
Jeffrey Jackson	9/9	–/4	1/5[1]	–/–	1/1

[1]Attended by invitation

The Deputy CFO, Group HR Director and Assistant Company Secretary regularly attend Board and Committee meetings by invitation. The Head of Internal Audit and the Company's auditors, PwC, usually attend meetings of the Audit Committee.

Corporate Governance Report CONTINUED

Committees of the Board

The Board has delegated certain responsibilities to the following Committees:

- the Nominations Committee;
- the Audit Committee;
- the Remuneration Committee; and
- the Health & Safety Committee.

Each of the above Committees operates under defined terms of reference, which are available on the Company's website. To ensure independent oversight of the audit and remuneration functions, only the Company's independent Non-Executive Directors serve on those Committees. However, the Nominations Committee is chaired by Nathaniel Rothschild, who also sits on the Health & Safety Committee. The Company Secretary acts as secretary to each Committee, other than the Health & Safety Committee, where the Group HR Director, Alan Taylor, acts as secretary.

Nominations Committee

The members of the Nominations Committee are Nathaniel Rothschild (Chairman), Dean Moore and Adrian Chamberlain.

The Committee did not meet during the year.

The Committee is responsible for reviewing the size and composition of the Board – including whether the balance of Executive Directors and Non-Executive Directors continues to be appropriate – succession planning and recommending suitable candidates for membership of the Board when such posts arise.

In appointing a new Board member, the Committee evaluates the balance of skills, knowledge and experience of the Board and prepares a clear description of the role and the capabilities and strengths required to fulfil a particular appointment.

Audit Committee

The members of the Audit Committee are Dean Moore (Chairman) and Adrian Chamberlain.

The Committee met four times during the year.

The Committee is responsible for monitoring the integrity of the Company's financial statements, including its annual and half-yearly results, as well as for keeping the Company's internal controls under review and overseeing the relationship with the external auditors.

Details of the Committee's activities are contained in the Audit Committee Report on pages 52 to 54.

Remuneration Committee

The members of the Remuneration Committee are Adrian Chamberlain (Chairman) and Dean Moore.

The Committee met five times during the year.

The Committee is charged with determining and agreeing the remuneration of the Executive Directors as well as recommending and monitoring the structure of remuneration for senior management and the management of the Company's share incentive scheme.

Details of the Committee's activities are contained in the Directors' Remuneration Report on pages 57 to 65.

Health & Safety Committee

The members of the Health & Safety Committee are Jeffrey Jackson (Chairman), Nathaniel Rothschild and Alan Taylor (Secretary).

The Committee met once formally during the year.

The Committee aims to ensure appropriate governance is applied to the management of health and safety within the Group. It monitors the effectiveness of controls relating to health, safety and environmental risks, and monitors the overall compliance around labour-related risks within the business.

Details of the Committee's activities are contained in the Health & Safety Committee Report on pages 55 and 56.

Board effectiveness

Composition, independence and diversity on the Board

The Board comprises the Executive Chairman, the Chief Financial Officer and three Non-Executive Directors, such that the QCA Corporate Governance Code requirement for at least two independent Non-Executive Directors has been met. Dean Moore, Adrian Chamberlain and Jeffrey Jackson are considered by the Board to be independent of management and free from any business or other relationship that could materially interfere with the exercise of their judgement.

Currently, there is no female representation on the Board. The Board recognises the importance of gender diversity in the Company and is committed to promoting gender diversity throughout the organisation. Further information on the total female representation in our workforce is provided in our Corporate Social Responsibility Report on page 36.

Re-election of Directors

Directors are elected by shareholders at the first Annual General Meeting after any appointment by the Board and, thereafter, may offer themselves up for re-election by shareholders at regular intervals and in any event at least once every three years. Dean Moore will be offered for re-election to the Board at the next AGM.

Conflicts of interest

Under the Companies Act 2006, a Director must avoid a situation where a direct or indirect conflict of interest may occur and procedures are in place to manage any circumstance where a conflict may be perceived. The Company's Articles of Association prevent Directors from voting on issues where they have, or may have, a conflict of interest, other than in exceptional and specific circumstances.

Performance evaluation

The Non-Executive Directors met separately with the Executive Chairman and the Chief Financial Officer at numerous points during the year. Board member performance was discussed at these meetings and any performance concerns subsequently addressed.

The Board recognises that a robust performance evaluation is important to maximise Board effectiveness.

Development

All new Directors receive an induction programme tailored to their background and experience, organised by the Company Secretary and the Company's Nominated Adviser. In addition, all Directors are informed of changes to relevant legislation or regulations and receive updates and briefings on areas such as Directors' duties and corporate governance guidelines and best practice.

Individual Directors, with the support of the Company Secretary, are also expected to take responsibility for identifying their own training needs and to ensure that they are adequately informed about the Group and their responsibilities as a Director.

Accountability for financial reporting

The Board is responsible for presenting a fair, balanced and understandable assessment of the Company. The Company has a comprehensive annual budgeting process, to which all its global subsidiary entities contribute directly and which culminates in formal approval of the annual budget by the Board. Regular forecasts and updates on financial performance are presented to the Board during the year. The reasons why the Directors continue to adopt the going concern basis for preparing the financial statements are given in the Directors' Report on page 67.

Internal controls and risk management

The Board has overall responsibility for the Group's system of internal control and risk management, which is designed to identify, evaluate and control the significant risks associated with delivering the Group's strategy with a view to safeguarding shareholders' investments and the Group's assets. The Group's recently strengthened Internal Audit function manages the Enterprise Risk Management system. The Head of Internal Audit conducts regular site visits to Group entities and reports regularly to the Board and the Audit Committee.

An ongoing process for identifying, evaluating and managing the significant risks faced by the Group has been in place for the year up to and including the date of approval of this report, based on a combination of site-by-site risk reporting to create individual risk registers and an annual risk survey of all senior management across the Group. Read more about Volex's risk management processes and outcomes on pages 30 to 34.

Key features of the Company's system of internal controls

Key elements of the Company's system of internal controls which have operated throughout the year are:

- A system of regular reports from management setting out key performance and risk indicators;
- Rigorous short-term management and forecasting of cash flow;
- A schedule of specific, key matters reserved for decision by the Board;
- A framework for reporting and escalating matters of significance;
- Group-wide procedures, policies and standards which incorporate statements of required behaviour;
- Continuous review of operating performance and monitoring of monthly results against annual budgets, and periodic forecasts;
- Risk-based internal audits of sites and/or business processes, with audit observations and recommendations to improve controls being reported to management to ensure timely action, with oversight provided by the Audit Committee; and
- A process and policy for employees to raise concerns and regular reports to the Audit Committee of all material disclosures made, the results of investigations and actions taken.

Through its risk-management process and the review of effectiveness of the system of internal controls, the Board believes the control environment is adequate for a group the size of Volex.

Relations with shareholders

The Board is responsible for effectively engaging with shareholders. The Board achieves this through regular dialogue with brokers, analysts and shareholders themselves, with the Executive Chairman and Chief Financial Officer taking a lead in those relationships.

The Board takes steps to understand the views of major shareholders of the Company, including through receiving feedback from any shareholder meetings and through analyst/broker briefings. The Board always takes account of the corporate governance guidelines of institutional shareholders and their representative bodies such as the Investment Association and the Pensions and Lifetime Savings Association. The Executive Chairman and Chief Financial Officer are available to meet with major and prospective shareholders. The Non-Executive Directors are available to attend shareholder meetings as necessary.

Annual General Meeting ('AGM')

The Notice of AGM will be dispatched to shareholders, together with explanatory notes or a circular on items of special business, at least 21 clear days before the meeting. Separate resolutions will be proposed on each substantive issue, including a resolution relating to the Annual Report and Accounts. Given the current situation with the Covid-19 outbreak and the lockdown measures that could still be in place, it may be necessary this year to make adjustments to the organisation and logistics of the meeting, for example by limiting direct access to the meeting venue. We will obviously keep all shareholders updated in this respect.

The Non-Executive Directors will, with the other Directors, be available to answer shareholders' questions. The Board welcomes questions from shareholders, and they will have the opportunity to raise issues before or after the meeting if circumstances prevent active attendance.

For each resolution, the proxy appointment forms provide shareholders with the option to direct their proxy vote either for or against the resolution, or to withhold their vote. As with last year, we will be encouraging shareholders to switch to paperless voting.

The Company will ensure that the proxy form and any announcement of the results of a vote will make it clear that a 'vote withheld' is not a vote in law and will not be counted in the calculation of the proportion of the votes for and against the resolution.

All valid proxy appointments are properly recorded and counted. For each resolution, after the vote has been taken, information on the number of proxy votes for and against the resolution, and the number of shares in respect of which the vote was withheld, are given at the meeting and are made available on the Company's website at www.volex.com.

Daren Morris
Company Secretary

Audit Committee Report

‘The Committee plays a key role in reviewing the Company’s financial systems and controls.’

Dean Moore
Chairman of the Audit Committee

Committee meetings

4

Internal Audit site reports reviewed

6

I am pleased to present this year’s report on the activity of the Volex Audit Committee during the course of another successful year for the Company. During the year, the Committee has undertaken its regular work of reviewing the Group’s financial systems and controls and its published financial statements, assessing the accounting judgements being made, and liaising with the external auditors, PricewaterhouseCoopers (‘PwC’). The Committee has received and discussed the usual regular updates from the head office finance team and PwC representatives, as well as receiving reports on the several Internal Audit site reviews conducted during the year. I am pleased to confirm that the latter uncovered no serious issues requiring action and that where necessary, following the reviews, additional safeguards and minor improvements to some procedures have been put in place to maintain that record. A new Enterprise Risk Management system has also been introduced for individual sites to evaluate and monitor potential risks.

For FY2021, the Internal Audit and Legal/Compliance functions have begun work on reviewing and updating all Company policies and procedures to ensure they remain up to date and fit for purpose. The Committee will continue to oversee and co-ordinate that work, and to report and make any necessary recommendations on matters within its area of responsibility to the full Board.

Key objectives

The Committee establishes and oversees the Group's systems of internal control and risk management, monitors the integrity of financial information published externally for use by shareholders, and ensures the integrity of the financial statements is supported by an effective external audit.

Composition of the Audit Committee

The members of the Audit Committee were:

Name	Date of appointment
Dean Moore (Chairman)	18 April 2017
Adrian Chamberlain	16 June 2016

Appointments are for a period of three years and are extendable by no more than two additional three-year terms. The Committee must consist of at least two members, all of whom should be independent Non-Executive Directors. The current Committee members have the appropriate range of financial, commercial and risk-management experience to fulfil its duties. The Audit Committee Chairman has recent and relevant financial experience, in line with the QCA Corporate Governance Code and Committee terms of reference. Biographical details are set out on page 44.

Meetings

The Audit Committee met four times in the year, with those meetings and their agendas timed to link to events in the Group's financial calendar. The Audit Committee invites the Group Chief Financial Officer, the Deputy CFO, the Head of Internal Audit, senior representatives of the external auditors and other staff to attend its meetings as required, although it reserves the right to request any of these individuals to withdraw for specific items of discussion.

Governance

The Audit Committee's terms of reference can be found on the Volex website.

The Committee is responsible for:

- Monitoring the integrity of the Group's financial statements and any other formal announcements relating to the Group's financial performance, and reviewing significant financial reporting judgements contained in them;
- Reporting to the Board on the processes in place to confirm that the Annual Report and Accounts, when taken as a whole, are fair, balanced and understandable and contain the information necessary to allow shareholders to assess the Group's performance, business model and strategy;
- Reviewing and challenging where necessary the appropriateness of accounting policies and the manner in which they are applied across the Group;
- Reviewing the Group's internal financial controls and the Group's internal risk-management systems;
- Monitoring and reviewing the effectiveness of the Group's Internal Audit function in the context of the Group's overall risk-management system;
- Reviewing the Group's procedures for detecting and responding to fraud and bribery and for handling allegations made by employees with respect to financial malpractice or other forms of whistleblowing, and oversight of any and all reports on such incidents; and
- Oversight of the relationship with the external auditors including, where appropriate, the recommendation of appointment or reappointment of the external auditors.

The Audit Committee reports its findings to the Board, identifying any matters on which it considers that action or improvement is needed, and makes recommendations on the steps to be taken.

Main activities of the Committee during the year

Financial reporting

The primary role of the Audit Committee in relation to financial reporting is to review with both management and the external auditors, PwC, the appropriateness of the half-year and annual financial statements, concentrating on, among other matters:

- The quality and acceptability of accounting policies and practices;
- The clarity of the disclosures and compliance with financial reporting standards and relevant governance reporting requirements;
- Material areas in which significant judgements or estimates have been applied or there has been discussion with PwC; and
- The processes to ensure that the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders.

To aid its review the Committee considers reports from the Chief Financial Officer and the Deputy CFO, from the Internal Audit function and from the external auditors. Following its review of the Annual Report and Accounts, the Committee challenges management on the content to ensure that the report as a whole is fair, balanced and understandable.

The Committee has reviewed the paper on the critical judgements and estimates outlined in note 2 to the financial statements on pages 90 and 91. The primary areas of judgement considered and discussed by the Committee in relation to the FY2020 financial statements and how these have been addressed are listed below.

Going concern – Having reviewed the Group's budget and trading position, the potential impact of Covid-19 and considered its compliance with banking facility covenants, the Committee has concluded that the financial statements should continue to be prepared on a going concern basis.

Adjusting items – Management has presented a breakdown of adjusting items, and explanations as to why they should be categorised as such. The Audit Committee has reviewed and discussed this analysis with management. Details are shown in note 4 on page 93. Adjusting items during the year amounted to $5.8 million (FY2019: $6.2 million).

Inventory provisions – The Committee reviewed the level of provision held against inventory in light of the Group's provisioning policy, the ageing of the stock and forecast future demand. Specific items one-off in nature or material due to their size were also considered. In light of this, the Committee believes the provision is reasonable.

Accounting for business combinations

The Committee reviewed the principal assumptions and judgements applied in accounting for business combinations that occurred during the year.

Audit Committee Report CONTINUED

Internal control, risk and compliance
The Audit Committee is required to assist the Board in its annual assessment of the effectiveness of the Volex risk-management and internal control systems. To fulfil these duties, the Committee reviewed:

- The results of the annual Certificate of Compliance exercise and survey, involving all senior personnel in the organisation;
- The reports issued during the year by Internal Audit following their risk-based review of sites and processes;
- The annual risk survey conducted among the executive team and other senior management; and
- Investigations performed on all whistleblowing, control breakdowns and fraud issues.

Details of our internal controls and risk management systems including controls over the financial reporting process can be found on page 51 in the Corporate Governance Report with our risk factors in full in the Strategic report on pages 30 to 34.

Internal audit
The Audit Committee is responsible for ensuring the adequacy of resourcing and plans for the Internal Audit function. To fulfil these duties, the Committee:

- Establishes the function's terms of reference, reporting lines and access to the Audit Committee;
- Approves the appointment and removal of the Internal Auditor;
- Reviews and assesses the annual internal audit plan in the context of the Group's overall risk management system; and
- Reviews promptly the internal audit reports produced from the site/process reviews and monitors management's responsiveness to the findings and recommendations included therein.

During the year, the Head of Internal Audit visited seven production and office sites to conduct reviews of financial, HR and procurement procedures. The results of all the reviews were presented to the Audit Committee for review. No serious issues for concern were identified. Due to flight restrictions as a result of the Covid-19 outbreak, further in-person visits are currently on hold, but sites are in the meantime being required to update and provide completed formal risk registers as part of the roll out of the Enterprise Risk Management system.

The Group's Whistleblowing Policy contains arrangements for the Audit Committee to review all complaints in confidence.

External audit
The Audit Committee is responsible for the monitoring of the independence, objectivity and compliance with ethical and regulatory requirements of the external auditors. Details of the total remuneration for the auditors for the year can be found in note 8 on page 95 of the consolidated financial statements.

The auditors' independence and objectivity are safeguarded by limiting the value and nature of external services provided by the auditors. The Group also has a policy of not recruiting employees of the external auditors who have worked on the audit in the last two years to senior positions in the Group. There is a rotation policy for the lead engagement partner.

Non-audit services provided by the auditors
The Audit Committee maintains a non-audit services policy which sets out the categories of non-audit services that the external auditors will and will not be allowed to provide to the Group, including those that are pre-approved by the Audit Committee and those that require specific approval before they are contracted for, subject to de minimis levels.

Non-audit fees for the year were $2,000 (FY2019: $nil).

Audit tender
The Audit Committee considers the reappointment of the external auditors each year. PwC have been the Group's auditors since their appointment on 4 April 2010 following a tender process. There are no contractual obligations that restrict the Committee's choice of external auditors.

To fulfil its responsibility regarding the independence and effectiveness of the external auditors, the Audit Committee:

- Reviewed the external auditors' plan for the current year and agreed the scope of the audit work to be performed;
- Agreed the fees to be paid to PwC for their audit of the 2020 financial statements and other non-audit fees;
- Reviewed a report from PwC describing their arrangements to identify, report and manage any conflicts of interest and confirming the basis of their independence;
- Assessed PwC's fulfilment of the agreed audit plan and any variations from that plan; and
- Assessed the robustness and perceptiveness of PwC in their handling of the key accounting and audit judgements.

The Audit Committee, having considered the length of PwC's audit tenure and the results of the above, continues to consider PwC to be independent and therefore has provided the Board with its recommendation that PwC be reappointed as external auditors for the 52 weeks ending 4 April 2021.

This will continue to be assessed on an annual basis in light of any guidance on external audit tendering.

Summary
As a result of its work during the year, the Audit Committee has concluded that it has acted in accordance with its terms of reference and has ensured the independence and objectivity of the external auditors.

We would welcome feedback from shareholders on this report.

On behalf of the Audit Committee

Dean Moore
Chairman of the Audit Committee

Health & Safety Committee Report

‘The health and safety of employees is of primary importance to the Board.’

Jeffrey Jackson
Chairman of the Health & Safety Committee

I am pleased to report on the work of the new Volex Health & Safety Committee, established to improve the Board’s oversight of issues relating to health and safety and wider environmental performance around the Group. The formation of the new Committee was approved by the Board at its meeting in Slovakia held on 15 October 2019.

The health and safety of Volex employees and the broader context of labour and environmental issues is of primary importance to the Board. The establishment of the Committee is intended to sharpen the focus on these issues within the Group and to provide a more effective channel for information about relevant issues and activities around the Group’s global operations to feed into the Board. Not only does Volex want to ensure it adheres to best practice wherever possible and provide a safe and productive working environment for its employees, but customers increasingly want verifiable assurances from their suppliers and business partners about working conditions and labour-related issues.

Details of the actions taken by the Group to protect employees amid the new Covid-19 outbreak can be found on page 35 of the Annual Report.

Objectives

The key aims of the Committee are to ensure that:

- The Volex management team operates an effective system to control health, safety and environmental risks, and labour-related risks relevant to the adherence to the Responsible Business Alliance standard.
- The Volex Board has a view of current performance and trend information for health, safety and environmental performance across the Group and all of its subsidiaries; and
- The Group establishes and maintains an effective management system to control health, safety, environmental and labour-related risks.

As with the other Board Committees, the Health & Safety Committee reports its findings to the full Board, identifying any matters on which it considers that action or improvement is needed, and makes recommendations on the steps to be taken.

Composition of the Health & Safety Committee

The members of the Health & Safety Committee were:

Name	Date of appointment
Jeffrey Jackson (Chairman)	15 October 2019
Nathaniel Rothschild	15 October 2019
Alan Taylor (Secretary)	15 October 2019

Health & Safety Committee Report CONTINUED

Meetings and Activities

The Committee met formally once during the financial year, but receives updates on the Group's health and safety performance from the Group HR Director on a quarterly basis. The intention is that the Committee will usually meet annually but will, where necessary, hold additional meetings on an ad hoc basis.

The main activities undertaken by the Committee during the year were: review of the updated Group health and safety policy, which was then approved by the full Board; review of the risk profile of the Group's global operations; and review of the approach being taken by the Group to improve Group-wide performance in the areas of health, safety, environment and labour-related risk.

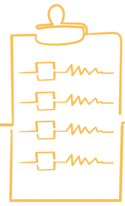
The new health and safety policy was rolled out following Board approval in October 2019. It confirms the Group's commitment to compliance with all local legal requirements as a minimum and to continuous improvement in its structures and processes. Employees are encouraged to speak up where they become aware of potentially unsafe situations on site in order to allow corrective action, and managers are expected to listen and respond to any such notifications.

During the year, seven plant safety reviews were conducted by HR and local management at production sites around the world, assessing the sites on the basis of a strict evaluation process against specific categories. For the new financial year, a Group-wide site excellence award is being established, in which one of the categories will be safety. The March health and safety update showed a 52% reduction year on year in lost-time accidents in Volex sites.

For the coming year, I look forward to ensuring the Group maintains and further improves on its record in this regard.

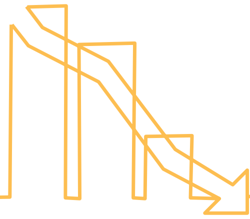
On behalf of the Health & Safety Committee

Jeffrey Jackson
Chairman of the Health & Safety Committee



Plant safety reviews

7



Reduction in lost-time accidents year on year

52%

Directors' Remuneration Report

'The Committee seeks to ensure the executive team are incentivised to meet the Company's strategic goals and generate value for shareholders.'

Adrian Chamberlain
Chairman of the Remuneration Committee

Overview from the Chairman of the Remuneration Committee

I am pleased to introduce the Directors' Remuneration Report for the year ended 5 April 2020.

In FY2020 we saw another year of continued improvement in the business, with growth in revenue, operating profit and cash generation, as well as the return of dividend payments. The Group has also increased in size, with two additional acquisitions. This year also saw the introduction of a new Long-Term Incentive Plan for the Executive Directors and other senior management staff to replace the previous Volex Group plc Performance Share Plan, which had reached the end of its 10-year life. The new plan, drawn up with assistance from outside consultants, Mercer, was approved by the Board and shareholders at the AGM in July 2019. The first share awards under the scheme were made in September 2019, and are due to vest – subject to the meeting of stringent targets – in September 2022. The enhanced awards granted in the first year of the new scheme to the senior executive team, including the Executive Directors, include a two-year retention period on vesting. I believe that this aligns the long-term interests of our management with those of our shareholders.

The Committee also agreed this year that as from FY2021, the Company would open a pension scheme for the Executive Chairman, Nathaniel Rothschild, with a 10% Company contribution. An inflation-equivalent increase in base salaries of 2% for the Executive Directors (along with all central UK-based staff) was agreed in March 2020 for the coming financial year, down from the 3% increase put in place for the previous year.

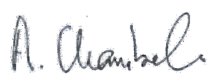
As a result of the Company's strong performance this year, it has exceeded the bonus targets that we set out in last year's annual report in respect of operating profit and cash generation. The Remuneration Committee has applied the bonus deferral policy (whereby two-thirds of any bonus above 25% of annual salary is deferred into Volex shares) and therefore 49% of the Executive Directors' bonuses have been deferred into Volex shares, which will vest after one year.

In FY2021, the Executive Directors will continue to have the opportunity to earn up to 100% of annual salary as a bonus under the remuneration plan. As with FY2020, the targets for FY2021 will focus on operating profit and cash generation, as well as specific personal objectives, in order to incentivise the Executive Directors to focus on generating value for shareholders and meeting our strategic goals.

The Remuneration Committee is mindful of any potential risks associated with remuneration programmes, and seeks to provide a structure that encourages an acceptable level of risk-taking through key performance measures and an optimal remuneration mix. The Committee undertakes regular evaluations to ensure our reward programmes achieve the correct balance and do not encourage excessive risk-taking. The Committee has considered the risk involved in the short and long-term incentive schemes and is satisfied that the governance procedures mitigate these risks appropriately.

The Committee continues to welcome feedback from shareholders, and I hope we can continue to receive your support in future on the remuneration-related votes at our AGM.

On behalf of the Remuneration Committee



Adrian Chamberlain
Chairman of the Remuneration Committee
18 June 2020

Directors’ Remuneration Report CONTINUED

Compliance statement
The Board is committed to maintaining high standards of corporate governance and the Directors intend, so far as is practicable given the Company’s size and constitution of the Board, to comply with the provisions of the Quoted Companies Alliance Corporate Governance Code (the ‘QCA code’).

Introduction – summary of remuneration policy
The Company’s Remuneration Policy (the ‘Policy’) is designed to reinforce the Company’s goals, providing effective incentives for exceptional Group and individual performance. The Committee regularly reviews the remuneration structure in place at Volex to ensure it remains aligned with the business strategy, reinforces the Company’s success and aligns reward with the creation of shareholder value. The Committee strives to ensure that shareholders’ interests are being served, by creating an appropriate balance between fixed and performance-related pay. A considerable part of the reward package is linked to share-price performance and is delivered in shares. The Policy was approved by shareholders at the 2017 AGM, with 98% voting in support.

Performance measurement and targets
The aim of the annual bonus plan is to reward key executives over and above base salary for the achievement of business objectives. The bonus criteria are selected annually to reflect the Group’s main KPIs for the year and are designed to encourage continuous performance improvement for the Group. Group financial performance targets relating to the annual bonus plan are set from the Company’s annual budget, which is reviewed and signed off by the Board prior to the start of each financial year. Underlying operating profit is used as a key performance indicator for the annual bonus plan because it is a clear measure of the financial performance of the Group.

Separately, long-term share-based incentives are designed to align the interests of key executives with the longer-term interests of the Company’s shareholders, by rewarding them for delivering sustained increases in shareholder value. Accordingly, the vesting of share awards is linked to the Company’s relative and/or absolute total shareholder return (‘TSR’) and operating profit. TSR has been selected as it is directly aligned with shareholder interests. Operating profit has been selected as it is a key measure of long-term performance for Volex and is closely aligned with the Company’s strategic plans. The Committee believes that the minimum three-year performance period is in line with the market and therefore aids the recruitment of senior hires. Performance measures and targets are reviewed by the Committee ahead of each grant.

Targets applying to the bonus awards and the current share-based Long-Term Incentive Plan (‘LTIP’) are reviewed annually, based on a number of internal and external reference points. Performance targets are set to be stretching but achievable, with regard to the particular strategic priorities and economic environment in a given year.

Remuneration policy for other employees
Volex’s approach to annual salary reviews is consistent across the Group, with consideration given to the levels of experience and responsibility, to individual performance and to salary levels in comparable companies. Specific cash incentives and bonuses are also in place to motivate, reward and retain staff below Board level, and senior staff around the Group also receive share option awards. Opportunities and specific performance conditions vary by organisational level, with business area-specific metrics incorporated where appropriate.

Shareholding guidelines
The Committee continues to recognise the importance of Executive Directors aligning their interests with shareholders through building up a significant shareholding in the Company. Shareholding guidelines are in place that require Executive Directors to acquire, over time, a holding equivalent to 100% of base salary. Both Executive Directors currently meet that threshold.

Volex’s Remuneration Policy for Non-Executive Directors
The Board determines the Remuneration Policy and level of fees for the Non-Executive Directors within the limits set out in the Articles of Association. The Remuneration Committee recommends the Remuneration Policy and level of fees for the Executive Chairman. Non-Executive Directors are not eligible to participate in the annual bonus, share award or pension schemes.

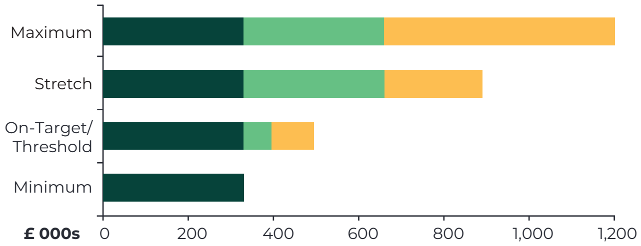
Pay scenario charts
The charts below provide estimates of the potential future reward opportunity for the current Executive Directors, and the potential split between the different elements of remuneration under four different performance scenarios: ‘Minimum’, ‘On Target/Threshold’, ‘Stretch’ and ‘Maximum’.

The potential reward opportunities are based on the Remuneration Policy as applied to the base salary as at 6 April 2020. For the annual bonus, the amounts illustrated are those potentially receivable in respect of performance for FY2021. For the LTIP, the award opportunities are based on those awards which are expected to be granted in FY2021, which will not normally vest until the third anniversary of the date of grant. The LTIP calculations are based on an estimated share price of 131.5 pence (the average across the three months to 16 June 2020), with the ‘Maximum’ outcome calculated on the assumption of a 50% increase in the share price from that base figure during the vesting period.

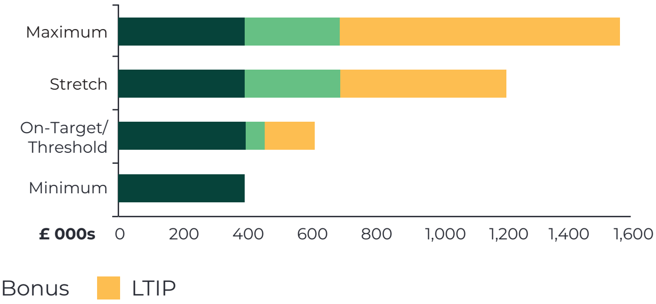
In illustrating potential reward opportunities the following rules have been applied:

Component	Minimum	On Target	Stretch Target	Absolute TSR Multiplier
Fixed	Base salary			
	Pension			
	Other benefits			
Annual bonus	No bonus payable	20%	100%	
LTIP	No LTIP vesting	30% vesting	100% vesting	Up to 2x award

Executive Chairman – Nathaniel Rothschild



CFO – Daren Morris



Service contracts

Best practice recommends notice periods of no more than one year for Executive Directors and that any payments to a departing Executive Director should be determined having full regard to the duty of mitigation. Company policy is that Executive Directors' service contracts may be terminated by either party on not more than 12 months' notice.

The Executive Directors are employed under contracts of employment with Volex plc. The principal terms of the Executive Directors' service contracts are as follows:

			Notice period	
Executive Director	**Position**	**Effective date of contract**	**From Company**	**From Director**
Nathaniel Rothschild	Executive Chairman	1 December 2015	6 months	6 months
Daren Morris	Chief Financial Officer	8 June 2015	6 months	6 months

Letters of appointment are provided to the Non-Executive Directors. Non-Executive Directors have letters of appointment effective for a period of three years. Non-Executive Directors' letters of appointment are available to view at the Company's registered office.

Non-Executive Directors' letters of appointment and the unexpired period of their appointments (where appropriate after extension by re-election) are set out below:

Non-Executive Director	Unexpired term as at 5 April 2020	Date of appointment	Notice period
Adrian Chamberlain	26 months	16 June 2019	3 months
Dean Moore	2 weeks	18 April 2020	3 months
Jeffrey Jackson	28 months	30 July 2019	3 months

External appointments

With the approval of the Board in each case, and subject to the overriding requirements of the Group, Executive Directors may act as Non-Executive Directors to other companies and retain any fees received.

Directors' Remuneration Report CONTINUED

Annual Report on Remuneration

The following section provides details of how the Remuneration Policy was implemented during the year.

Remuneration Committee membership in FY2019

The Committee met five times during the year under review. Attendance by individual Committee members at meetings is detailed below.

Committee member	Member throughout 2019/20	Number of meetings attended
Adrian Chamberlain	Yes	5
Dean Moore	Yes	5

During the year, the Committee sought internal support from the Group HR Director, the Executive Chairman and the Chief Financial Officer, who attended Committee meetings by invitation from the Chairman to advise on specific questions raised by the Committee and on matters relating to the performance and remuneration of senior managers. No individuals are involved in decisions relating to their own remuneration. The Company Secretary attended each meeting as secretary to the Committee.

Agenda during FY2020

The agenda during FY2020 included:

- The FY2019 Directors' Remuneration Report;
- The new Volex plc LTIP share award scheme;
- Share awards under the new scheme for Executive Directors and senior managers for FY2020;
- Consideration of the annual inflationary pay increase for UK employees;
- Approval of the new pension arrangements for the Executive Chairman; and
- Evaluation of the proposal for the FY2020 annual bonus plan.

Advisers

In undertaking its responsibilities, the Committee seeks independent external advice as necessary. For the year under review, the Committee continued to retain the services of Mercer as the principal external advisers to the Committee. The Committee evaluates the support provided by its advisers annually and is comfortable that the Mercer team provides independent remuneration advice to the Committee and does not have any connections that may impair independence.

Fees of £17,200 (FY2019: £19,750) were paid to advisers in respect of work carried out for the year under review.

Summary of shareholder voting at the last AGM

It is the Remuneration Committee's policy to consult with major shareholders prior to any major changes to its Executive Directors' remuneration structure. The table below shows the results of the votes on the FY2019 Directors' Remuneration Report and the new LTIP at the AGM held on 30 July 2019.

	FY2019 Remuneration Report	
	Total number of votes	% of votes cast
For (including discretionary)	107,614,692	99.98%
Against	26,063	0.02%
Total votes cast (excluding withheld votes)[1]	107,640,755	100%
Votes withheld	1,311	
Total votes cast (including withheld votes)	107,642,066	

	The New Volex plc Long-Term Incentive Plan	
	Total number of votes	% of votes cast
For (including discretionary)	107,618,646	99.98%
Against	22,109	0.02%
Total votes cast (excluding withheld votes)[1]	107,640,755	100%
Votes withheld	1,311	
Total votes cast (including withheld votes)	107,642,066	

1. A withheld vote is not a vote in law and is not counted in the calculation of the proportion of votes cast for and against a resolution.

Single figure of Executive Director remuneration

The table below sets out a single figure for the total remuneration received by each Executive Director for the year ended 5 April 2020 and the prior year:

Executive Director	Year	Salary GBP	Benefits[1] GBP	Pension[2] GBP	Cash annual bonus[3] GBP	PSP[4] GBP	Deferred annual bonus (restricted shares)[3] GBP	Total GBP
Nathaniel Rothschild	**2020**	**£323,377**	**£2,420**	**–**	**£159,300**	**£1,014,736**	**£157,300**	**£1,657,133**
	2019	£313,958	£1,822	–	£153,839	–	£150,700	£620,319
Daren Morris	**2020**	**£323,377**	**£343**	**£64,675**	**£159,300**	**£957,804**	**£157,300**	**£1,662,799**
	2019	£313,958	£2,211	£62,792	£153,839	£83,694	£150,700	£767,194

1. Taxable value of benefits received in the year by Executives includes healthcare and life assurance.
2. Pension: During the year, Daren Morris participated in a money purchase scheme into which the Company contributed 20% of salary.
3. Annual bonus: The FY2020 targets were substantially met and 98% of maximum bonuses were awarded. In accordance with the bonus deferral policy, two-thirds of any bonus above 25% of annual salary is deferred into Volex shares. Therefore, a significant proportion of the Executive Directors' bonuses (approximately 50%) were deferred into Volex shares for a period of one year. The FY2019 targets were substantially met and 97% of maximum bonuses were awarded, so that approximately 49% was deferred into Volex shares for a period of one year.
4. During the year Mr Rothschild exercised awards in respect of 1,174,147 shares that had vested under the PSP with a valuation (net of exercise price and fees) of £1,014,736. During the year Mr Morris exercised awards in respect of 924,147 shares under the PSP with a valuation (net of exercise price and fees) of £957,804.

Single figure of Non-Executive Director remuneration and Non-Executive Director fees

The table below sets out a single figure for the total remuneration received by each Non-Executive Director for the year ended 5 April 2020 and the prior year:

Non-Executive Director	Year	Base fee (£)	Committee Chair/SID fee (£)	Additional fee (£)	Benefits in kind (£)	Total
Dean Moore	**2020**	**£50,000**	**£20,000**	**–**	**–**	**£70,000**
	2019	£50,000	£20,000	–	–	£70,000
Adrian Chamberlain	**2020**	**£50,000**	**£10,000**	**–**	**–**	**£60,000**
	2019	£50,000	£10,000	–	–	£60,000
Jeffrey Jackson	**2020**	**£33,333**	**£4,167**	**–**	**–**	**£37,500**
	2019	–	–	–	–	–

Jeffrey Jackson was only appointed as from 30 July 2019 so his fees are proportionately lower for FY2020. The Non-Executive Directors are not eligible for bonuses or retirement benefits and cannot participate in any share scheme operated by the Company.

The base fees during the year and for FY2021 (effective from the date of the AGM) are:

	Fee[1] FY2021	FY2020
Non-Executive Director base fee	**£50,000**	£50,000
Senior Independent Director fee	**£10,000**	£10,000
Committee Chairman additional fee	**£10,000**	£10,000

1. Remuneration comprises an annual fee for acting as a Non-Executive Director of the Company. Additional fees are paid to Non-Executive Directors in respect of service as Chairs of the Audit, Remuneration and Health & Safety Committees.

Directors’ Remuneration Report CONTINUED

Incentive outcomes for the year ended 5 April 2020

Annual bonus in respect of FY2020 performance

For FY2020, the maximum bonus potential for the Executive Directors was set at 100% of basic annual salary with 40% based on achieving an underlying operating profit target, 40% on a cash generation target and 20% on achieving personal objectives.

The performance against the criteria, as defined, determined that bonuses would be earned under the annual bonus plan at the level of 98% for the Executive Directors. The Remuneration Committee has applied the bonus deferral policy (whereby two-thirds of any bonus above 25% of annual salary is deferred into Volex shares) and therefore a significant proportion of the Executive Directors’ bonuses (approximately 50%) have been deferred into Volex shares, and will vest after one year.

Annual bonus in respect of FY2018 and FY2019 performance

For FY2018, the maximum bonus potential for the Executive Directors was set at 100% of basic annual salary with 25% based on achieving an operating profit target, 25% on achieving a return on capital employed target, 30% based on achieving a sales target and 20% based on achieving personal objectives.

The performance against the criteria, as defined, determined that bonuses would be earned under the annual bonus plan at the level of 74% for Mr Rothschild and 80% for Mr Morris. The Remuneration Committee applied the bonus deferral policy (whereby two-thirds of any bonus above 25% of annual salary is deferred into Volex shares) and therefore a significant proportion of the Executive Directors’ bonuses (approximately 45%) were deferred into Volex shares for a period of one year.

For FY2019, the maximum bonus potential for the Executive Directors was set at 100% of basic annual salary with 30% based on achieving an underlying operating profit target, 25% on an improvement in average net cash target, 25% based on achieving a sales target and 20% based on achieving personal objectives.

The performance against the criteria, as defined, determined that bonuses would be earned under the annual bonus plan at the level of 97% for the Executive Directors. The Remuneration Committee applied the bonus deferral policy (whereby two-thirds of any bonus above 25% of annual salary is deferred into Volex shares) and therefore a significant proportion of the Executive Directors’ bonuses (approximately 49%) were deferred into Volex shares for a period of one year.

Annual bonus target for FY2021 performance

Corporate targets set by the Committee require Executive Directors to deliver significant stretch performance. The Committee has taken the decision to publish performance targets prospectively. For FY2021 targets see page 64.

PSP Schemes

PSP awards held by Nathaniel Rothschild of 600,000 shares vested on 1 December 2019 based on the TSR target being 100% met and the cumulative profit target being 100% met.

PSP awards held by Daren Morris of 600,000 shares vested on 1 December 2019 based on the TSR target being 100% met and the cumulative profit target being 100% met.

Scheme interests awarded in FY2020

The following awards were granted during the year under the new LTIP:

	LTIP award			
	Date of grant	Number of shares	Market price at date of award	Face value
Executive Chairman	10 September 2019[1]	340,000	90.0p	£306,000
Chief Financial Officer	10 September 2019[1]	680,000	90.0p	£612,000

1. The awards will vest on the third anniversary of the grant date as nil-cost options. The basic performance condition is 50% based on relative TSR performance and 50% based on cumulative operating profit. The three-year performance period over which operating profit performance will be measured began on 1 April 2019 and will end on 31 March 2022. The awards are also subject to a potential multiplier based on absolute TSR performance, whereby 100% growth in TSR over the three years could see the awards double.

The FY2020 awards to the Executive Chairman amounted to 94.6% of base salary while those to the Chief Financial Officer amounted to 189.2% of base salary.

For any shares to vest on TSR, the Committee must satisfy itself that the recorded TSR is a genuine reflection of the underlying business performance of Volex.

Payments for loss of office

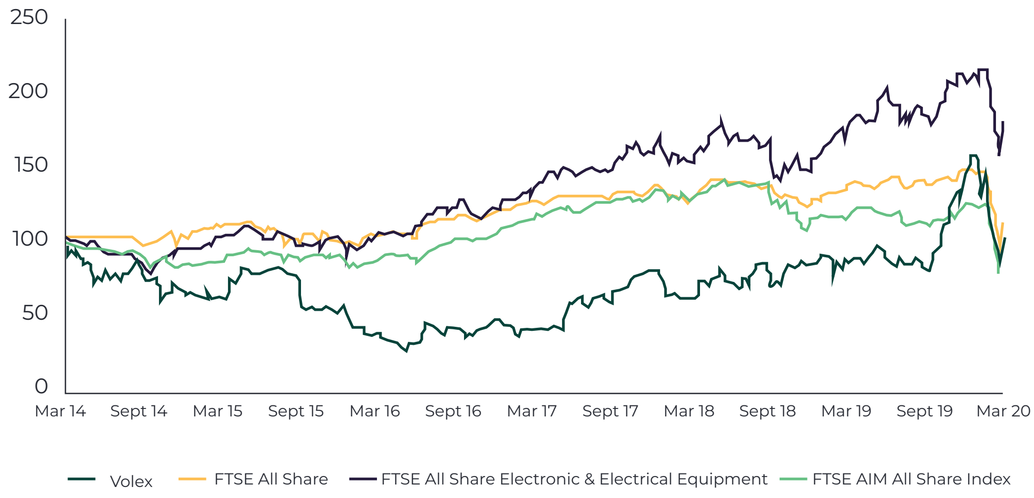
No Executive Directors left the Group during the year, and therefore no payments were made.

Payments to past Directors

No payments were made to past Directors during the year.

Six-year TSR performance review and CEO single figure

The following graph charts the TSR of the Company and the FTSE All Share, FTSE All Share Electronic and Electrical Equipment and FTSE AIM All Share indices over the six-year period from March 2014 to March 2020.



Source: Bloomberg

Note: TSR is calculated on a common currency basis.

	2015	2016[1]	2017	2018	2019	**2020**
CEO / Executive Chairman single figure of remuneration (£'000)	906	547	392	534	620	**1,657**
Annual bonus pay-out (% of maximum)	76%	0%	50%	74%	97%	**98%**
PSP vesting (% of maximum)	0%	0%	0%	0%	88%	**100%**

1. The comparison of CEO remuneration is made complex by the change in CEO during the year. Christoph Eisenhardt resigned in September 2015 and the position was temporarily filled by Geraint Anderson as interim CEO before the position of CEO was replaced by an Executive Chairman, Nathaniel Rothschild. The single figure above is an aggregate of the amounts due to each individual during their time in the relevant role.

Implementation of Executive Director Remuneration Policy for FY2021

Base salary

Market positioning of base salary is approached on an individual basis, taking account of advice received from the Committee's independent advisers on the rates of salary for similar roles in selected groups of comparable companies, and the individual performance and experience of each Executive Director. The aim is for base salary to be set with reference to the market median, dependent on the Committee's view of individual and Group performance.

The Committee reviewed salaries during the year and agreed that there would be an increase approximately in line with UK inflation of 2.0%.

Executive Director	**Base salary in place prior to review**	**Base salary effective from 1 April 2020**	**Percentage increase from 1 April 2020**
Nathaniel Rothschild	£323,377	£329,844	2.0%
Daren Morris	£323,377	£329,844	2.0%

A salary increase averaging 2.0% for all UK staff was agreed as part of the annual pay review.

Pension

The Chief Financial Officer receives a pension contribution of 20% of salary. In FY2020 the Executive Chairman did not receive a pension benefit. From FY2021 he will receive a pension contribution of 10% of salary. A review was conducted this year of market practice and an appropriate plan selected from a shortlist of options which satisfied all of the UK conditions for a qualifying pension scheme. The 10% contribution rate was benchmarked against the arrangements made for other Company employees and the existing Executive Director's scheme.

Directors' Remuneration Report CONTINUED

Annual bonus

The annual bonus for FY2021 will operate on the criteria set out in the Policy. The Committee has approved a maximum annual bonus opportunity of 100% of salary for the Executive Directors.

As outlined above, going forward, the Committee has committed to disclose targets on a prospective basis. For FY2020, the maximum bonus potential for the Executive Directors was set at 100% of basic annual salary with 40% based on achieving an operating profit target, 40% on achieving a cash generated from operations before adjusting items target and 20% based on achieving personal objectives. Given the effect of Covid-19 on the global economy and the uncertain demand environment, the Remuneration Committee has considered it appropriate to have a larger range on the financial targets for FY2021 than would usually be the case. The proposed targets are as follows:

	Threshold (20%)	Maximum (100%)
Group operating profit	$27.0m	$35.0m
Free cash flow	$22.0m	$24.0m
Personal objectives	n/a	n/a

The Remuneration Committee reserves the right to adjust the targets in November/December and/or to increase the weighting of personal objectives due to the uncertainty around forecasting at the current time.

PSP

Awards held but as yet unvested under the old PSP scheme vest as nominal-cost options with an exercise price of 25 pence per share after three years based on a relative TSR target and a cumulative operating profit target, as follows:

Performance condition	Weighting	Award vesting
TSR (share price growth plus reinvested dividends) relative to companies in the FTSE ASX Index	50%	Target (Index) – 30% Stretch (Index + 15% pa) – 100%
Cumulative operating profit	50%	Target – 30% Stretch – 100%

LTIP

The maximum base award available under the new scheme is 680,000 shares per recipient, or 750,000 in exceptional circumstances. Final vesting of any grant, as nil-cost options, will depend on the achievement of three-year relative TSR outperformance against a defined comparator group and cumulative operating profit, as follows:

Performance condition	Weighting	Award vesting
TSR (share price growth plus reinvested dividends) relative to defined Comparator Group	50%	Target (group median) – 30% Stretch (upper quartile of group) – 100%
Cumulative Operating Profit	50%	Target – 30% Stretch – 100%

For the top executive team, including Executive Directors, a potential multiplier of the normal award in the event of exceptional performance can also be applied at the point of award at the discretion of the Remuneration Committee, as measured against an absolute TSR target.

Performance condition	Absolute TSR (share price growth plus reinvested dividends)	
Level of performance		Multiplier[1]
Below Target	Below 50%	n/a
Target	50%	1x
Stretch	100% or above	2x

1. There is straight-line vesting between the 'Target' and 'Stretch performance levels.

Specific targets for future operating profit are deemed to be commercially sensitive and will not be published until such time that the Committee is confident there will be no adverse impact on the Company of such disclosure. Further details of the grant date and number of interests for FY2021 will be disclosed in the 2021 Annual Report on Remuneration.

Chairman and Non-Executive Director fees

The Board determined that Non-Executive remuneration should be maintained at the current levels given the 19% increase granted in July 2017. Fee levels will continue to be reviewed on an annual basis.

	FY2020 fees	FY2021 fees
Base fees		
Chairman	**n/a**	n/a
Non-Executive Director	**£50,000**	£50,000
Additional fees		
Audit Committee Chair	**£10,000**	£10,000
Remuneration Committee Chair	**£10,000**	£10,000
Health & Safety Committee Chair	**£10,000**	£10,000

Directors' interests

The table below shows the Directors' interests in shares and the extent to which Volex's shareholding guidelines are achieved.

	Number of shares held as at 5 April 2020	Current shareholding (% salary/fees)	Shareholding[1] guideline (as % of salary)	Guideline met
Nathaniel Rothschild[2]	36,876,078	12,088%	100%	Yes
Daren Morris	890,000	292%	100%	Yes
Adrian Chamberlain	24,986	n/a	n/a	n/a
Dean Moore	15,000	n/a	n/a	n/a
Jeffrey Jackson	–	n/a	n/a	n/a

1. The shareholding guidelines were approved by the Remuneration Committee in March 2014. The guidelines require the Chief Executive Officer and Chief Financial Officer to acquire over time (to the extent they have not already done so) and maintain an ownership level of holdings of shares in Volex plc equal to gross basic salary.
2. Nathaniel Rothschild's shareholding is held directly and through NR Holdings Limited.

The table below shows the Executive and Non-Executive Directors' interests in shares at year end, which includes all shares owned beneficially together with those interests in shares which have vested and are no longer subject to deferral or performance conditions and may be included as an interest in shares under Volex's shareholding guidelines plus those shares and options over which future performance conditions remain.

	Not subject to future performance			Subject to future performance	
	Shares held	Vested under PSP but unexercised	Deferred FY2019 bonus shares due	Unvested awards under PSP/LTIP	Total
Nathaniel Rothschild	36,876,078	–	155,201	1,030,000	38,061,279
Daren Morris	890,000	250,000	155,201	1,720,000	3,015,201
Adrian Chamberlain	24,896	–	–	–	24,986
Dean Moore	15,000	–	–	–	15,000
Jeffrey Jackson	–	–	–	–	–

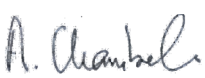
Post year-end, the Remuneration Committee confirmed that Nathaniel Rothschild would be awarded 113,986 shares and Daren Morris 113,986 shares as part of the FY2020 bonus award, with issue deferred for one year as per standard practice. These are not included in the above table.

Directors' interests in shares and options under the old Volex PSP and the new LTIP

Details of the Directors' interests in long-term incentive schemes are set out below. Details, including explanation of movements during FY2020, are set out on page 62 of this Remuneration Report.

	Number of shares subject to PSP options held at 1 April 2019	Number of shares subject to LTIP options granted during FY2020	Number of shares subject to PSP options exercised during FY2020	Number of shares subject to options lapsed during FY2020	Number of shares subject to options held at 5 April 2020	Exercise price of shares subject to options (£)
Nathaniel Rothschild	1,864,147	340,000	(1,174,147)	–	1,030,000	0–0.25
Daren Morris	2,214,147	680,000	(924,147)	–	1,970,000	0–0.25

The Directors' Remuneration Report was approved by the Board of Directors on 18 June 2020 and signed on its behalf by:



Adrian Chamberlain
Chairman of the Remuneration Committee

Directors' Report

The Directors of the Company present their Annual Report for the year ended 5 April 2020. Certain information required for disclosure in this report is provided in other appropriate sections of the Annual Report and Accounts. These include the Corporate Governance Statement, the Directors' Remuneration Report, the Strategic Report and the financial statements, together with the notes to those financial statements, and accordingly these are incorporated into this report by reference.

Results and dividend

Results for the year ended 5 April 2020 are set out in the consolidated income statement on page 78.

The Board is recommending payment of a final dividend of 2.0 pence per share for the 53 weeks ended 5 April 2020 (FY2019: nil). Together with the interim dividend of 1.0 pence per share paid on 5 February 2020 (FY2019: nil), this makes a total for the year of 3.0 pence (FY2019: nil).

Important events since the end of the financial year

In the period between 6 April 2020 and 18 June 2020, no important events have taken place.

Directors

The Directors who were in office during the year and up to the date the financial statements were signed are as follows:

Executive Director	Non-Executive Directors
Nathaniel Rothschild	Adrian Chamberlain
Daren Morris	Dean Moore
	Jeffrey Jackson[1]

1. From 30 July 2019.

Biographical details of the Directors currently serving on the Board and their dates of appointment are set out on pages 44 and 45.

Powers of Directors

The Directors may exercise all the powers of the Company, subject to any restrictions in the Company's Articles of Association, any relevant legislation and any directions given by the Company by passing a special resolution at a general meeting.

In particular, the Directors may exercise all the powers of the Company to borrow money, subject to the limitation that the aggregate amount of all money borrowed by the Group and owing to persons outside the Group shall not, without the sanction of an ordinary resolution of the Company, exceed an amount equal to three times the aggregate of the Group's capital and reserves calculated in the manner prescribed by the Company's Articles of Association.

Appointment and replacement of Directors

The Company's approach to the appointment and replacement of Directors is governed by its Articles of Association (together with relevant legislation).

The number of Directors should be no fewer than three and no more than 15. Directors may be appointed by the Company by ordinary resolution or by the Board of Directors.

At each Annual General Meeting, all Directors who (i) were appointed by the Board since the last Annual General Meeting, (ii) held office at the time of the two preceding Annual General Meetings and who did not retire at either of them, or (iii) have held office (other than employment or executive office) for a continuous period of nine years or more, shall automatically retire.

At the meeting at which the Director retires, the members may pass an ordinary resolution to fill the office being vacated by electing the retiring Director or some other person eligible for appointment to that office. In default, the retiring Director shall be deemed to have been elected or re-elected (as the case may be) unless (i) it is expressly resolved at the meeting not to fill the vacated office or the resolution of such election or re-election is put to the meeting and lost, or (ii) such Director has given notice that he or she is unwilling to be elected or re-elected, or (iii) the procedural requirements set out in the Company's Articles of Association are contravened.

The Company may, by ordinary resolution, remove any Director before the expiration of his or her term of office.

As set out in the Company's Articles of Association, there are also circumstances where a Director will immediately cease to hold office. These circumstances include where he or she is prohibited by law from being or acting as a Director or where he or she has been made bankrupt.

Directors' indemnities and insurance

In accordance with the Companies Act 2006 and the Company's Articles of Association, the Company has purchased Directors' and Officers' Liability Insurance. The indemnity was in force throughout the last financial year and is currently in force at the date of this report. The Company reviews its insurance policies on an annual basis in order to satisfy itself that its level of cover remains adequate.

Directors' share interests

The number of ordinary shares of the Company in which the Directors are beneficially interested at 5 April 2020 is set out in the Directors' Remuneration Report on page 65.

Articles of Association

Any amendments to the Articles of Association of the Company may be made by special resolution of the shareholders.

Share capital

Details of the Company's share capital are set out in note 23 to the financial statements. The Company's share capital consists of one class of ordinary shares which do not carry rights to fixed income. As at 5 April 2020, there were 151,818,762 ordinary shares of 25p each in issue.

A new authority to allot shares will be sought at the forthcoming Annual General Meeting.

Voting rights

Ordinary shareholders are entitled to receive notice of, and in normal circumstances to attend and speak at, general meetings. Each shareholder present in person or by proxy (or by duly authorised corporate representative) shall, on a show of hands, have one vote. On a poll, each shareholder present in person or by proxy shall have one vote for each share held.

Restrictions on transfer of shares

Other than the general provisions of the Articles of Association (and prevailing legislation) there are no specific restrictions on the size of a holding or on the transfer of the ordinary shares.

The Directors are not aware of any agreements between the Company's shareholders that may result in the restriction of the transfer of securities or on voting rights. No shareholder holds securities carrying any special rights or control over the Company's share capital.

Significant shareholders
The Company had been advised of the following notifiable direct and indirect interests in 3% or more of its issued share capital as at 28 May 2020.

Notification received from:	Number of ordinary shares of 25p each	% of total voting rights
NR Holdings Limited[1]	36,876,078	24.29
Ruffer LLP	20,250,000	13.34
Downing	8,922,673	5.88
Quaero Capital	8,800,975	5.80
Premier Miton	6,151,683	4.05
Herald Investment Management	6,138,020	4.04
Tellworth Investments	5,711,266	3.76

1. The Executive Chairman Nathaniel Rothschild is a beneficiary of NR Holdings. The number of shares noted here also includes those he holds directly.

Authority to purchase own shares
The Company was authorised by shareholder resolution at the 2019 Annual General Meeting to purchase up to 10% of its issued share capital. No shares were purchased pursuant to this authority during the year. A resolution to renew this authority will be proposed at the forthcoming Annual General Meeting. Under this authority, any shares purchased will either be cancelled, resulting in a reduction of the Company's issued share capital, or held in treasury.

Employee share schemes
The Company does not have any employee share schemes with shares which have rights with regard to the control of the Company that are not exercisable directly by the employees.

Significant agreements/ change of control
The Company is a party to a revolving credit facility in which the counterparties can determine whether or not to cancel the agreement where there has been a change of control of the Company.

Details of the Directors' service contracts can be found in the Directors' Remuneration Report on page 59.

Future developments
The development of the business is detailed in the Strategic Report on pages 12 to 40.

Research and development
The Company's research and development activities are focused on driving innovation throughout the product portfolio, to enable it to deliver new or enhanced customer-specific connection solutions. We have continued to recruit design and development expertise and pursue the development of patents where relevant.

Employees
The Company's disclosures on employee policies and involvement can be found in the Corporate Social Responsibility Report on pages 36 to 39.

Relationships with suppliers, customers and other business partners
Information on the Company's management of its business relationships can be found in the Strategic Report on pages 16 and 17.

Corporate governance
The Company follows and complies with, subject to some exceptions, the provisions of the Quoted Companies Alliance's Corporate Governance Code. The Company's corporate governance practice is outlined in the Corporate Governance Report on pages 46 to 51.

Political and charitable donations
The Company made a total of £13,000 charitable donations during the year. The Company made a £15,000 donation to the Conservative party. Mr Morris and Mr Rothschild each reimbursed £5,000 to the Company, so the net contribution by the Company was £5,000.

Energy use and emissions
The disclosures on energy use and greenhouse gas emissions are made within the Corporate Social Responsibility Report on page 37.

Financial risk management
The Company's objectives and policies on financial risk management including information on the exposure of the Company to strategic, operational, financial and compliance risks are set out in note 30 to the financial statements and in the Group Risk Management section on pages 30 to 34.

Overseas branches
During the year no new or additional overseas branches were established. The Company currently maintains one overseas branch, in Sweden.

Going concern statement
The considerations made by the Directors with regards to going concern are set out in the Financial Review on pages 26 to 29.

Having taken these into account, the Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for at least 12 months from the date of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Directors' Report CONTINUED

Auditors and disclosure of information to auditors

Each of the persons who is a Director at the date of approval of this Annual Report confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- The Director has taken all the reasonable steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The above confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors and a resolution seeking to reappoint them will be proposed at the forthcoming Annual General Meeting.

Annual General Meeting

The Company's Annual General Meeting will be held on 30 July 2020. Details of the venue and the resolutions to be proposed are set out in a separate Notice of Annual General Meeting. Special arrangements may be put in place limiting attendance in person due to the current Covid-19 outbreak and relevant government guidance on public gatherings.

This report was approved by the Board of Directors of Volex plc and signed on its order by:

Daren Morris
Company Secretary
18 June 2020

Statement of Directors' Responsibilities
in respect of the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of Group and Company and of the profit or loss of the Group and the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the company's financial statements published on the ultimate Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and Company's position and performance, business model and strategy.

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group and Company's auditors are aware of that information.

By order of the Board

Nat Rothschild

Nathaniel Rothschild
Executive Chairman

Daren Morris
Chief Financial Officer & Company Secretary

Independent Auditors' Report
to the Members of Volex plc

Report on the audit of the financial statements
Opinion
In our opinion:

- Volex plc's Group and Company financial statements (the 'financial statements') give a true and fair view of the state of the Group's and of the Company's affairs as at 5 April 2020 and of the Group's profit and cash flows for the 53 week period (the 'period') then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts 2020 (the 'Annual Report'), which comprise: the Consolidated and Company Statements of Financial Position as at 5 April 2020; the Consolidated Income Statement and Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Changes in Equity, and the Consolidated Statement of Cash Flows for the 53 week period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach
Overview

- Overall Group materiality: $1,500,000 (2019: $1,000,000), based on 5% of profit before tax, interest expense, adjusting items and share-based payments.
- Overall Company materiality: £489,000 (2019: $525,000), based on 1% of total assets and capped at Group component materiality.

- We conducted a full scope audit of seven components and performed specified audit procedures on certain balances and transactions at a further four components, which provided us with the following coverage: 86% of revenue, 79% of profit before tax, interest expense, adjusting items and share-based payments, 100% of adjusting items, 71% of interest payable and 73% of net assets.
- Analytical review procedures were performed on a further eight components.
- To ensure sufficient oversight of our component audit teams, the Group team performed a number of procedures throughout the audit which included directing the audit approach and procedures, conducting remote file reviews and conducting remote face to face meetings with local management and the component teams.

- Adjusting Items (Group)
- Business Combinations (Group)
- Impact of Covid-19 (Group and Company)

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Adjusting Items (Group)	
The directors have classified $5.8m of pre-tax expenses and $2.3m of tax income as adjusting in the Consolidated Income Statement, disclosure of which they believe helps to understand the underlying performance of the business. Adjusting items are disclosed in note 4 and in the Financial Review on page 27. The directors have assessed the costs included in note 4 and the relevant tax income included in note 10 to be both one-off in nature and significant in size and have classified these as adjusting items in line with their accounting policy in note 2. These items relate to costs associated with the acquisitions made during the year and amortisation of acquired intangibles. We focused on this area because of the magnitude of these items, and the impact that they have on the presentation of underlying profit in comparison to the statutory measure of profit.	We obtained management's detailed listing of adjusting items and our procedures included the following: ▹ Testing that they met the Group's accounting policy for adjusting items, as described in note 2, and applying professional scepticism as to the appropriateness of the classification of these items as adjusting items considering their nature and value; ▹ For acquisition costs, we assessed whether the costs were related to the acquisitions and had been incurred pre year end, and were one-off in nature; we agreed a sample of costs to invoices; ▹ For the amortisation of acquired intangibles, we performed a high-level analytic and substantiated differences above a threshold lower than materiality; ▹ We tested that the reconciliation of operating profit to statutory measures as shown in note 7 is accurate; and ▹ We assessed that the appropriateness and completeness of disclosures included in the Group financial statements reflected the output of management's positions in respect of these adjusting items, noting no significant deviations. Overall, we consider the position taken by management to be appropriate.

Independent Auditors' Report
to the Members of Volex plc CONTINUED

Key audit matter	How our audit addressed the key audit matter
Business combinations (Group)	
As disclosed in note 34 to the financial statements, during the year the Group acquired 100% of the issued share capital of Servatron Inc and Ta Hsing Industries Limited. Both transactions are considered to be business combinations under IFRS 3. Accounting for business combinations is complex and involves judgement around identifying the date of acquisition, determination of the fair value of consideration paid and payable, and assessment of the fair value of assets and liabilities acquired. Management made further fair value adjustments to working capital balances as required. The fair value exercise resulted in a \$9.1m increase in goodwill and a \$10.5m increase in intangible assets. Given the significance and complexity around the transactions, there is a risk that the accounting treatment may be incorrect and as such this is a key audit matter.	We obtained management's fair value calculations and evaluated the key judgements and estimates made by management in determining the fair value of net assets acquired; this included the identification of intangible assets related to customer relationships. We focused on this area due to the significance of these transactions and the complexity around judgements and estimates made in accounting for the acquisitions. We undertook the following procedures: ▹ We used our valuation experts to evaluate the key assumptions, including revenue growth, customer value, the replacement cost of property, plant and equipment and discount rates used by management. We benchmarked these to external data and challenged the assumptions based on our knowledge of the Group and the industry within which it operates. ▹ We obtained and reviewed the sale and purchase agreements. ▹ We obtained management's fair value calculations for each component of the consideration and assessed the appropriateness of these calculations. ▹ For the assets and liabilities acquired, we tested a selection to supporting documentation and recalculated estimates to gain comfort over the fair value on acquisition of both entities. There were no material differences. ▹ In respect of the fair value of the intangibles, we obtained management's discounted cash flow calculations and assessed the reasonableness of the assumptions. Key assumptions made by management included discount rate, forecast sales, gross profit margins, operating profit margins and the estimated economic life of the acquired intangibles. Based on our procedures, we found no exceptions and overall consider management's key assumptions to be within an acceptable range.
Impact of Covid-19 (Group and Company)	
Disclosure of the risk to the Group of Covid-19 and management's conclusions on going concern has been included within the Strategic Report and note 2 of the financial statements. The extent of the negative impact of the pandemic on future trading performance is unclear and measurement of the impact as it relates to the financial statements entails a significant degree of estimation uncertainty. Management has developed a forecast model based on its best estimate of the impact of Covid-19. This model and related assumptions have been used by management in its assessment of the impact on future trading at the reporting date, as well as to underpin management's going concern assessments. Management has also modelled possible downside scenarios to its base case trading forecast. Having taken into account these models, together with a robust assessment of planned and possible mitigating actions, management has concluded that the Group remains a going concern, and that there is no material uncertainty in respect of this conclusion.	We obtained management's detailed Covid-19 impact assessment and evaluated the key judgements and estimates made by management in determining potential outcomes for the Group. We undertook the following procedures: ▹ We considered the potential impact on the balance sheet, specifically around investments, goodwill, trade receivables and inventory and do not consider there to be any indicators of material impairment as at the balance sheet date or subsequently (for disclosure only). ▹ We reviewed management's disclosures relating to the Covid-19 potential impact and found them to be consistent with the downside scenarios performed. ▹ We tested the accuracy and reasonableness of the assumptions used by management in its assessment of going concern and the impact of Covid-19 against historical and post year end performance. ▹ We increased the frequency and extent of our oversight of our component audit teams, using video conferencing and remote working paper reviews, to satisfy ourselves as to the appropriateness of audit work performed at our significant components. Overall, we consider the position taken by management to be appropriate.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed at the statutory reporting unit level by us, as the Group audit team, or through involvement of our component auditors in Poland, Mexico, China and Singapore. The Group operates two main divisions, 'Power Products' and 'Integrated Manufacturing Services', and the operations are spread across multiple countries. Our approach gives us sufficient coverage of both divisions.

Where work was performed by our component auditors in Poland, Mexico, China and Singapore, we determined the level of involvement we needed to have in the audit work for each reporting unit to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole. As Covid-19 prevented travel to any countries post year-end, we were unable to make site visits as planned; we instead conducted our oversight of the component teams through conference calls, video conferencing and remote working paper reviews as well as remote face to face meetings with local management as well as our component teams and other forms of communication as considered necessary to satisfy ourselves as to the appropriateness of audit work performed by our component teams.

The Group audit team performed the work over Silcotec Europe, G.T.K. (U.K.) and the head office branch of the Company, with our component auditors in Poland performing the work in respect of the significant branches of the Company for which the books and records are located in that territory. The Group audit team performed the audit of the consolidation.

We identified seven units which, in our view, required an audit of their complete financial information, either due to their size or risk characteristics. This included the operating subsidiaries in Zhongshan, Galway, Basingstoke, Batam and Tijuana; the European branches of the Company whose accounting records are located in Poland, as well as the head office branch of the Company in the United Kingdom. Specified audit procedures on certain balances and transactions were also performed on a further four components. The above gave us coverage of 86% of revenue, 79% of profit before tax, interest expense, adjusting items and share-based payments, 100% of adjusting items, 71% of interest payable and 73% of net assets. Analytical review procedures were performed on a further eight components. As a whole, these procedures gave us the evidence we needed for our opinion on the Group financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	**Company financial statements**
Overall materiality	$1,500,000 (2019: $1,000,000).	£489,000 (2019: $525,000).
How we determined it	5% of profit before tax, interest expense, adjusting items and share-based payments.	1% of total assets and capped at Group component materiality.
Rationale for benchmark applied	We consider profit before tax, interest expense, adjusting items and share-based payments to provide an accurate depiction of the underlying profitability of the business and to be the primary measure used by shareholders in assessing the performance of the Group.	1% of total assets was considered an appropriate benchmark to use due to the Company's status primarily as an investment holding company. However this would have given a materiality level in excess of the materiality allocated to the component determined through our Group scoping exercise. Accordingly, Company materiality was capped at the Group component materiality allocation.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between $300,000 and $750,000. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $75,000 (Group audit) (2019: $50,000) and £24,000 (Company audit) (2019: $50,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Independent Auditors' Report
to the Members of Volex plc CONTINUED

Conclusions relating to going concern
We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's and the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and the Company's ability to continue as a going concern.

Reporting on other information
The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report
In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the period ended 5 April 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and the Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit
Responsibilities of the directors for the financial statements
As explained more fully in the Statement of Directors' Responsibilities set out on page 69, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

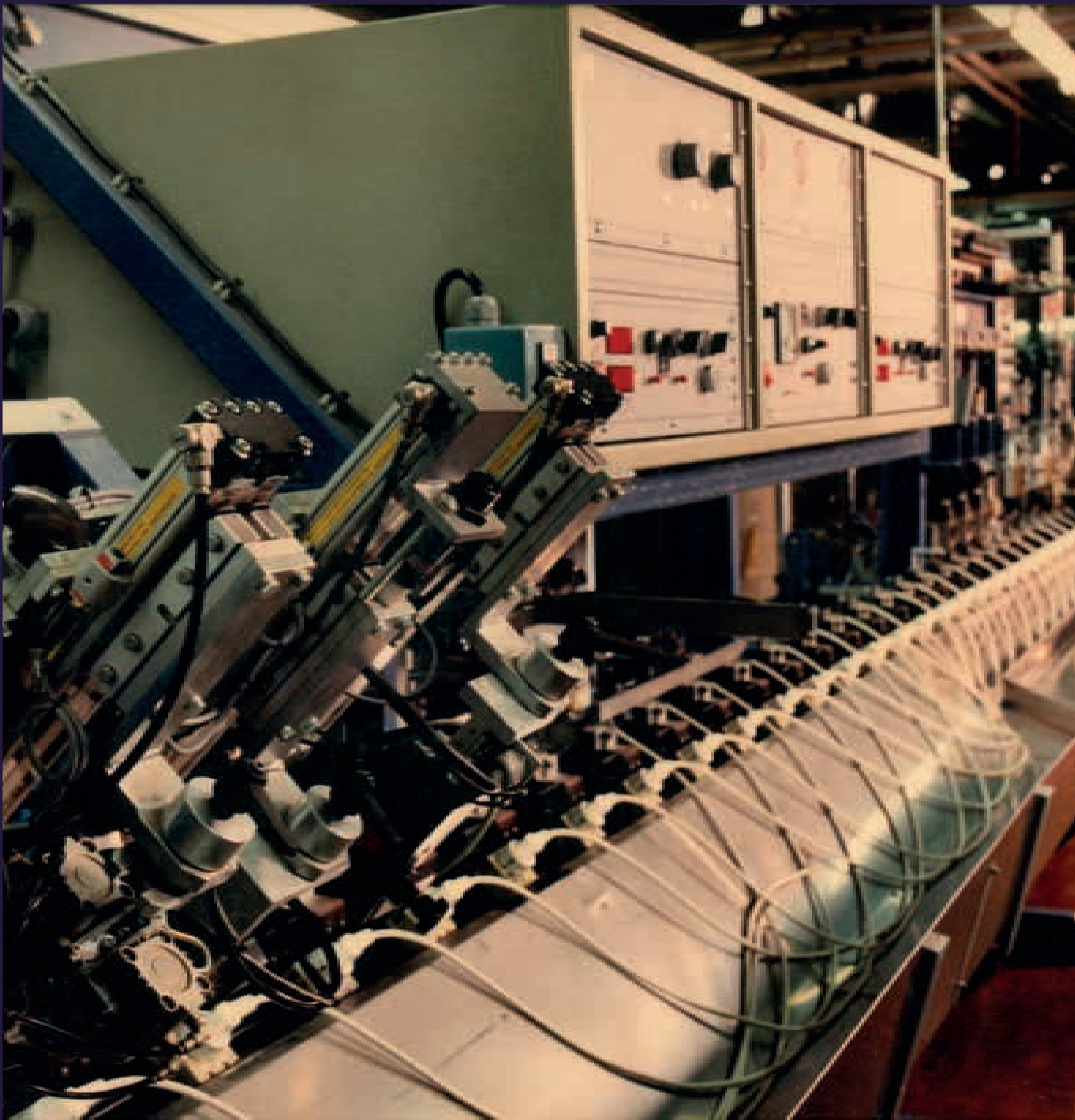
- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the Company financial statements are not in agreement with the accounting records and returns.

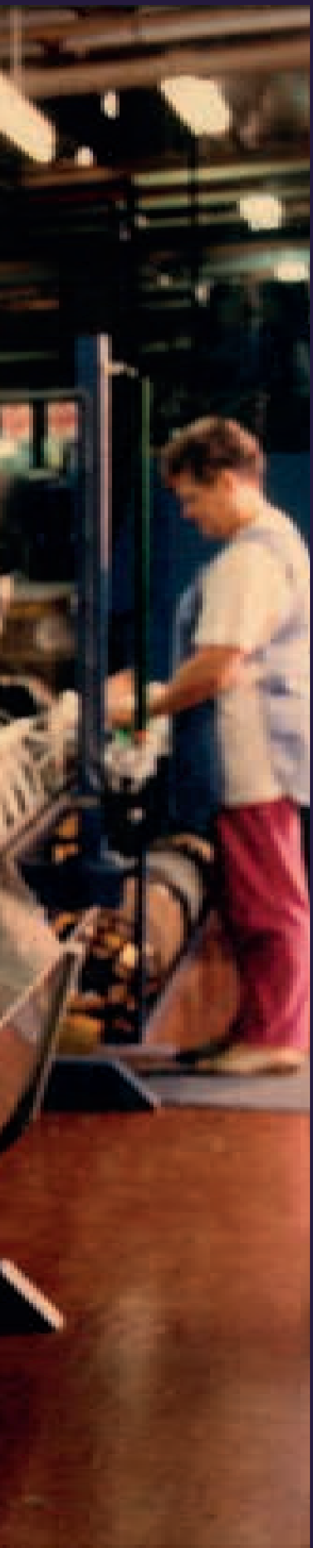
We have no exceptions to report arising from this responsibility.

Timothy McAllister (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
18 June 2020

03

Financials





VOLEX PLC – INTEGRATED MANUFACTURING SPECIALISTS – 100 YEARS

100

One Hundred Years of Innovation

Volex experienced mixed fortunes in the 2000s, facing a decline in sales and turnover amid difficult trading conditions caused primarily by the telecoms crash of 2001. As the Company refocused towards the industrial and medical sectors, and wound down its manufacturing capability in the UK and Ireland, the total number of factory sites was consolidated into nine by 2009, all overseas.

Nonetheless it was during this period that its current European base in Bydgoszcz in Poland was established. At the same time, throughout the 2000s and then into the 2010s, the Company continued to move forward and innovate, introducing its first duck head products, its first high-speed copper cables and halogen-free cables, as well as its patented V-Lock range of power cables and V-Novus products, becoming a major supplier to companies driving the revolution in IT and communications in the 21st century.

Decline in turnover between 2001 and 2002

34%

Factory sites in 2009

9

Consolidated Income Statement

For the 53 weeks ended 5 April 2020 (52 weeks ended 31 March 2019)

		2020			2019		
		Before adjusting items and share-based payments $'000	Adjusting items and share-based payments (Note 4) $'000	Total $'000	Before adjusting items and share-based payments $'000	Adjusting items and share-based payments (Note 4) $'000	Total $'000
Revenue	3	**391,354**	**–**	**391,354**	372,104	–	372,104
Cost of sales		**(300,693)**	**–**	**(300,693)**	(298,586)	–	(298,586)
Gross profit		**90,661**	**–**	**90,661**	73,518	–	73,518
Operating expenses		**(59,031)**	**(14,545)**	**(73,576)**	(51,912)	(8,614)	(60,526)
Operating profit/(loss)		**31,630**	**(14,545)**	**17,085**	21,606	(8,614)	12,992
Share of net loss from associates and joint ventures	16	**–**	**–**	**–**	(210)	–	(210)
Finance income	5	**328**	**–**	**328**	129	–	129
Finance costs	6	**(1,552)**	**–**	**(1,552)**	(1,276)	–	(1,276)
Profit/(loss) on ordinary activities before taxation		**30,406**	**(14,545)**	**15,861**	20,249	(8,614)	11,635
Taxation	10	**(3,504)**	**2,339**	**(1,165)**	(2,650)	221	(2,429)
Profit/(loss) for the period attributable to the owners of the parent	7	**26,902**	**(12,206)**	**14,696**	17,599	(8,393)	9,206
Earnings per share (cents)							
Basic	11	**18.2**		**9.9**	13.1		6.9
Diluted	11	**17.3**		**9.5**	12.7		6.7

The notes on pages 83 to 124 are an integral part of these financial statements.

Consolidated Statement of Comprehensive Income
For the 53 weeks ended 5 April 2020 (52 weeks ended 31 March 2019)

	Notes	2020 $'000	2019 $'000
Profit for the period		**14,696**	9,206
Items that will not be reclassified subsequently to profit or loss			
Actuarial (loss)/gain on defined benefit pension schemes	29	**(1,343)**	305
		(1,343)	305
Items that may be reclassified subsequently to profit or loss			
(Loss)/gain arising on cash flow hedges during the period		**(2,266)**	180
Exchange gain on translation of foreign operations		**151**	579
		(2,115)	759
Other comprehensive (loss)/income for the period		**(3,458)**	1,064
Total comprehensive income for the period attributable to the owners of the parent		**11,238**	10,270

The notes on pages 83 to 124 are an integral part of these financial statements.

Consolidated Statement of Financial Position

As at 5 April 2020 (31 March 2019)

	Notes	2020 $'000	2019 $'000
Non-current assets			
Goodwill	12	**25,760**	17,531
Other intangible assets	13	**15,537**	11,115
Property, plant and equipment	14	**21,565**	20,420
Right of use asset	15	**8,345**	–
Interests in associates and joint ventures	16	**–**	–
Other receivables	18	**4,488**	2,704
Deferred tax asset	21	**8,955**	4,271
		84,650	56,041
Current assets			
Inventories	17	**57,995**	49,122
Trade receivables	18	**56,382**	71,307
Other receivables	18	**7,987**	8,448
Current tax assets		**2,154**	1,092
Derivative financial instruments	30	**–**	374
Cash and bank balances	27	**32,305**	20,913
		156,823	151,256
Total assets		**241,473**	207,297
Current liabilities			
Borrowings	19	**225**	320
Lease liabilities	19	**3,498**	–
Trade payables	20	**39,653**	45,863
Other payables	20	**38,453**	30,212
Current tax liabilities	10	**8,384**	4,811
Retirement benefit obligations	29	**982**	975
Provisions	22	**834**	1,121
Derivative financial instruments	30	**1,819**	–
		93,848	83,302
Net current assets		**62,975**	67,954
Non-current liabilities			
Other payables	20	**570**	988
Non-current tax liabilities	10	**–**	1,134
Deferred tax liabilities	21	**6,130**	4,447
Retirement benefit obligations	29	**2,492**	1,460
Non-current lease liabilities	19	**7,385**	–
Provisions	22	**516**	318
		17,093	8,347
Total liabilities		**110,941**	91,649
Net assets		**130,532**	115,648
Equity attributable to owners of the parent			
Share capital	23	**60,189**	58,792
Share premium account		**46,414**	44,532
Non-distributable reserve	24	**2,455**	2,455
Hedging and translation reserve		**(9,506)**	(7,391)
Own shares	24	**(1,024)**	(1,890)
Retained earnings		**32,004**	19,150
Total equity		**130,532**	115,648

The notes on pages 83 to 124 are an integral part of these financial statements. The consolidated financial statements on pages 79 to 124 of Volex plc (company number: 158956) were approved by the Board of Directors and authorised for issue on 18 June 2020 and signed on its behalf by:

Nathaniel Rothschild
Executive Chairman

Daren Morris
Chief Financial Officer

Consolidated Statement of Changes in Equity

For the 53 weeks ended 5 April 2020 (52 weeks ended 31 March 2019)

	Share capital $'000	Share premium account $'000	Non-distributable reserves $'000	Hedging and translation reserve $'000	Own shares $'000	Retained earnings $'000	Total equity $'000
Balance at 1 April 2018	39,755	7,122	2,455	(8,150)	(867)	7,829	48,144
Profit for the period attributable to the owners of the parent	–	–	–	–	–	9,206	9,206
Other comprehensive income for the period	–	–	–	759	–	305	1,064
Total comprehensive income for the period	–	–	–	759	–	9,511	10,270
Share issue	18,886	37,410	–	–	–	–	56,296
Exercise of deferred bonus shares	151	–	–	–	–	(151)	–
Own shares sold/(utilised) in the period	–	–	–	–	75	(31)	44
Own shares purchased in the period	–	–	–	–	(1,098)	–	(1,098)
Credit to equity for equity-settled share-based payments	–	–	–	–	–	1,992	1,992
Balance at 31 March 2019	58,792	44,532	2,455	(7,391)	(1,890)	19,150	115,648
Profit for the period attributable to the owners of the parent	**–**	**–**	**–**	**–**	**–**	**14,696**	**14,696**
Other comprehensive expense for the period	**–**	**–**	**–**	**(2,115)**	**–**	**(1,343)**	**(3,458)**
Total comprehensive (expense)/ income for the period	**–**	**–**	**–**	**(2,115)**	**–**	**13,353**	**11,238**
Share issue	**1,315**	**1,882**	**–**	**–**	**–**	**–**	**3,197**
Exercise of deferred bonus shares	**82**	**–**	**–**	**–**	**–**	**(82)**	**–**
Own shares sold/(utilised) in the period	**–**	**–**	**–**	**–**	**2,630**	**(6,514)**	**(3,884)**
Own shares purchased in the period	**–**	**–**	**–**	**–**	**(1,764)**	**–**	**(1,764)**
Dividend	**–**	**–**	**–**	**–**	**–**	**(1,956)**	**(1,956)**
Credit to equity for equity-settled share-based payments	**–**	**–**	**–**	**–**	**–**	**8,053**	**8,053**
Balance at 5 April 2020	**60,189**	**46,414**	**2,455**	**(9,506)**	**(1,024)**	**32,004**	**130,532**

Consolidated Statement of Cash Flows

For the 53 weeks ended 5 April 2020 (52 weeks ended 31 March 2019)

	Notes	2020 $'000	RESTATED[1] 2019 $'000
Net cash generated from/(used in) operating activities	27	**51,735**	(6,743)
Cash flow generated from/(used in) investing activities			
Interest received	5	**22**	11
Acquisition of businesses, net of cash acquired	34	**(22,701)**	(23,843)
Contingent consideration for businesses acquired	34	**(2,850)**	–
Proceeds on disposal of intangible assets, property, plant and equipment		**564**	512
Purchases of property, plant and equipment	14	**(4,910)**	(3,180)
Purchases of intangible assets	13	**(40)**	(163)
Purchase of preference shares	16	**–**	(1,300)
Proceeds from the repayment of preference shares	16	**25**	–
Net cash used in investing activities		**(29,890)**	(27,963)
Cash flows before financing activities		**21,845**	(34,706)
Cash generated/(used) before adjusting items		**23,251**	(31,434)
Cash utilised in respect of adjusting items		**(1,406)**	(3,272)
Cash flow (used in)/generated from financing activities			
Dividend paid		**(1,956)**	–
Net purchase of shares for share schemes		**(4,634)**	(1,023)
Refinancing costs paid		**(659)**	–
New bank loans raised		**7,000**	–
Repayment of borrowings		**(7,056)**	(12,826)
Proceeds on issue of shares		**–**	46,685
Interest element of lease payments		**(553)**	–
Receipt from lease debtor		**499**	–
Capital element of lease payments		**(3,150)**	–
Net cash (used in)/generated from financing activities		**(10,509)**	32,836
Net increase/(decrease) in cash and cash equivalents		**11,336**	(1,870)
Cash and cash equivalents at beginning of period	27	**20,593**	22,981
Effect of foreign exchange rate changes	27	**(280)**	(518)
Cash and cash equivalents at end of period	27	**31,649**	20,593

[1] Restatement: The net purchase of shares for share schemes has been reclassified in the prior year from investing to financing activities to reflect the nature of the transactions. See note 27 for further details.

The notes on pages 83 to 124 are an integral part of these financial statements.

Notes to the Financial Statements

For the 53 weeks ended 5 April 2020 (52 weeks ended 31 March 2019)

1. Presentation of financial statements

Volex plc ('the Company' and together with its subsidiaries 'the Group') is a public limited company incorporated by shares and registered and domiciled in England and Wales under the Companies Act 2006 and whose shares are listed on AIM, a market on the London Stock Exchange. The address of the registered office is given on page 142. The nature of the Group's operations and its principal activities are set out in the Strategic Report on pages 10 to 41.

Financial statements are prepared for the period ending on the Sunday following the Friday that falls closest to the accounting reference date of 31 March each year.

These financial statements are presented in US dollars ('USD'). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

2. Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Basis of accounting

The financial statements have been prepared in accordance with European Union adopted IFRS, interpretations issued by the IFRS Interpretations Committee (IFRS IC) and the Companies Act 2006, applicable to companies reporting under IFRS.

The financial statements have been prepared on a going concern basis under the historical cost convention except for the revaluation of financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The Group's forecast and projections, taking reasonable account of possible changes in trading performance including the impact of Covid-19, show that the Group should operate within the level of the facility for the period in which the facility is available and should comply with the covenants over this period.

Adoption of new and revised International Financial Reporting Standards ('IFRSs')

The Group adopted IFRS 16 Leases from 1 April 2019. The standard provides a single lessee accounting model, requiring the recognition of right-of-use assets and lease obligations. The Group has applied IFRS 16 using the modified retrospective approach under which the cumulative effect of initial application has been recognised in retained earnings on 1 April 2019. The comparative information has not been restated and continues to be reported under IAS 17. As part of the transition the Group has adopted a number of the practical expedients permitted:

- leases less than 12 months remaining at transition have been treated as short-life leases;
- leases of low value (defined as total payments of less than $5k) continue to be accounted for under an accruals basis;
- a portfolio approach has been adopted which allows a single discount rate to be applied to a portfolio of leases with reasonably similar characteristics; and
- onerous lease provisions can be offset against the right-of-use asset.

Prior to the adoption of IFRS 16, non-cancellable operating lease payments were not recognised as liabilities in the balance sheet. These payments were recognised as rental expenses over the lease term on a straight-line basis.

The Group has applied judgement to determine the lease term for contracts that include renewal options. The assessment of whether the exercise of such options is reasonably certain impacts the lease term, which significantly affects the amount of lease liability and right-of-use asset recognised.

On transition, the Group recognised $5,530,000 of lease related assets, consisting of $3,447,000 right-of-use assets (see note 15) and $2,083,000 of net investment in finance leases associated with a sub-lease of a property in North America. A lease liability of $5,777,000 has been recognised and an amount of $247,000 recognised against the onerous lease provision brought forward. The Group recognised depreciation of $2,714,000, $65,000 of impairment and interest costs of $553,000 in respect of leases in the year ended 5 April 2020.

Reconciliation of the lease liabilities at 1 April 2019 to the operating lease commitments at 31 March 2019.

	$'000
Operating lease commitments disclosed as at 31 March 2019	**10,227**
Discounted using the lessee's incremental borrowing rate	(1,573)
Less: short-term leases not recognised as a liability	(2,395)
Less: low-value leases not recognised as a liability	(2)
Less: adjustments due to treatment of extension and termination options	(480)
Lease liabilities recognised as at 1 April 2019	**5,777**
Of which:	
Current lease liabilities	(2,309)
Non-current lease liabilities	(3,468)

The adoption of IFRIC 23 'Uncertainty over Income Tax Treatments' from 1 April 2019 did not have a material impact upon the Group.

Notes to the Financial Statements

For the 53 weeks ended 5 April 2020 (52 weeks ended 31 March 2019)

2. Significant accounting policies continued

New standards, amendments and interpretations issued but not yet effective for the financial year beginning 1 April 2019 and not early adopted

The Group does not consider that any standard, amendment or interpretation issued by the IASB, but not yet applicable, will have a significant impact on the financial statements. Standards and interpretations issued by the IASB are only applicable if endorsed by the EU.

Basis of consolidation

The consolidated financial statements of Volex plc incorporate the financial statements of the Company and entities which it controls (its subsidiaries), (together the 'Group'), and are drawn up to the relevant period end date. Control is achieved where the Company has the power to govern the financial and operating policies so as to be able to obtain benefits from its activities. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated in full on consolidation.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred and the amount of any non-controlling interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed.

Where the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, it is measured at its acquisition date fair value and included as part of the consideration transferred. Subsequent changes in the fair value of contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

Goodwill

Goodwill is initially recognised and measured as set out above.

Goodwill is not amortised but is tested annually for impairment. For the purpose of impairment testing, goodwill is allocated to cash-generating units. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. The impairment loss is recognised immediately in profit and loss and is not reversed in subsequent periods.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amounts. Goodwill arising on acquisitions prior to 31 March 1998 has been written off to reserves and has not been reinstated in the statement of financial position and will not be included in determining any subsequent profit or loss on disposal.

Interests in associates and joint ventures

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the change in net assets of the investee after the date of acquisition.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income, with a corresponding adjustment to the carrying amount of the investment. Where the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. Distributions received from an associate reduce the carrying amount of the investment.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and it recognises the amount adjacent to 'share of profit/(loss) of associates' in the income statement.

2. Significant accounting policies continued

Foreign currencies

The individual financial statements of each Group company are prepared in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in USD, which is the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise except for:

- Exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments/hedge accounting); and
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

Revenue recognition

Revenue is recognised in accordance with the satisfaction of performance obligations of contracts. The majority of the Group's contracts have just one performance obligation which is the delivery of goods, which under IFRS 15 Revenue is recognised as a single point, on delivery or pick-up depending on the agreed terms with the customer. This is normally when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is the principal in its revenue arrangements.

Revenue is measured at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

The Group considers whether there are additional commitments in contracts that are separate performance obligations to which a portion of the transaction price needs to be allocated. In addition, most customer contracts include a warranty clause for general repairs of defects that existed at the time of sale. Warranties cannot be purchased separately. These assurance-type warranties are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

In determining the transaction price for the sale of equipment, the Group also considers the effects of the following:

- The existence of significant financing components. There are contracts where the Group receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less. The normal credit term is 60 to 90 days upon delivery;
- Consideration payable to the customer – in certain instances the Group purchases raw materials from the customer. This consideration is not treated as a reduction to revenue since the payments made are in exchange for a distinct good (the raw material) that the customer transfers to the Group; and
- Variable consideration and non-cash consideration – both of these are deemed to be immaterial for the Group.

The Group also generates incidental revenue from the provision of engineering services is recognised by reference to the stage of completion of the contracted services.

Interest income is accrued on a timely basis by reference to the principal outstanding and the effective interest rate applicable.

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

Finance Costs

Finance costs comprise lease interest payable, amortised debt issue costs, interest expense on borrowings which are not capitalised and the interest expense on the defined benefit obligation. Finance costs are split between operating and financing activities in the statement of cash flows based upon the nature of the transaction.

Notes to the Financial Statements

For the 53 weeks ended 5 April 2020 (52 weeks ended 31 March 2019)

2. Significant accounting policies continued

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is recognised in other comprehensive income or directly in equity, respectively.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax rates and laws that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Cost includes the original purchase price of the asset and any further costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land which is not depreciated) less their residual values over their useful lives, using the straight-line method, on the following basis:

Freehold and long leasehold buildings	up to 50 years or period of lease, if shorter
Plant and machinery	3 to 15 years
Assets under construction	Depreciation commences once an asset is ready for its intended use

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

Intangible assets – computer software and licences

Computer software is stated at cost less accumulated depreciation and any recognised impairment loss. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and use the specific software. These costs are included in the statement of financial position within intangible assets and are amortised straight-line over their estimated useful lives, not exceeding five years. Costs associated with maintaining computer software are recognised as an expense as incurred.

Intangible assets – patents and customer contracts and relationships

Separately acquired patents are stated at cost less accumulated amortisation. Customer contracts and relationships acquired in a business combination are recognised at fair value at the acquisition date. These intangible assets are amortised on a straight-line basis over their estimated useful lives, not exceeding five years.

Intangible assets – internally generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

2. Significant accounting policies continued

The Group is engaged in development activities which include both general product development and specific customer development projects. An internally generated intangible asset arising from these development activities is recognised only if all of the following conditions are met:

- An asset is created that can be identified;
- It is probable that the asset created will generate future economic benefits; and
- The development cost of the asset can be measured reliably.

Internally generated intangible assets are amortised on a straight-line basis over their useful lives. Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Impairment of property, plant and equipment and intangible assets excluding goodwill

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit ('CGU') to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior periods. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Leases

The Group leases various offices, buildings, vehicles and other equipment. Rental contracts are typically made for a period of up to five years, but may have extension options.

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is a lessee and for which it has major leases, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Previously leases of property, plant and equipment were classified as either finance leases or operating leases. From 1 April 2019, leases are recognised as a right-of-use asset with a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present-value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments less any lease incentive receivable;
- Variable lease payments that are based on an index or a rate;
- Amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- Payments of penalties for termination of the lease, if the lease term reflects the Group exercising that option.

The company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of the lease liability or a revaluation of the liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Notes to the Financial Statements
For the 53 weeks ended 5 April 2020 (52 weeks ended 31 March 2019)

2. Significant accounting policies continued

Leases (continued)

Each right-of-use asset is depreciated over the shorter of its useful economic life and the lease term on a straight-line basis unless the lease is expected to transfer ownership of the underlying asset to the Group, in which case the asset is depreciated to the end of the useful life of the asset. Payments associated with the short-term leases are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less.

Where a vacant office is sub-leased for the remainder of the lease the head lease and sublease are recorded as two separate contracts, applying both the lessee and lessor accounting requirements.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using a standard cost methodology and adjusted for material variances such that the adjusted figure represents direct materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Provision is made for obsolete, slow-moving or defective items where appropriate.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value less bank overdrafts.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the consolidated income statement using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying value is the present value of those cash flows (when the effect of the time value of money is material).

Present obligations arising under onerous lease contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

A restructuring provision is recognised when the Group has developed a detailed formal plan for restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with ongoing activities of the entity.

Provisions for the expected cost of warranty obligations under local sales of goods legislation are recognised at the date of sale of the relevant products, at the Directors' best estimate of the expenditure required to settle the Group's obligation.

Retirement benefits

The Group has both defined benefit and defined contribution retirement benefit schemes, including a defined benefit scheme in the UK which is now closed to new entrants and an unfunded defined benefit scheme in Indonesia which provides a lump sump payment to individuals on retirement. The retirement benefit obligations recognised in the consolidated statement of financial position represents the deficit or surplus in the Group's defined benefit scheme.

For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations carried out at the end of each reporting period.

Defined benefit costs are split into three categories: Remeasurement; Net interest expense or income; and Past service cost and gains and losses on curtailments and settlements.

Remeasurement comprises actuarial gains and losses, the effect of the asset ceiling (where applicable) and the return on scheme assets (excluding interest). These costs are recognised immediately in the statement of financial position with a charge or credit to the statement of comprehensive income in the period in which they occur. Remeasurement recorded in the statement of comprehensive income is not recycled. Net interest is calculated by applying a discount rate to the net defined benefit liability or asset and is recognised within finance costs (see note 6). As the defined benefit scheme is now closed, no service cost is incurred.

Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions. Payments to state-managed schemes are treated as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution scheme.

2. Significant accounting policies continued

Share-based payments

Certain senior employees (including executives) receive remuneration in the form of share-based payment transactions where the individuals are compensated for services they provide with consideration in the form of equity instruments.

The cost of equity-settled transactions with employees is measured with reference to the fair value of the equity instrument at the date they are granted and is recognised as an expense over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the employee becomes fully entitled to the award.

No expense is recognised for awards that do not ultimately vest as a result of not meeting performance or service conditions. Where all service and performance vesting conditions have been met, the awards are treated as vesting, irrespective of whether or not the market condition is satisfied, as market conditions have been reflected in the fair value of the equity instruments.

The fair value determined at the date of grant of the equity-settled share-based payments is expensed to the income statement on a straight-line basis over the vesting period, based on the estimate of the number of options that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity.

Adjusting items

Adjusting items include costs and incomes that are one-off in nature and significant (such as restructuring costs, impairment charges or acquisition related costs) but to also include the non-cash amortisation charge of intangible assets which have arisen under IFRS 3 Business Combinations. Only those restructuring costs that result in a permanent reduction in capabilities either to a particular geography or line of business, are treated as adjusting items.

Adjusting items are included under the statutory classification appropriate to their nature but are separately disclosed on the face of the income statement within adjusting items to assist in understanding the underlying performance of the Group.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

Investments and other financial assets – classification

Financial assets within the scope of IFRS 9 Financial Instruments are classified as financial assets at fair value through profit or loss (FVTPL), financial assets at fair value through other comprehensive income (FVOCI) and financial assets at amortised cost.

The classification of financial assets is determined on initial recognition. This takes account of the nature of the financial asset and the purpose for which it was acquired. Where an asset is classified as fair value through profit or loss (FVTPL) it is measured at fair value. Any net gains and losses, including dividend income or interest are recognised in finance revenue or finance cost in the income statement.

Financial assets classified as at fair value through other comprehensive income (FVOCI) are measured at fair value. For investments in equity instruments, dividends are recognised when the entity's right to receive payment is established, the amount can be measured reliably and it is probable that the economic benefits will flow to the entity. Dividends are recognised in the income statement unless they represent the recovery of part of the cost of the investment, in which case they are included in other comprehensive income.

Changes in the fair value of the financial asset are recognised in other comprehensive income and are not recycled to the income statement.

Financial assets that are held with the objective of collecting contractual cash flows and where the contractual terms of the financial asset give rise to cash flows on specified dates that represent the repayment of principal and interest are measured subsequently at amortised cost.

Investments and other financial assets – recognition and measurement

Where an entity holds an investment in an equity instrument that is actively traded in an organised financial market, the fair value is determined with reference to quoted closing market bid prices at the balance sheet date. Where there is no such active market, fair value is determined using valuation techniques and models appropriate to the instrument.

Loans and receivables are measured at amortised cost using the effective interest method and taking into consideration any allowance for impairment. The calculation includes any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less any provision for impairment.

At each balance sheet date the Group undertakes an assessment as to whether a financial asset or group of financial assets is impaired.

Notes to the Financial Statements
For the 53 weeks ended 5 April 2020 (52 weeks ended 31 March 2019)

2. Significant accounting policies continued
Trade and other receivables
For trade receivables, the Group applies the simplified approach permitted by IFRS 9, resulting in trade receivables recognised and carried at original invoice amount less an allowance for any uncollectable amounts based on expected credit losses. The Group assesses on a forward-looking basis the expected credit losses associated with its receivables carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Financial liabilities and equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Borrowings
Interest-bearing loans and overdrafts are recognised initially at fair value, net of transaction costs incurred. Subsequent to initial recognition, borrowings are measured at amortised cost, using the effective interest rate method.

Trade payables
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Derivative financial instruments
The Group's activities expose it to the financial risks of changes in foreign exchange rates, interest rates and commodity prices. The Group enters into a variety of derivative financial instruments to manage its exposure to these risks. The use of financial derivatives is governed by a Group policy approved by the Board of Directors which provides written principles on the use of financial derivatives to hedge certain risk exposures. The Group does not use derivative financial instruments for speculative purposes. Further details of derivative financial instruments are disclosed in note 30 to the financial statements.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group designates certain derivatives as either fair value hedges, cash flow hedges or hedges of net investments in foreign operations.

A derivative is classified as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting
The Group designates certain hedging instruments, which include derivatives and non-derivatives in respect of foreign currency and commodity risk, as either cash flow hedges or hedges of net investments in foreign operations.

At the inception of the hedge relationship the entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instruments that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Cash flow hedge
Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges. Similarly, commodity derivative contracts which are entered into to mitigate commodity price fluctuations on firm purchasing commitments are accounted for as cash flow hedges.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Hedges of net investments in foreign operations
Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in the hedging and translation reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Gains and losses deferred in the hedging and translation reserve are recognised immediately in profit or loss when the foreign operation is disposed of.

Critical accounting judgements and key sources of estimation uncertainty
The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The Directors consider the following to be the key judgements and estimates that have the most significant effect on the amounts recognised in the financial statements.

2. Significant accounting policies continued

Critical judgements in applying the Group's accounting policies

In applying the Group's accounting policies, management have made the following judgements, which have the most significant effect on the consolidated financial statements.

Business combinations

Acquisitions are accounted for using the acquisition method as described in the business combinations accounting policy. This includes the determination of fair values for assets and liabilities acquired, including the separate identification of intangible assets, which use assumptions and estimates and are therefore subjective. The Group has developed a process to meet the requirements of IFRS 3 including the separate identification of customer relationship intangible assets based on estimated future performance and customer attrition rates. External valuation specialists are used where appropriate.

Adjusting items

The Directors believe that presenting adjusting items separately provides a clearer understanding of the business performance and facilitates comparison of trading performance year-on-year. In determining the classification of items management exercises significant judgement. During the period under review the adjusting operating items identified total $5,808,000 (2019: $6,226,000). These primarily comprise acquisition-related costs and amortisation of intangibles arising from business combinations. See note 4 for further details. Management see this as a key judgement as a decision has to be made as to which income statement items fall within the criteria and therefore should be shown separately.

Taxation

The Group operates in a large number of different tax jurisdictions. The Directors are required to exercise significant judgement in determining the Group's provision for taxes. Amounts provided are based on management's interpretation of country-specific tax law. Tax benefits are not recognised unless the tax positions are capable of being sustained. In arriving at this position, management reviews each material tax benefit to assess whether a provision should be taken against full recognition of the benefit.

Deferred tax assets and liabilities require management judgement in determining the amounts to be recognised. In particular, significant judgement is used when assessing the extent to which deferred tax assets should be recognised, with consideration given to the timing and level of future taxable income, time limits on the availability of taxable losses for carry-forward and any future tax planning strategies.

Key sources of estimation uncertainty

The key areas where estimates and assumptions are significant to the financial statements are described below.

Inventory provisions

Inventories are carried at the lower of cost and net realisable value, which is calculated as the estimated sales proceeds less costs of sale. Factors considered in the determination of net realisable value are the ageing, category and condition of inventories, recent inventory utilisation and forecasts of projected inventory utilisation. Reviews of provisions held against damaged, obsolete and slow-moving inventory are carried out at least quarterly by management and these reviews require the application of judgement and estimates. Changes to these estimates could result in changes to the net valuation of inventory. At 5 April 2020, the Group had net inventories of $57,995,000 (2019: $49,122,000).

Goodwill

The carrying amount of goodwill has been tested for impairment by estimating the value in use of the cash-generating units to which it has been allocated. Note 12 outlines the significant assumptions made in performing the impairment tests.

Lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not utilise a break clause. Extension options (or periods after break clauses) are only included in the lease term if the lease is reasonably certain to be extended (or break clause not utilised).

Uncertain tax provisions

The Group operates in many countries and is subject to taxes in numerous jurisdictions. Management uses judgement to assess the recoverability of tax assets such as whether there will be sufficient future taxable profits to utilise losses. The Group is subject to periodic tax audits by local authorities on a range of tax matters in relation to corporate tax and transfer pricing. Management applies judgement in estimating the provision to cover the economic outflow associated with any potential tax audits.

Notes to the Financial Statements
For the 53 weeks ended 5 April 2020 (52 weeks ended 31 March 2019)

3. Segment information

The internal reporting provided to the Group's Board for the purpose of resource allocation and assessment of Group performance is based upon the nature of the products which the Group supplies. In addition to the operating divisions, a Central division exists to capture all of the corporate costs incurred in supporting the operations.

Power Products	The sale and manufacture of power cords, duck heads and related products that are sold to manufacturers of a broad range of electrical and electronic devices and appliances. Volex products are used in laptops, PCs, tablets, printers, TVs, games consoles, power tools, kitchen appliances and electric and autonomous vehicles.
Integrated Manufacturing Services	The sale and manufacture of a broad range of higher-level assemblies and connectors (ranging from high-speed copper cables to complex multi-branch high reliability systems) that transfer electronic, radio-frequency and optical data.
Central	Corporate costs that are not directly attributable to the manufacture and sale of the Group's products but which support the Group in its operations. Included within this division are the costs incurred by the executive management team and the corporate head office.

The Board believes that the segmentation of the Group based upon product characteristics allows it to best understand the Group's performance and profitability. The Group consider the executive members of the Company's Board and the Chief Operating Officer to be the chief operating decision makers. The following is an analysis of the Group's revenues and results by reportable segment.

	53 weeks to 5 April 2020		52 weeks to 31 March 2019	
	Revenue $'000	Profit/(loss) $'000	Revenue $'000	Profit/(loss) $'000
Power Products	**171,008**	**14,053**	198,885	13,229
Integrated Manufacturing Services	**220,346**	**23,341**	173,219	13,473
Unallocated Central costs	**–**	**(5,764)**	–	(5,096)
Divisional results before share-based payments and adjusting items	**391,354**	**31,630**	372,104	21,606
Adjusting operating items		**(5,808)**		(6,226)
Share-based payment charge (see note 28)		**(8,737)**		(2,388)
Operating profit		**17,085**		12,992
Share of net loss from associates and joint ventures		**–**		(210)
Finance income		**328**		129
Finance costs		**(1,552)**		(1,276)
Profit before taxation		**15,861**		11,635
Taxation		**(1,165)**		(2,429)
Profit after taxation		**14,696**		9,206

The accounting policies of the reportable segments are in accordance with the Group's accounting policies. The adjusting operating items charge of $5,808,000 (2019: $6,226,000) was split $58,000 (2019: $1,672,000) to Power Products, $5,750,000 (2019: $3,589,000) to Integrated Manufacturing Services and $nil (2019: $965,000) to Central.

Divisional profit represents the profit earned by each division before the allocation of central operating expenses, adjusting items, share-based payments, finance income, finance costs and income tax expense. This is the measure reported to the Group's Board for the purpose of resource allocation and assessment of performance. The divisional profits above are shown after the following charges for depreciation and amortisation:

Depreciation and amortisation	2020 $'000	2019 $'000
Power Products	**2,738**	2,389
Integrated Manufacturing Services	**3,590**	1,353
Central	**191**	44
	6,519	3,786

Asset and liability information is not provided to the Board on a divisional basis. In order to maximise the efficiency of asset utilisation, the Group's assets are employed cross-division and the Board believes that there is no meaningful basis on which such assets and liabilities can be allocated.

3. Segment information continued

Information about major customers

One (2019: one) of the Group's customers individually accounts for more than 10% of total Group revenue. This customer operates in the Integrated Manufacturing Services division and accounts for 17% (2019: 17%) of total Group revenue.

Geographical information

The Group's revenue from external customers and information about its non-current assets (excluding deferred tax assets) by geographical location are provided below:

	Revenue		Non-current assets	
	2020 $'000	2019 $'000	**2020 $'000**	2019 $'000
Asia (excluding India)	**140,133**	164,343	**21,469**	16,618
North America	**145,081**	119,623	**25,826**	2,067
Europe	**106,140**	85,883	**28,400**	33,083
India	**–**	2,255	**–**	2
	391,354	372,104	**75,695**	51,770

Revenue is attributed to countries on the basis of the geographical location of the Group entity recording the sale.

4. Adjusting items and share-based payments

	2020 $'000	2019 $'000
Restructuring costs	**–**	1,942
Acquisition costs	**156**	1,821
Amortisation of acquired intangibles	**5,652**	1,983
Pension past service costs	**–**	480
Total adjusting operating items	**5,808**	6,226
Share-based payments (see note 28)	**8,737**	2,388
Total adjusting items and share-based payments before tax	**14,545**	8,614
Tax effect of adjusting items and share-based payments (see note 10)	**(2,339)**	(221)
Total adjusting items and share-based payments after tax	**12,206**	8,393

Adjusting items include costs that are one-off in nature and significant (such as restructuring costs, impairment charges or acquisition-related costs) as well as the non-cash amortisation of intangible assets. The adjusting items and share-based payments are included under the statutory classification appropriate to their nature but are separately disclosed on the face of the income statement to assist in understanding the underlying financial performance of the Group.

During the current year, the Group has not incurred any restructuring costs (2019: $1,942,000). In the prior year, the Group incurred $1,942,000 of restructuring spend following the downsizing of an Asian factory, the closure of the Indian factory and a review of the organisational structure that resulted in the redundancy of some senior roles. These amounts were partially offset by the release of a provision made some years ago which was no longer required.

Acquisition related costs of $156,000 (2019: $1,821,000) are split between $98,000 for Servatron Inc and $58,000 for Ta Hsing Industries Limited. These costs are in respect of legal fees associated with the transactions.

Associated with the acquisitions, the Group has recognised certain intangible assets including customer relationships and customer order backlogs. The amortisation of these intangibles is non-cash and totals $5,652,000 (2019: $1,983,000) for the period, split $2,747,000 (2019: $nil) for Servatron Inc, $1,357,000 (2019: $980,000) for Silcotec Europe Limited, $106,000 (2019: $251,000) for MC Electronics LLC and $1,442,000 (2019: $752,000) for GTK (Holdco) Limited.

In the prior year the Group recognised a one-off pension past service cost of $480,000 as a result of Guaranteed Minimum Pension (GMP) equalisation following a legal judgement requiring all pension schemes conduct an equalisation of male and female members' benefits for the effect of unequal GMPs.

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5. Finance income

	2020 $'000	2019 $'000
Interest on bank deposits	**16**	12
Lease interest income	**116**	–
Interest on preference shares	**196**	117
	328	129

Finance income earned on financial assets was derived from loans and receivables (including cash and bank balances) only. No other gains or losses have been recognised in respect of loans and receivables other than those disclosed above and impairment losses recognised in respect of trade receivables (see note 18).

6. Finance costs

	Notes	2020 $'000	2019 $'000
Interest on bank overdrafts and loans		**559**	730
Lease interest payable		**553**	–
Net interest expense on defined benefit obligations	29	**47**	71
Unwinding of discount on long-term provisions	22	**–**	76
Unwinding of deferred consideration		**154**	–
Other		**–**	12
Total interest costs		**1,313**	889
Amortisation of debt issue costs	26	**239**	387
Total finance costs		**1,552**	1,276

No gains or losses have been recognised on financial liabilities measured at amortised cost (including bank overdrafts and loans) other than those disclosed above.

7. Profit/loss for the period
Profit/(loss) for the period has been arrived at after charging/(crediting):

	Notes	2020 $'000	2019 $'000
Net foreign exchange (gain)/losses		**(431)**	(411)
Research and development costs		**2,574**	2,644
Depreciation of property, plant and equipment	14	**3,643**	3,318
Depreciation and impairment of right-of-use assets	15	**2,714**	–
Amortisation of intangible assets	13	**5,749**	2,451
Cost of inventories recognised as an expense		**220,587**	220,443
Write-down of inventories recognised as an expense		**2,317**	3,495
Reversal of write-downs of inventories recognised in the period		**(756)**	–
Staff costs	9	**90,247**	73,309
Impairment loss recognised on trade receivables	18	**938**	378
Reversal of impairment losses recognised on trade receivables	18	**(64)**	(55)
Loss on disposal of property, plant and equipment		**839**	324

7. Profit/loss for the period continued

Research and development costs disclosed above comprise the following:

	2020 $'000	2019 $'000
Employment costs	**2,308**	1,917
Raw materials and consultancy	**513**	592
Other	**60**	135
	2,881	2,644

In the current year, no development costs were capitalised (2019: $nil).

Reconciliation of operating profit to underlying EBITDA (earnings before interest, tax, depreciation and amortisation, adjusting items and share-based payment charge):

	2020 $'000	2019 $'000
Operating profit	**17,085**	12,992
Add back:		
Adjusting operating items	**5,808**	6,226
Share-based payment charge	**8,737**	2,388
Underlying operating profit	**31,630**	21,606
Depreciation of property, plant and equipment (note 14)	**3,643**	3,318
Depreciation of right-of-use assets (note 15)	**2,714**	–
Impairment of right-of-use assets (note 15)	**65**	–
Amortisation of intangible assets not acquired in a business combination (note 13)	**97**	468
Underlying EBITDA	**38,149**	25,392

8. Auditors' remuneration

The analysis of auditors' remuneration is as follows:

	2020 $'000	2019 $'000
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	**325**	326
Fees payable to the Company's auditors and their associates for other audit services to the Group		
– the audit of the Company's subsidiaries pursuant to legislation	**403**	306
Total audit fees	**728**	632
Other services	**2**	–
Total non-audit fees	**2**	–

Notes to the Financial Statements
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9. Staff costs
The average monthly number of employees (including Executive Directors) was:

	2020 No.	2019 No.
Production	**5,340**	5,456
Sales and distribution	**369**	389
Administration	**449**	362
	6,158	6,207

Their aggregate remuneration comprised:

	2020 $'000	2019 $'000
Wages and salaries	**72,323**	62,461
Social security costs	**8,697**	8,020
Share-based payment charge (note 28)	**8,737**	2,388
Other pension costs (note 29)	**490**	440
	90,247	73,309

In addition to the above, during the prior year the Group incurred $2,187,000 of severance costs and retention bonuses. These were included within the net restructuring cost of $1,942,000 shown in note 4.

Details of Directors' remuneration, share options, pension contributions, pension entitlements, fees for consulting services and interests for the period required by the Companies Act 2006 are provided in the Directors' Remuneration Report on pages 57 to 65 and form part of the financial statements.

Remuneration of key management – Directors of the parent Company	2020 $'000	2019 $'000
Short-term employee benefits	**1,447**	1,407
Post-employment benefits	**82**	83
Share-based payment charge	**940**	882
	2,469	2,372

10. Taxation

	2020			2019		
	Before adjusting items $'000	**Adjusting items and share-based payments $'000**	**Total $'000**	Before adjusting items $'000	Adjusting items and share-based payments $'000	Total $'000
Current tax – expense for the period	**(9,525)**	**907**	**(8,618)**	(4,241)	(74)	(4,315)
Current tax – adjustment in respect of previous periods	**663**	**–**	**663**	709	–	709
Current tax – impact of S965 on deferred foreign income	**1,134**	**–**	**1,134**	108	–	108
Total current tax	**(7,728)**	**907**	**(6,821)**	(3,424)	(74)	(3,498)
Deferred tax – credit for the period	**5,061**	**1,432**	**6,493**	1,211	295	1,506
Deferred tax – adjustment in respect of previous periods	**(837)**	**–**	**(837)**	(437)	–	(437)
Total deferred tax (note 21)	**4,224**	**1,432**	**5,656**	774	295	1,069
Income tax expense	**(3,504)**	**2,339**	**(1,165)**	(2,650)	221	(2,429)

UK corporation tax is calculated at 19% (2019: 19%) of the estimated assessable profit for the period. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The expense for the period can be reconciled to the profit per the income statement as follows:

	2020 $'000	**2020 %**	2019 $'000	2019 %
Profit before tax	**15,861**	**100**	11,635	100
Tax at the UK corporation tax rate	**3,014**	**19**	2,211	19
Tax effect of expenses that are not deductible and income that is not taxable in determining taxable profit	**9,359**	**59**	1,424	12
Tax effect of non-utilisation of tax losses	**668**	**4**	1,199	10
Adjustment in respect of previous periods	**(960)**	**(5)**	(272)	(2)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(9)**	**(1)**	(41)	(1)
Tax effect of recognised deferred tax	**(5,866)**	**(37)**	(289)	(2)
Tax effect of loss utilisation	**(2,702)**	**(17)**	(1,582)	(13)
Tax expense and effective tax rate for the period before adjusting items and share-based payments	**3,504**	**22**	2,650	23
Tax effect of adjusting items and share-based payments	**(2,339)**	**(15)**	(221)	(2)
Tax expense and effective tax rate for the period	**1,165**	**7**	2,429	21

Included in the non-deductible tax items is an uncertain tax provision of $5,776,000 (2019: credit of $441,000). The Group recognises provisions for uncertain tax positions when the Group has a present obligation as a result of a past event and management judge that it is probable that there will be a future outflow within the Group to settle the obligation. Uncertain tax positions are assessed and measured within the jurisdictions that we operate in using the best estimate of the most likely outcome. It is inevitable that the Group will be subject to routine tax audits or be in ongoing disputes with tax authorities in the multiple jurisdictions it operates within.

A deferred tax credit of has been recognised as at 5 April 2020 on trading losses and short term timing items due to future forecast taxable profits in certain regions. See note 21 for more details.

Notes to the Financial Statements

For the 53 weeks ended 5 April 2020 (52 weeks ended 31 March 2019)

11. Earnings per Ordinary share

The calculation of the basic and diluted earnings per share is based on the following data:

	Notes	2020 $'000	2019 $'000
Profit for the purpose of basic and diluted earnings per share being net profit attributable to equity holders of the parent		**14,696**	9,206
Adjustments for:			
Adjusting items	4	**5,808**	6,226
Share-based payment charge	28	**8,737**	2,388
Tax effect of adjusting items and share-based payments		**(2,339)**	(221)
Underlying earnings		**26,902**	17,599

	2020 No. shares	2019 No. shares
Weighted average number of Ordinary shares for the purpose of basic earnings per share	**148,057,993**	134,382,209
Effect of dilutive potential Ordinary shares/share options	**7,339,875**	3,892,712
Weighted average number of Ordinary shares for the purpose of diluted earnings per share	**155,397,868**	138,274,921

Basic earnings per share	2020 cents	2019 cents
Basic earnings per share	**9.9**	6.9
Adjustments for:		
Adjusting items	**3.9**	4.6
Share-based payment charge	**6.0**	1.8
Tax effect of adjusting items and share-based payments	**(1.6)**	(0.2)
Underlying basic earnings per share	**18.2**	13.1

Diluted earnings per share	2020 cents	2019 cents
Diluted earnings per share	**9.5**	6.7
Adjustments for:		
Adjusting items	**3.7**	4.5
Share-based payment charge	**5.6**	1.7
Tax effect of adjusting items and share-based payments	**(1.5)**	(0.2)
Underlying diluted earnings per share	**17.3**	12.7

The underlying earnings per share has been calculated on the basis of profit before adjusting items and share-based payments, net of tax. The Directors consider that this calculation gives a better understanding of the Group's earnings per share in the current and prior period.

12. Goodwill

	2020 $'000	2019 $'000
Cost		
At the beginning of the period	**20,028**	5,328
Business combinations	**9,131**	15,099
Exchange differences	**(1,051)**	(399)
At the end of the period	**28,108**	20,028
Accumulated impairment losses		
At the beginning of the period	**2,497**	2,695
Impairment	**–**	–
Exchange differences	**(149)**	(198)
At the end of the period	**2,348**	2,497
Carrying amount at the end of the period	**25,760**	17,531
Carrying amount at the beginning of the period	**17,531**	2,633

Goodwill acquired in a business combination is allocated, at acquisition, to the business units that are expected to benefit from that business combination. After recognition of impairment losses, the carrying amount of goodwill has been allocated as follows:

	2020 $'000	2019 $'000
Servatron	**7,563**	–
Ta Hsing	**1,568**	–
GTK	**9,402**	10,010
Silcotec	**3,979**	4,127
MC Electronics	**953**	953
Volex North America	**1,752**	1,864
Volex Europe	**543**	577
	25,760	17,531

Goodwill is not amortised and is retranslated each year at the prevailing rate. The Group annually tests goodwill for impairment, or more frequently if there are indications that goodwill might be impaired. The recoverable amount of goodwill is determined from value in use calculations. The key assumptions used in the value in use calculations are those regarding the discount rates, revenue and costs growth. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the business unit. The growth rates are based upon industry growth forecasts.

The Group prepared a cash flow forecast derived from the most recently approved annual budget which has been extrapolated over a five-year period. This assumes levels of revenue and profits based on both past performance and expectations for future market development and takes into account the cyclicality of the business in which the CGU operates. Cash flows beyond the five-year period are extrapolated in perpetuity using a zero percentage growth rate.

The rate used to discount the forecast cash flows is a pre-tax discount rate of 13.6% (2019: 11.8%), which reflects the Group's estimated cost of capital.

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13. Other intangible assets

Group	Acquired patents $'000	Capitalised development costs $'000	Software and licences $'000	Customer contracts and relationships $000	Total $'000
Cost					
At 1 April 2018	1,336	3,301	4,813	–	9,450
Business combinations	–	–	–	13,053	13,053
Additions	–	–	163	–	163
Disposals	–	–	(608)	–	(608)
Exchange differences	(93)	(173)	(260)	(162)	(688)
At 31 March 2019	1,243	3,128	4,108	12,891	21,370
Business combinations	**–**	**–**	**49**	**10,500**	**10,549**
Additions	**–**	**–**	**40**	**–**	**40**
Disposals	**–**	**–**	**–**	**–**	**–**
Exchange differences	**(74)**	**(128)**	**(196)**	**(602)**	**(1,000)**
At 5 April 2020	**1,169**	**3,000**	**4,001**	**22,789**	**30,959**
Accumulated amortisation and impairment					
At 1 April 2018	1,336	2,903	4,713	–	8,952
Amortisation charge for the period	–	398	70	1,983	2,451
Disposals	–	–	(608)	–	(608)
Exchange differences	(93)	(173)	(253)	(21)	(540)
At 31 March 2019	1,243	3,128	3,922	1,962	10,255
Amortisation charge for the period	**–**	**–**	**97**	**5,652**	**5,749**
Disposals	**–**	**–**	**–**	**–**	**–**
Exchange differences	**(74)**	**(128)**	**(190)**	**(190)**	**(582)**
At 5 April 2020	**1,169**	**3,000**	**3,829**	**7,424**	**15,422**
Carrying amount					
At 5 April 2020	**–**	**–**	**172**	**15,365**	**15,537**
At 31 March 2019	–	–	186	10,929	11,115
At 1 April 2018	–	398	100	–	498

The capitalised development costs balance primarily relates to a Power Products product range, the 'V-Novus' range, which was developed in FY2015 and is now in commercial production. The capitalised balance included engineering hours directly attributable to the product and safety certification costs. The assets were fully amortised during the prior year.

Computer software is amortised over the estimated useful life, not exceeding five years. The amortisation charge for the period is fully expensed within operating expenses.

Customer contracts and relationships relate to customer related intangible assets acquired as part of a business combination. They are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line basis on the timing of projected cash flows of the contracts over their estimated useful lives. More details on business combinations are included in note 34.

14. Property, plant and equipment

Group	Freehold land and buildings $'000	Long leasehold buildings $'000	Plant and machinery $'000	Assets under construction $'000	Total $'000
Cost					
At 1 April 2018	–	12,886	61,673	–	74,559
Additions	83	176	2,838	–	3,097
Business combination	3,171	34	1,150	–	4,355
Disposals	(30)	(311)	(7,713)	–	(8,054)
Exchange differences	(118)	(43)	(648)	–	(809)
At 31 March 2019	3,106	12,742	57,300	–	73,148
Additions	**142**	**943**	**2,612**	**1,298**	**4,995**
Business combination	**–**	**156**	**1,317**	**–**	**1,473**
Disposals	**–**	**(3,890)**	**(12,375)**	**–**	**(16,265)**
Exchange differences	**(122)**	**(113)**	**(589)**	**–**	**(824)**
At 5 April 2020	**3,126**	**9,838**	**48,265**	**1,298**	**62,527**
Accumulated depreciation and impairment					
At 1 April 2018	–	7,411	49,742	–	57,153
Depreciation charge for the period	208	508	2,602	–	3,318
Disposals	(30)	(306)	(6,882)	–	(7,218)
Exchange differences	(4)	(40)	(481)	–	(525)
At 31 March 2019	174	7,573	44,981	–	52,728
Depreciation charge for the period	**253**	**515**	**2,875**	**–**	**3,643**
Disposals	**–**	**(3,431)**	**(11,431)**	**–**	**(14,862)**
Exchange differences	**(14)**	**(90)**	**(443)**	**–**	**(547)**
At 5 April 2020	**413**	**4,567**	**35,982**	**–**	**40,962**
Carrying amount					
At 5 April 2020	**2,713**	**5,271**	**12,283**	**1,298**	**21,565**
At 31 March 2019	2,932	5,169	12,319	–	20,420
At 1 April 2018	–	5,475	11,931	–	17,406

At 5 April 2020, the Group had $621,000 (2019: $406,000) contractual commitments for the acquisition of property, plant and equipment.

Of the $3,643,000 (2019: $3,318,000) depreciation charge for the period, $2,889,000 (2019: $2,665,000) was expensed through cost of sales and $754,000 (2019: $653,000) was expensed through operating expenses.

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15. Right-of-use assets

	Buildings $'000	Vehicles $'000	Other $'000	Total $'000
Cost				
At 31 March 2019	–	–	–	–
Impact of adoption of IFRS 16	2,890	385	172	3,447
Adjusted balance at 1 April 2019	2,890	385	172	3,447
Additions	**4,348**	**27**	**69**	**4,444**
Business combination	**2,799**	**–**	**1,044**	**3,843**
Disposals	**(8)**	**–**	**–**	**(8)**
Exchange differences	**(639)**	**(65)**	**(38)**	**(742)**
At 5 April 2020	**9,390**	**347**	**1,247**	**10,984**
Accumulated depreciation and impairment				
At 31 March 2019	–	–	–	–
Depreciation charge for the period	**2,192**	**196**	**326**	**2,714**
Impairment	**65**	**–**	**–**	**65**
Disposals	**(8)**	**–**	**–**	**(8)**
Exchange differences	**(128)**	**(4)**	**–**	**(132)**
At 5 April 2020	**2,121**	**192**	**326**	**2,639**
Carrying amount				
At 5 April 2020	**7,269**	**155**	**921**	**8,345**
At 31 March 2019	–	–	–	–

During the year the Group impaired the remaining right-of-use asset associated with a production site in North America which was closed during the year.

16. Interests in associates and joint ventures

Where the Group has the power to participate in (but not control) the financial and operating policy decisions of another entity, it is classified as an associate or joint venture. The Group uses the equity method, where the Group's share of post-acquisition profits and losses are recognised in the Consolidated Statement of Comprehensive Income (except for losses in excess of the Group's investment in the associate or joint venture unless there is an obligation to make good those losses).

	2020 $'000	2019 $'000
Investment in associates:		
– Kepler SignalTek Limited	**–**	–
– Volex-Jem Co. Ltd	**–**	–
	–	–

Kepler SignalTek Limited

On 12 April 2017, the Group acquired 26.09% of the voting shares in Kepler SignalTek Limited (a company incorporated in Hong Kong) for consideration of $300,000. The company is focused on developing interconnect and finished device solutions for medical OEM customers and also provides high performance data transmission and industrial cable assemblies from their facility in China. As part of the shareholder agreement, Volex is entitled to appoint one of the three directors to the company.

16. Interests in associates and joint ventures continued

Summarised financial information in respect of Kepler SignalTek Limited is set out below. The summarised information below represents amounts before intra-group eliminations.

	As at 5 April 2020 $'000	As at 31 March 2019 $'000
Current assets	**3,277**	975
Non-current assets	**764**	659
Current liabilities	**(2,744)**	(435)
Non-current liabilities	**(1,675)**	(1,825)
Net liabilities	**(378)**	(626)

	Period to 5 April 2020 $'000	Period to 31 March 2019 $'000
Revenue	**7,313**	1,701
Profit/(loss) for the period	**293**	(1,059)
Other comprehensive income for the period	**(44)**	(39)
Total comprehensive income for the period	**249**	(1,098)

A reconciliation of the above summarised financial information to the carrying amount of the interests in the consolidated financial statements is set out below:

	As at 5 April 2020 $'000	As at 31 March 2019 $'000
Net liabilities of the associate	**(378)**	(626)
Proportion of the Group	**26%**	26%
Carrying amount of the Group's interest in Kepler SignalTek Limited	**–**	–

Kepler SignalTek became profitable during the year and redeemed $25,000 of the preference shares owned by Volex (see note 18). Due to the cumulative losses the carrying amount of the Group's equity in the venture is nil.

Volex-Jem Co. Ltd

On 12 September 2017, the Group completed its 43% investment in Volex-Jem Co. Ltd, a Taiwanese holding company. Volex's investment took the form of cable certification with sufficient customer cables certified in order that a minimum cable production volume would pass through the joint arrangement, The costs associated with the certification process was $100,000. The Taiwanese holding company has a 70% shareholding in a Chinese manufacturing company. Under the joint agreement, Volex has the right to appoint one of three directors to the Board of the Taiwanese holding company.

The Group has announced its intentions to exit the venture.

17. Inventories

	2020 $'000	2019 $'000
Raw materials	**31,070**	24,697
Work in progress	**2,480**	847
Finished goods	**24,445**	23,578
	57,995	49,122

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18. Trade and other receivables

Trade receivables	2020 $'000	2019 $'000
Amounts receivable for the sale of goods	**57,822**	71,961
Allowance for doubtful debts	**(1,440)**	(654)
	56,382	71,307
Other receivables		
Other debtors	**6,238**	7,099
Investment in finance lease	**1,702**	–
Preference shares due from related parties	**1,990**	1,825
Prepayments	**2,545**	2,228
	12,475	11,152
Due for settlement within 12 months	**7,987**	8,448
Due for settlement after 12 months	**4,488**	2,704
	12,475	11,152

Trade receivables are classified as loans and receivables and are therefore measured at amortised cost.

During the prior year the Company invested $1,300,000 in 10% redeemable preference shares taking its total investment in Kepler SignalTek Limited to $2,000,000 ($1,700,000 preference shares and $300,000 equity investment). During the current year $25,000 of preference shares were redeemed. The remaining preference shares are expected to be redeemed by April 2022. As at the balance sheet date the Group has no further commitments (2019: nil).

The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

Upon adoption of IFRS 16 'Leases' an investment in finance lease asset has been recognised in relation to the sub-lease of a vacant property in North America. The sublease payments match the payments under the head lease. Interest income of $116,000 (note 5) and interest expense of $116,000 (note 6) have been recognised in relation to the movement during the year. A corresponding lease liability has been recognised in relation to the payments due under the head lease.

One (2019: one) of the Group's customers individually accounts for more than 10% of total Group revenue. The largest customer operates in the Integrated Manufacturing Services division and accounts for 17% (2019: 17%) of total Group revenue. Other than this customer, the Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. At 5 April 2020, the largest customer represented 14% of the net trade receivables (2019: 17%).

The average credit period taken on sales of goods is 58 days (2019: 70 days). An allowance has been made for estimated irrecoverable amounts from the sale of goods. This allowance has been determined by reference to the expected credit loss which includes consideration of past default experience, an analysis of the counterparty's current financial position, the current economic environment and potential losses.

Included in trade receivables are receivables with a carrying value of $6,638,000 (2019: $9,705,000) for the Group which are past due at the reporting date for which no provision has been made as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

Ageing of past due but not impaired receivables	2020 $'000	2019 $'000
0–60 days	**6,215**	4,856
60–90 days	**301**	1,776
90–120 days	**101**	1,399
120+ days	**21**	1,674
	6,638	9,705

18. Trade and other receivables continued

Movement in the allowance for doubtful debts	2020 $'000	2019 $'000
Balance at the beginning of the period	**654**	226
Amounts acquired on business combination	**–**	133
Amounts written off during the period	**(25)**	(13)
Amounts recovered during the period	**1**	–
Increase/(decrease) in allowance recognised in profit or loss	**874**	323
Exchange differences	**(64)**	(15)
Balance at the end of the period	**1,440**	654

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. With the exception of the one customer noted above (2019: one customer), the concentration of credit risk is limited due to the customer base being large and unrelated.

Given the economic uncertainty associated with Covid-19 the Directors have considered the impact upon IFRS 9 and the Group's provision matrix. After consideration of historical loss rates and the movement in credit scores observed for a range of customers the expected credit loss provision has been increased to $841,000. The Group has not included the full disclosure requirements of IFRS 9 in respect of the impairment allowance since the balance is immaterial.

Ageing of impaired trade receivables	2020 $'000	2019 $'000
Current	**646**	–
0–60 days	**249**	105
60–90 days	**29**	30
90–120 days	**85**	39
120+ days	**431**	480
	1,440	654

19. Borrowings and lease liabilities

	2020 $'000	2019 $'000
Unsecured borrowings at amortised cost		
Bank overdrafts	**146**	320
Secured borrowings at amortised cost		
Bank loans	**79**	–
Lease liabilities	**10,883**	–
Total borrowings at amortised cost	**11,108**	320
Amount due for settlement within 12 months	**3,723**	320
Amount due for settlement after 12 months	**7,385**	–
	11,108	320

At 5 April 2020 debt issue costs of $510,000 are included within the bank overdraft balance shown above. Debt issue costs of $97,000 were included in other debtors at 31 March 2019 because the bank loan balance was nil.

The total cash outflow for leases is $3,703,000 comprising lease repayments of $3,150,000 and $553,000 of interest on lease. The cost of short-term and low-value leases was $2,317,000. Interest on lease liabilities is shown in note 6 and the maturity of lease liabilities is shown in note 30.

The Group has outstanding commitments under short-term and low-value leases (2019: operating leases), which fall due as follows:

	2020 USD	2019 USD
In less than 1 year	**105**	4,011
Between one and five years	**–**	4,492
After five years	**–**	1,724
	105	10,227

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19. Borrowings and lease liabilities continued
The weighted average interest rates paid on the Group's borrowings during the period were as follows:

	2020 %	2019 %
Bank loans and overdrafts	**4.6**	3.0

During the 53 weeks ended 5 April 2020 the Group utilised a multi-currency combined revolving overdraft and guarantee facility. The syndicate at year end comprises Lloyds Bank plc and HSBC UK Bank plc. During the year the $30m facility was extended for 3 years. The new facility includes an additional $10 million uncommitted 'accordion' feature to provide further capacity for potential future acquisitions. The amount available under the facility at 5 April 2020 was $30,000,000 (2019: $30,000,000). The facility is secured by fixed and floating charges over the assets of certain Group companies.

The terms of the facility require the Group to perform quarterly financial covenant calculations with respect to leverage (adjusted total debt to adjusted rolling 12-month EBITDA) and interest cover (adjusted rolling 12-month EBITDA to adjusted rolling 12-month interest). Breach of these covenants could result in cancellation of the facility. The Group was compliant with these covenants during the period and remains compliant in the period subsequent to the period end.

During the year, professional fees of $659,000 were incurred in relation to the three-year extension of the facility. Of this, $225,000 was paid to the syndicate to agree to the extension. The $659,000 was capitalised and is being charged to the income statement on a straight-line basis over the facility term.

At 5 April 2020, the facility incurred interest at a margin of 2.3% (2019: 3%) above LIBOR.

Also drawn under the facilities, and not included above, are guarantees and letters of credit amounting to $270,000 (2019: $540,000).

Drawings under the facilities were made in various currencies. Total borrowings for the Group at 5 April 2020 can be analysed by currency as follows:

	2020 $'000	2019 $'000
USD	**735**	(8,902)
Euro	**–**	4,383
Pound sterling	**–**	4,839
	735	320
Less: debt issue costs (note 26)	**(510)**	(97)
	225	223

Undrawn borrowing facilities
At 5 April 2020, the Group had undrawn committed borrowing facilities available of $29,730,000 (2019: $29,140,000).

20. Trade and other payables

Trade payables	2020 $'000	2019 $'000
Trade payables	**39,653**	45,863
Other payables		
Other taxes and social security	**3,934**	3,797
Accruals and deferred income	**35,089**	27,403
	39,023	31,200
Due for settlement within 12 months	**38,453**	30,212
Due for settlement after 12 months	**570**	988
	39,023	31,200

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

21. Deferred tax

The following are the major deferred tax assets and liabilities recognised by the Group and movements thereon during the current and prior reporting periods.

	Unremitted earnings $'000	Intangible assets $'000	Trading losses $'000	Accelerated tax depreciation $'000	Other short term timing differences $'000	Total $'000
At 1 April 2018	(2,008)	–	1,921	–	362	275
Acquisitions	–	(1,231)	–	(224)	(81)	(1,536)
(Charge)/credit to income	(754)	195	1,482	418	(272)	1,069
Exchange differences	–	12	–	–	4	16
At 31 March 2019	(2,762)	(1,024)	3,403	194	13	(176)
Acquisitions	**–**	**(2,205)**	**–**	**(455)**	**50**	**(2,610)**
(Charge)/credit to income	**(100)**	**634**	**1,130**	**(83)**	**4,075**	**5,656**
Exchange differences	**–**	**243**	**–**	**(5)**	**(283)**	**(45)**
At 5 April 2020	**(2,862)**	**(2,352)**	**4,533**	**(349)**	**3,855**	**2,825**

Certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2020 $'000	2019 $'000
Deferred tax assets	**8,955**	4,271
Deferred tax liabilities	**(6,130)**	(4,447)
	2,825	(176)

At the balance sheet date, the group had unused tax losses of $126,303,000 (2019: $161,989,000) available for offset against future profits.

Included in the unrecognised tax losses are losses of $14,262,000 (2019: $42,942,000) that cannot be carried forward indefinitely. Of this amount, $9,286,000 (2019: $9,333,000) expires during the next five accounting periods. Other losses may be carried forward to future periods.

The carrying amount of deferred tax assets is reviewed at each reporting date and recognised to the extent that it is probable that there are sufficient taxable profits to allow all or part to be recovered. Deferred tax assets have been recognised based on future forecast taxable profits.

The recognised deferred tax asset of $8,955,000 consists of $4,533,000 tax losses, $1,139,000 share options, $1,157,000 stock provisions, $901,000 general provisions, $600,000 bad debts and $625,000 intangible assets. Of the $8,955,000 (2019: $4,271,000) recognised deferred tax asset, the Group expects to utilise $2,787,000 (2019: $1,292,000) within the next 12 months.

At the reporting date a deferred tax liability of $2,862,000 (2019: $2,762,000) has been recognised relating to the unremitted earnings of overseas subsidiaries as the Group is able to control the reversal of these temporary differences and it is probable that they will reverse in the foreseeable future. The temporary differences at 5 April 2020 represent only the unremitted earnings of those overseas subsidiaries where remittance to the UK of those earnings may still result in a tax liability, principally as a result of dividend withholding taxes levied by the overseas tax jurisdictions in which those subsidiaries operate.

On 17 March 2020, the previously enacted reduction in the UK corporation tax rate to 17% was reversed and hence the 19% rate will continue to apply from 1 April 2020. The 19% rate has therefore been applied in the measurement of the Group's UK based deferred tax assets and liabilities as at 31 March 2020.

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22. Provisions

	Property $'000	Corporate restructuring $'000	Other $'000	Total $'000
At 1 April 2018	20	65	292	377
Acquired through business combination	485	–	500	985
Charge in the period	52	–	126	178
Utilisation of provision	(146)	–	(7)	(153)
Unwinding of discount (note 6)	76	–	–	76
Exchange differences	–	(2)	(22)	(24)
At 31 March 2019	487	63	889	1,439
Reclassification for lease liabilities (IFRS 16)	**(248)**	**–**	**–**	**(248)**
Adjusted balance at 1 April 2019	**239**	**63**	**889**	**1,191**
Charge in the period	**63**	**–**	**405**	**468**
Utilisation of provision	**–**	**–**	**(276)**	**(276)**
Exchange differences	**(5)**	**(7)**	**(21)**	**(33)**
At 5 April 2020	**297**	**56**	**997**	**1,350**
Less: included in current liabilities	**148**	**56**	**630**	**834**
Non-current liabilities	**149**	**–**	**367**	**516**

Property provisions

During the prior year the Group recognised an onerous lease provision of $485,000 relating to surplus property leased by MC Electronics LLC identified on acquisition. This provision was being released evenly over the remaining term of the lease. Upon the adoption of IFRS 16 ('Leases') the Group has used the practical expedient to allow the closing provision of $248,000 to be offset against the right-of-use asset on transition.

Other

Other provisions include the Directors' best estimate, based upon past experience, of the Group's liability under specific product warranties and legal claims. The timing of the cash outflows with respect to these claims is uncertain.

Included within this provision is a $500,000 liability associated with a pending legal case which was recognised upon acquisition of MC Electronics LLC. This liability represents the Directors' best estimate to settle the claim which had been identified prior to acquisition. An indemnity in respect of this matter was obtained from the seller of MC Electronics LLC as part of the sale and purchase agreement.

23. Share capital

	Number of shares	Par value $'000	Share premium $'000	Total $'000
At 1 April 2018	90,251,892	39,755	7,122	46,877
Acquisition of MC Electronics LLC	3,000,000	1,052	2,126	3,178
Placing	48,000,000	15,980	31,944	47,924
Acquisition of Silcotec Europe Limited	3,521,437	1,173	1,626	2,799
Issue of deferred bonus shares	470,588	151	–	151
Acquisition of GTK (Holdco) Limited	2,124,016	681	1,714	2,395
At 31 March 2019	147,367,933	58,792	44,532	103,324
Acquisition of Servatron	**2,233,712**	**692**	**1,882**	**2,574**
Issue of deferred bonus shares	**266,794**	**82**	**–**	**82**
Acquisition of Servatron – contingent consideration	**1,481,239**	**473**	**–**	**473**
Options exercised	**469,084**	**150**	**–**	**150**
At 5 April 2020	**151,818,762**	**60,189**	**46,414**	**106,603**

23. Share capital continued

During the current and prior year the Group issued shares to satisfy the requirement of share awards, deferred bonus awards and fund acquisitions. During the current year the movements were as follows:

- Issued 2,233,712 shares as part of the initial consideration for the acquisition of Servatron.
- Issued 266,794 shares under the 2018 deferred share bonus plan.
- Issued 1,481,239 shares to the former owners of Servatron as the business met the required operating profit targets set out in the acquisition agreement.
- Issued 469,084 shares under the share incentive scheme agreed as part of the acquisition of Servatron.

The prior year movements were:

- Issued 3,000,000 shares as part of the acquisition of MC Electronics LLC.
- Issued 48,000,000 ordinary shares at a price of 75 pence per share.
- Issued 3,521,437 shares as part of the acquisition of Silcotec Europe Limited.
- Issued 470,588 shares under the 2017 deferred share bonus plan.
- Issued 2,124,016 ordinary shares as part of the acquisition of GTK (Holdco) Limited.

Under the terms of the Group's various share schemes, the following rights to subscribe for Ordinary shares are outstanding:

			Number of shares	
Date of grant	Option price (p)	Exercise period	**2020**	2019
Performance Share Plan				
31 March 2016	25	March 2019 – March 2026	**271,626**	2,232,779
1 December 2016	25	December 2019 – December 2026	**903,155**	2,604,623
23 February 2017	25	February 2020 – February 2027	**–**	495,256
1 December 2017	25	December 2020 – December 2027	**2,525,000**	2,525,000
11 December 2018	25	December 2021 – December 2028	**2,230,000**	2,225,000
24 March 2019	25	March 2022 – March 2029	**300,000**	–
Long Term incentive Plan				
10 September 2019	–	September 2022 – September 2029	**3,050,000**	–
1 December 2019	–	December 2022 – December 2029	**482,500**	–
Acquisition Retention Awards				
11 December 2018	–	June 2019 – June 2022	**3,333,333**	4,000,000
31 July 2019	–	March 2020 – March 2027	**2,000,000**	–
31 July 2019	–	March 2021	**1,481,239**	–
Deferred Bonus Plan				
5 June 2018	–	June 2019	**–**	266,794
11 June 2019	–	June 2020	**432,040**	–
			17,008,893	14,349,452

For further details of the Group's share option schemes see note 29.

Post year end 316,083 shares have been awarded to the executive management team in lieu of a cash bonus award. The shares vest in June 2021 subject to continuous employment with the Group.

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24. Own shares and non-distributable reserves

Own shares	2020 $'000	2019 $'000
At the beginning of the period	**1,890**	867
Sale of shares	**(2,630)**	(75)
Purchase of shares	**1,764**	1,098
At end of the period	**1,024**	1,890

The own shares reserve represents both the cost of shares in the Company purchased in the market and the nominal share capital of shares in the Company issued to the Volex Group plc Employee Share Trust to satisfy future share option exercises under the Group's share option schemes (see note 28).

The number of Ordinary shares held by the Volex Group plc Employee Share Trust at 5 April 2020 was 456,576 (2019: 2,159,277). The market value of the shares as at 5 April 2020 was $592,000 (2019: $2,614,000).

Unless and until the Company notifies a trustee of the Volex Group plc Employee Share Trust, in respect to shares held in the Trust in which a beneficial interest has not vested, rights to dividends in respect to the shares held in the Trust are waived.

During the year 2,652,701 (2019: 136,083) shares were utilised on the exercise of share awards. During the year the Company purchased 950,000 shares (2019: 1,000,000) at a cost of $1,764,000 ($1,098,000).

In December 2013, the Volex Group plc Employee Share Trust sold 3,378,582 shares at £1.16 per share to the open market. The average price of shares held by the Trust at the time was £0.70 with a number of the shares having been issued by Volex plc to the Trust at nominal value. In accordance with the Accounting Standards, the difference between the sales price of £1.16 and the average share price of £0.70 was recorded as a non-distributable reserve, giving rise to the $2,455,000 non-distributable reserve balance.

25. Dividends

Dividends	2020 $'000	2019 $'000
Declared during the financial year:		
Interim dividend for the year ended 5 April 2020: 1p per share (2019: nil)	**1,956**	–
	1,956	–
Proposed after the end of the year and not recognised as a liability		
Final dividend for the year ended 5 April 2020: 2p per share (2019: nil)	**3,702**	–

26. Analysis of net funds

	Cash and cash equivalents $'000	Bank loans $'000	Lease liability $'000	Debt issue costs $'000	Total $'000
At 1 April 2018	22,981	(13,550)	–	517	9,948
Cash flow	(1,870)	12,826	–	–	10,956
Exchange differences	(518)	724	–	(33)	173
Amortisation of debt issue costs	–	–	–	(387)	(387)
At 31 March 2019	20,593	–	–	97	20,690
IFRS 16 Transition	**–**	**–**	**(5,777)**	**–**	**(5,777)**
Adjusted balance at 1 April 2019	**20,593**	**–**	**(5,777)**	**97**	**(14,913)**
Business combination	**(5,771)**	**(135)**	**(4,380)**	**–**	**(10,286)**
Cash flow	**17,107**	**56**	**3,703**	**659**	**21,525**
New leases entered into during the year	**–**	**–**	**(4,445)**	**–**	**(4,445)**
Lease interest	**–**	**–**	**(553)**	**–**	**(553)**
Exchange differences	**(280)**	**–**	**569**	**(8)**	**(285)**
Amortisation of debt issue costs	**–**	**–**	**–**	**(238)**	**(238)**
At 5 April 2020	**31,649**	**(79)**	**(10,883)**	**510**	**21,197**

Debt issue costs relate to bank facility arrangement fees. During the year, $659,000 of professional fees were capitalised in relation to the three-year extension obtained on the senior credit facility (2019: nil). The resulting debt issue cost is being amortised over the remaining life of the facility.

27. Notes to the statement of cash flows

	2020 $'000	2019 $'000
Profit for the period	**14,696**	9,206
Adjustments for:		
Finance income	**(328)**	(129)
Finance costs	**1,552**	1,276
Income tax expense	**1,165**	2,429
Share of net loss from associates	**–**	210
Depreciation on property, plant and equipment	**3,643**	3,318
Depreciation on right-of-use assets	**2,714**	–
Impairment of right-of-use assets	**65**	–
Amortisation of intangible assets	**5,749**	2,451
Loss on disposal of property, plant and equipment	**838**	324
Share-based payment charge	**8,737**	2,388
(Decrease)/increase in provisions	**(1,090)**	(390)
Effects of foreign exchange rate changes	**5**	67
Operating cash flow before movement in working capital	**37,746**	21,150
(Increase)/decrease in inventories	**(2,943)**	606
Decrease/(increase) in receivables	**20,499**	(10,196)
Increase/(decrease) in payables	**2,041**	(15,068)
Movement in working capital	**19,597**	(24,658)
Cash generated from/(used in) operations	**57,343**	(3,508)
Cash generated from/(used in) operations before adjusting operating items	**58,749**	(236)
Cash utilised by adjusting operating items	**(1,406)**	(3,272)
Taxation paid	**(5,135)**	(2,501)
Interest paid	**(473)**	(734)
Net cash generated from/(used in) operating activities	**51,735**	(6,743)

Cash and cash equivalents

	2020 $'000	2019 $'000
Cash and bank balances	**32,305**	20,913
Bank overdrafts	**(656)**	(320)
	31,649	20,593

Cash and cash equivalents comprise cash held by the Group, short-term bank deposits with an original maturity of three months or less and bank overdrafts. The carrying amount of these assets approximates their fair value. Included within cash and cash equivalents is $1,071,000 (2019: $163,000) held in trust which can only be used for Volex employees.

Restatement: The Group purchases its own shares through its employee benefit trust in order to settle share-based payment transactions. In the previous period, the Group incurred a cash outflow of $1,023,000 associated with the purchase of shares by the employee benefit trust. This outflow was included within investing activities in the statement of cash flows. The cash outflow should have been reported within financing activities. The Group has restated the previous period to correct for this error. The impact of this correction on the 52 weeks ended 31 March 2019 is to increase net cash used in investing activities and cash flows before financing activities by $1,023,000 and to decrease net cash generated from financing activities by $1,023,000. The correction of the classification of the cash outflow for the 52 weeks ended 31 March 2019 had no effect on the Group's profit after tax, consolidated statement of financial position or the Group's basic and diluted earnings per share.

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28. Share-based payments
The Group has four equity-settled share-based payment arrangements in operation.

Performance Share Plan ('PSP')
The PSP is a discretionary long-term incentive scheme for Executive Directors and senior managers. It provides for the award of nominal value options which vest after at least three years, subject to performance conditions. Options issued under the PSP are exercisable between three and ten years from the date of grant, subject to the continued employment of the participant and achievement of performance targets. All awards under the PSP have an exercise price of 25p, which is equivalent to the nominal value of the underlying Ordinary shares. During the year the PSP scheme rules expired and was replaced with the new Long Term Incentive Plan ('LTIP'). Details of how the scheme operates are explained on page 64 of the Directors' Remuneration Report.

Long Term Incentive Plan ('LTIP')
The LTIP is a discretionary long-term incentive scheme for Executive Directors and senior managers. It provides for the award of nominal value options which vest after at least three years, subject to performance conditions. Options issued under the LTIP are exercisable between three and ten years from the date of grant, subject to the continued employment of the participant and achievement of performance targets. All awards under the LTIP are nil cost. Full details of how the scheme operates are explained on page 64 of the Directors' Remuneration Report.

Deferred Bonus Plan ('DBP')
The DBP is for the executive management team. A percentage of any cash bonus is deferred to shares and held in trust for a period which is determined by the Remuneration Committee. The percentage of any cash bonus to be deferred is at the discretion of the Remuneration Committee. The only vesting condition is continuing employment.

Acquisition Retention Awards ('ARA')
The ARA are used to incentivise and retain key employees in acquired businesses who are deemed to deliver a significant contribution to the integration of the acquired business into the Group and have an important role in the continuing success of the acquired business. These awards have vesting periods that are determined by the specific circumstances of the acquisition and vest based on continued employment as well as performance measures that relate to the performance of the Group or the acquired business. Awards consist of shares or the right to acquire shares for a nominal value.

Details of the share awards outstanding and the weighted average exercise price of those awards are as follows:

	PSP Number	LTIP Number	DBP Number	ARA Number	Total Number	Weighted average exercise price (p)
Outstanding at 1 April 2018	9,671,932	–	470,588	–	10,142,520	24
Granted during the period	2,255,000	–	266,794	4,000,000	6,521,794	9
Exercised during the period	(136,083)	–	(470,588)	–	(606,671)	6
Expired during the period	(1,678,191)	–	–	–	(1,678,191)	(25)
Outstanding at 31 March 2019	10,112,658	–	266,794	4,000,000	14,379,452	18
Exercisable at 31 March 2019	2,499,573	–	–	–	2,499,573	22
Outstanding at 1 April 2019	10,112,658	–	266,794	4,000,000	14,379,452	18
Granted during the period	300,000	3,532,500	432,040	5,962,478	10,227,018	0
Exercised during the period	(3,878,781)	–	(266,794)	(3,147,906)	(7,293,481)	(9)
Expired during the period	(304,096)	–	–	–	(304,096)	(25)
Outstanding at 5 April 2020	**6,229,781**	**3,532,500**	**432,040**	**6,814,572**	**17,008,893**	**14**
Exercisable at the 5 April 2020	**1,174,781**	**–**	**–**	**–**	**1,174,781**	**25**

Of the share awards that expired during the period, 25,000 (2019: 1,451,385) lapsed in respect of leavers and 279,096 (2019: 226,806) expired due to failure to meet performance conditions.

The awards outstanding at 5 April 2020 had a weighted average remaining contractual life of nine years (2019: nine years).

Of the 17,008,893 awards outstanding at 5 April 2020, 6,229,781 had an exercise price of £0.25 and 10,779,112 had an exercise price of £nil.

Of the 14,379,452 awards outstanding at 31 March 2019, 10,112,658 had an exercise price of £0.25 and 4,266,794 had an exercise price of £nil.

The aggregate of the estimated fair values of the options granted during the period was $11,282,000 (2019: $6,609,000).

28. Share-based payments continued

Of the awards granted during the period, 432,040 were deferred bonus plan awards with an exercise price of £nil, a service period of one year and no performance conditions. 5,962,478 awards were acquisition retention awards with an exercise price of £nil, a service period of three years and performance conditions based on the performance of the acquired business and the achievement of synergies. The remaining 3,832,500 awards were performance share plan awards with a nil exercise price, a service period of three years and performance conditions based on the business performance and shareholder return.

The fair value of awards granted in the period was calculated at the date of grant using a Monte Carlo binomial model or a Black–Scholes model, depending on the vesting criteria of each award. Market based performance conditions are taken into account in the calculation of the fair values. Valuation model inputs were as follows:

	2020 LTIP	2019 PSP
Weighted average share price	**£0.95**	£0.90
Weighted average exercise price	**£nil**	£0.25
Expected volatility	**33%**	38%
Expected life (years)	**3.5**	3.5
Risk-free rate	**0.5%**	0.7%
Expected dividends	**2.7%**	0.0%

During the period the previous PSP scheme rules expired and were replaced by the new LTIP.

Expected volatility was determined with reference to historical volatility of the Group's share price over the previous three years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

During the year the ARA awards on 31 July 2019 were valued at their market price on the day of grant, adjusted for the expected dividend yield. The DBP awards were valued at their market price on the day of grant, being £0.80 on 5 June 2018. Post year end 316,083 shares have been awarded to the executive management team in lieu of a cash bonus award. The shares vest in June 2021 subject to continuous employment with the Group.

During the prior year the ARA and DBP awards were valued at their market price on the day of grant, being £0.89 on 11 December 2018 and £0.80 on 5 June 2018 respectively. Post year end 458,076 shares have been awarded to the executive management team in lieu of a cash bonus award. The shares vest in June 2020 subject to continuous employment with the Group.

During the period, the total expense recognised for share-based payment arrangements was as follows:

	2020 $'000	2019 $'000
PSP	**1,424**	1,278
LTIP	**607**	–
DBP	**445**	409
ARA	**5,577**	305
Share-based payment charge	**8,053**	1,992
Employers' tax charge in relation to share awards	**684**	396
	8,737	2,388

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29. Retirement benefit obligations
Defined contribution schemes
The Group operates a number of defined contribution pension schemes. Contributions to the defined contribution schemes are charged to the income statement as they fall due. The Group has no further obligations once the contributions have been made.

The total cost charged to the Group's income statement in the period was $317,000 (2019: $440,000).

Defined benefit schemes
The Group operates two defined benefit plans.

Volex Executive Pension Scheme
Volex plc (the Company) operates a defined benefit pension arrangement called the Volex Executive Pension Scheme (the Scheme). The Scheme provides benefits based on final salary and length of service on retirement, leaving service or death.

The Scheme is subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the Scheme is carried out at least once every three years to determine whether the Statutory Funding Objective is met. As part of the process the Company must agree with the Trustees of the Scheme the contributions to be paid to meet the Statutory Funding Objective. The future contributions required to meet the Statutory Funding Objective do not currently affect the balance sheet of the Scheme in these financial statements.

The most recent comprehensive actuarial valuation of the Scheme was carried out as at 31 July 2016. An actuarial valuation as at 31 July 2019 is currently in progress. In the event that the valuation reveals a larger deficit than expected the Company may be required to increase contributions above those set out in the existing Schedule of Contributions. Conversely, if the position is better than expected, contributions may be reduced.

In accordance with the Schedule of Contributions dated October 2017 the Company have agreed to pay contributions of £803,300 p.a. (payable in quarterly instalments) over the period to 4 April 2021.

The Scheme is managed by a Trustee Company, the board of which is appointed in part by the Company and in part from elections by members of the Scheme. The Trustee has responsibility for obtaining valuations of the fund, administering benefit payments and investing the Scheme's assets. The Trustee delegates some of these functions to their professional advisers where appropriate.

The Scheme exposes the Company to a number of risks:

- Investment risk. The Scheme holds investments in some asset classes which have volatile market values and while these assets are expected to provide the real returns over the long term, the short-term volatility can cause additional funding to be required if a deficit emerges.
- Interest rate risk. The Scheme's liabilities are assessed using market yields on high-quality corporate bonds to discount the liabilities. As the Scheme holds assets such as equities the value of the assets and liabilities may not move in the same way.
- Inflation risk. A significant proportion of the benefits under the Scheme are linked to inflation. Although the Scheme's assets are expected to provide a good hedge against inflation over the long term, movements over the short term could lead to deficits emerging.

There were no scheme amendments, curtailments or settlements during the period.

The key assumptions utilised are:

	Valuation at	
	2020	2019
Discount rate	**2.1%**	2.4%
Future pension increases	**2.2%**	2.5%
Inflation assumption (RPI)	**3.0%**	3.5%
Inflation assumption (CPI)	**2.2%**	2.5%

29. Retirement benefit obligations continued

The following mortality assumptions have been made:

	2020 Years	2019 Years
Future life expectancy for a pensioner currently aged 65		
– Male	**22.5**	22.0
– Female	**24.0**	23.0
Future life expectancy at age 65 for a non-pensioner currently aged 55		
– Male	**23.0**	22.5
– Female	**24.7**	23.7

Significant actuarial assumptions for the determination of the defined benefit obligations are the discount rate, inflation and life expectancy. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, assuming that all other assumptions are held constant:

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase/decrease by 0.5%	($1,142,000)/$1,270,000
Inflation	Increase/decrease by 0.5%	$846,000/($790,000)
Life expectancy	Increase/decrease by 1 year	$801,000/($830,000)

In reality one might expect interrelationships between the assumptions, especially between discount rate and inflation. The above analysis does not take the effect of these interrelationships into account.

Amounts recognised in income statement	2020 $'000	2019 $'000
Interest cost	**(476)**	(531)
Expected return on scheme assets	**429**	460
Finance costs (note 6)	**(47)**	(71)
Past service costs	**–**	(480)
Total charge to the Income statement	**(47)**	(551)

During the prior year the Group recognised a one-off pension past service cost of $480,000 as a result of Guaranteed Minimum Pension (GMP) equalisation. This is a past service cost that pension schemes that had 'contracted out' of the State Earnings Related Pension Scheme must now recognise following the Lloyds Banking Group judgement in October 2018. This judgement requires the equalisation of male and female members' benefits for the effect of unequal GMPs.

No other amounts have been recognised in the income statement in the current or prior year.

An actuarial loss of $1,343,000 (2019: gain of $305,000) has been reported in the statement of comprehensive income.

Cumulative actuarial gains/(losses) recognised in equity	2020 $'000	2019 $'000
At the beginning of the period	**(2,533)**	(2,838)
Net actuarial (losses)/gains recognised in the period	**(1,343)**	305
At the end of the period	**(3,876)**	(2,533)

Amounts recognised in the statement of financial position	2020 $'000	2019 $'000
Fair value of scheme assets	**15,887**	17,978
Present value of defined benefit obligations	**(18,585)**	(20,413)
Deficit in scheme recognised in the statement of financial position	**(2,698)**	(2,435)
Current liabilities	**(982)**	(975)
Non-current liabilities	**(1,716)**	(1,460)
	(2,698)	(2,435)

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29. Retirement benefit obligations continued
The Group has contributed $994,000 to the defined benefit pension plans in the period ended 5 April 2020 (2019: $898,000).

Movements in the present value of defined benefit obligations	2020 $'000	2019 $'000
At the beginning of the period	**(20,413)**	(22,152)
Interest cost	**(476)**	(531)
Past service costs	**–**	(480)
(Loss)/gains from changes to demographic assumptions	**(428)**	594
Experience loss on liabilities	**(469)**	–
Remeasurement loss	**(201)**	(772)
Benefits paid	**2,213**	1,312
Foreign exchange	**1,189**	1,616
At the end of the period	**(18,585)**	(20,413)

Movements in the fair value of scheme assets	2020 $'000	2019 $'000
At the beginning of the period	**17,978**	18,835
Interest on assets	**429**	460
Actuarial (losses)/gains	**(245)**	483
Contributions from the sponsoring company	**994**	898
Benefits paid	**(2,213)**	(1,312)
Foreign exchange	**(1,056)**	(1,386)
At the end of the period	**15,887**	17,978

Assets

Asset category	2020 $'000	2019 $'000
Quoted equity instruments	**7,793**	10,486
Debt instruments	**6,930**	7,167
Cash	**1,164**	325
Total	**15,887**	17,978

None of the fair values of the assets shown above include any of the Company's own financial instruments or any property occupied or other assets used by the Company (2019: $nil).

The actual return on scheme assets for the period was a gain of $184,000 (2019: a gain of $926,000).

The estimated amount of contributions expected to be paid to the Scheme during the 52 weeks to 4 April 2021 is $982,000 (2020: $975,000).

Overseas scheme
In Indonesia the Group operates an unfunded defined benefit scheme. The scheme requires continuous employment with a lump sum payable upon retirement. The actuarial liability as at the 5 April 2020 has been calculated as $776,000 by an external actuary. During the prior year the liability of $535,000 was classified within other creditors.

30. Financial instruments

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 19, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as contained in the statement of changes in equity.

The Board reviews the capital structure on a regular basis, including facility headroom, forecast working capital and capital expenditure requirements.

The Group has a multi-currency revolving credit facility ('RCF'), which had an available limit of $30,000,000 as at 5 April 2020 (2019: $30,000,000). At this date, no term loans were drawn down under this facility (2019: nil). Under the RCF, a cash pool facility exists denominated in a variety of currencies. At 5 April 2020, the cash pool was in a net cash position of $10,065,000 (2019: net overdraft position of $320,000). The average combined utilisation during the period was $2,734,000 (2019: $7,682,000). The RCF expires on 23 July 2022.

Included in note 19 is a description of undrawn facilities as at the reporting date.

The terms of the RCF require the Group to perform quarterly financial covenant calculations with respect to leverage (adjusted total debt to adjusted rolling 12-month EBITDA) and interest cover (adjusted rolling 12-month EBITDA to adjusted rolling 12-month interest). Breach of these covenants could result in cancellation of the facility. The Group was compliant with these covenants during the year and has continued to operate within these covenants in the period from 5 April 2020 to the date of issue of these financial statements.

The Board is therefore confident that the combination of the above facility and the cash on hand at the end of the year provides adequate liquidity headroom for the successful execution of the Group's operations.

The Group is not subject to externally imposed capital requirements.

Financial instruments

The Group's principal financial instruments comprise bank borrowings and overdrafts, cash and short-term deposits, trade and other receivables and trade and other payables. The Group also enters into derivative transactions, principally forward copper contracts to manage the commodity price risk arising from its operations and forward currency contracts to manage the currency risks arising from its operations.

Set out below is a comparison by category of carrying amounts and fair values of all the Group's financial instruments that are carried in the financial statements. Except as detailed below, the Directors consider that the carrying amounts of the financial assets and financial liabilities recorded at amortised cost approximate their fair values.

	Book value 2020 $'000	Book value 2019 $'000	**Fair value 2020 $'000**	Fair value 2019 $'000
Financial assets – loans and receivables				
Cash	**32,305**	20,913	**32,305**	20,913
Trade and other receivables	**59,656**	73,643	**59,656**	73,643
Financial liabilities – amortised cost				
Interest-bearing loans and borrowings	**(225)**	(320)	**(735)**	(320)
Lease liabilities	**(10,883)**	–	**(10,883)**	–
Trade and other payables	**(66,824)**	(70,432)	**(66,824)**	(70,432)
Financial derivatives for which hedge accounting has been applied				
Derivative financial instruments	**(1,819)**	374	**(1,819)**	374
Financial derivatives for which hedge accounting has not been applied				
Derivative financial instruments	**–**	–	**–**	–

The fair values of the financial derivatives above are categorised within Level 2 of the fair value hierarchy on the basis that their fair value has been calculated by management using inputs that are observable in active markets which are related to the individual asset or liability.

Notes to the Financial Statements
For the 53 weeks ended 5 April 2020 (52 weeks ended 31 March 2019)

30. Financial instruments continued
Financial risk management
Activities related to financing, monitoring and managing the financial risks relating to the operations of the Group are co-ordinated centrally. These risks include market risk (interest rate risk, currency risk and commodity price risk), credit risk and liquidity risk.

The Group seeks to minimise these risks by using derivative financial instruments to hedge these risk exposures and external borrowings denominated in currencies that match the net asset currency profile of the Group. The Board reviews and agrees policies for managing these risks and they are summarised below. The Group also monitors the market price risk arising from all financial instruments. It is, and has been throughout the periods under review, the Group's policy that no trading in financial instruments shall be undertaken.

Market risk
The Group's activities expose it primarily to the financial risks of changes in interest rates, foreign currency exchange rates and copper commodity prices.

Interest rate risk
The Group's interest rate risk arises principally from borrowings issued at variable rates which expose the Group to cash flow interest rate risk. During the current and prior year, the Group invested in 10% cumulative preference shares with its associate, Kepler SignalTek Limited. The following table sets out the carrying amount, by maturity, of the Group's financial instruments that are exposed to interest rate risk:

2020	**Within 1 year $'000**	**1–2 years $'000**	**2–3 years $'000**	**3–4 years $'000**	**4–5 years $'000**	**More than 5 years $'000**	**Total $'000**
Fixed rate							
Trade and other receivables	**–**	**1,990**	**–**	**–**	**–**	**–**	**1,990**
Bank loans and borrowings	**(79)**	**–**	**–**	**–**	**–**	**–**	**(79)**
Floating rate							
Cash assets	**32,305**	**–**	**–**	**–**	**–**	**–**	**32,305**
Bank loans and borrowings	**(656)**	**–**	**–**	**–**	**–**	**–**	**(656)**

2019	Within 1 year $'000	1–2 years $'000	2–3 years $'000	3–4 years $'000	4–5 years $'000	More than 5 years $'000	Total $'000
Fixed rate							
Trade and other receivables	–	1,825	–	–	–	–	1,825
Floating rate							
Cash assets	20,913	–	–	–	–	–	20,913
Bank loans and borrowings	(320)	–	–	–	–	–	(320)

Interest rate and sensitivity
The Group manages its exposure to interest rate risk by maintaining an appropriate mix between fixed and floating rate borrowings, and by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

Management regularly reviews the interest rate risk exposure and is currently of the view that the Group should not fix its interest rate. At 5 April 2020, the Group is exposed to floating rate interest on borrowings at a margin of 2.3% (31 March 2019: 3%) above LIBOR.

Had interest rates been 0.5% higher/0.25% lower in the period, and all other variables were held constant, Group profit before tax would have been $12,000 lower/$6,000 higher (2019: $36,000 lower/$18,000 higher). A 0.5% increase/0.25% decrease interest rate sensitivity test has been performed since this represents the Directors' assessment of a reasonably possible change in interest rates.

Foreign currency risk
The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the euro, Chinese renminbi and pound sterling. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. The Group's policy is to hedge its related translation exposures through the designation of certain amounts of its foreign currency denominated debt as a hedging instrument.

30. Financial instruments continued

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2020 $'000	2019 $'000	**2020 $'000**	2019 $'000
USD	**34,183**	29,709	**75,885**	70,143
Euro	**3,662**	7,544	**8,289**	13,123
Chinese renminbi	**14,377**	14,313	**3,675**	3,933
Pound sterling*	**9,132**	12,787	**(1,160)**	4,363
Indian rupee	**768**	947	**274**	996
Other	**6,214**	3,297	**3,085**	2,372

* Under the RCF, a cash pool facility exists over two entities, denominated in a variety of currencies. At 5 April 2020, the overall cash pool was in a net cash position of $10,065,000 (2019: net cash overdraft position of $320,000).

Foreign currency sensitivity

The following table details the Group's sensitivity to a 10% increase and decrease in US dollar against the relevant foreign currencies. The 10% rate used represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes both external loans and loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A 10% change in foreign exchange rate sensitivity test has been performed since this represents the Directors' assessment of a reasonably possible change in foreign exchange rates.

	Pounds sterling impact		Euro impact		Chinese renminbi impact	
	2020 $'000	2019 $'000	**2020 $'000**	2019 $'000	**2020 $'000**	2019 $'000
10% depreciation of US dollar against foreign currency						
(i) Profit before tax	**(1,860)**	(666)	**(668)**	(55)	**(1,338)**	(988)
(ii) Equity*	**(8,922)**	(9,393)	**2,049**	2,187	**–**	–
10% appreciation of US dollar against foreign currency						
(i) Profit before tax	**1,522**	546	**547**	45	**1,095**	808
(ii) Equity*	**7,300**	7,685	**(1,676)**	(1,789)	**–**	–

(i.) The main exposure impacting profit before tax is on Chinese renminbi monetary liabilities in the Group at the reporting date.

(ii.) This is mainly attributable to changes in the carrying value of intercompany loans for which settlement is not planned.

* Excludes any deferred tax impact.

Notes to the Financial Statements
For the 53 weeks ended 5 April 2020 (52 weeks ended 31 March 2019)

30. Financial instruments continued
Copper commodity price risk
Copper price volatility is the single largest commodity price exposure facing the Group. Many of the Group's products, in particular power cords used in the Power Products division, are manufactured from components that contain significant amounts of copper. Where possible, the Group will pass on copper price movements to its customers. In order to mitigate the remaining volatility associated with copper, the Group has entered into arrangements with its key suppliers to purchase copper. Coupled with these purchases, the Group has entered into a number of contracts with financial institutions which are linked to the average copper price as published by the London Metal Exchange ('LME'). These contracts have been deemed cash flow hedges of forecast future copper purchases. At the reporting date, the open copper contracts are as follows:

Copper cash flow hedges	**2020**		2019	
Contracted copper price	**Contracted volume (MT)**	**Fair value $'000**	Contracted volume (MT)	Fair value $'000
$5,500–$6,000	**240**	**(141)**	150	77
$6,000–$6,500	**85**	**(106)**	150	38
$6,500–$7,000	**–**	**–**	50	(2)
$7,000–$7,500	**–**	**–**	–	–
	325	**(247)**	350	113

All contracts expire within 12 months of 5 April 2020.

Liquidity risk
The Group manages liquidity risk by maintaining adequate banking facilities, regular monitoring of forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note 19 is a description of undrawn facilities as at the reporting date.

In addition to the banking facilities available to the Group, the Group has access to a non-recourse invoice discounting facility. Under the terms of the arrangement, the Group can sell up to $15 million of trade receivables associated with a specific customer. As at 5 April 2020, the Group had utilised $0.1 million (2019: $0.4 million) of this facility.

The following table analyses the Group's financial liabilities into relevant maturity groupings to show the timing of cash flows associated with the financial liabilities from the reporting date to the contracted maturity date. The amounts disclosed represent the contracted undiscounted cash flows (based on the earliest date on which the Group may be required to pay).

2020	**Carrying amount $'000**	**Contractual cash flows $'000**	**Within 1 year $'000**	**1–2 years $'000**	**2–5 years $'000**	**More than 5 years $'000**
Non-derivative financial liabilities						
Trade and other payables	**(66,824)**	**(68,824)**	**(66,570)**	**(25)**	**(178)**	**(51)**
Bank overdrafts and loans	**(225)**	**(734)**	**(734)**	**–**	**–**	**–**
Lease liabilities	**(10,883)**	**(12,910)**	**(3,590)**	**(2,633)**	**(4,740)**	**(1,947)**
Derivative financial liabilities						
Copper commodity contracts	**(247)**	**(247)**	**(247)**	**–**	**–**	**–**
Derivative financial instruments	**(1,572)**	**(1,572)**	**(1,572)**	**–**	**–**	**–**

2019	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	1–2 years $'000	2–5 years $'000	More than 5 years $'000
Non-derivative financial liabilities						
Trade and other payables	(68,277)	(68,277)	(68,486)	(26)	–	(765)
Bank overdrafts and loans	(320)	(320)	(320)	–	–	–
Derivative financial liabilities						
Copper commodity contracts	–	–	–	–	–	–

30. Financial instruments continued

Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables. Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

Bank and cash balances comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates to their fair value. The credit risk on these assets is limited because the counterparties are predominantly financial institutions with investment-grade credit ratings assigned by international credit rating agencies.

The Group's credit risk is therefore primarily attributable to its trade receivables. The Group's customers are predominantly large blue chip OEMs, contract equipment manufacturers and distributors. The Group regularly reviews the creditworthiness of significant customers and credit references are sought for major new customers where relevant. The Board recognises that credit risk is a feature of all businesses, especially international businesses. However, it believes that all reasonable steps to mitigate any loss are taken.

The net amount of trade receivables reflects the maximum credit exposure to the Group. No other guarantees or security have been given. For further information on the credit risk associated with trade and other receivables, see note 18.

31. Contingent liabilities

As a global Group, subsidiary companies, in the normal course of business, engage in significant levels of cross-border trading. The customs, duties and sales tax regulations associated with these transactions are complex and often subject to interpretation. While the Group places considerable emphasis on compliance with such regulations, including appropriate use of external legal advisers, full compliance with all customs, duty and sales tax regulations cannot be guaranteed.

Through the normal course of business, the Group provides manufacturing warranties to its customers and assurances that its products meet the required safety and testing standards. When the Group is notified that there is a fault with one of its products, the Group will provide a rigorous review of the defective product and its associated manufacturing process and, if found at fault and contractually liable, will provide for costs associated with recall and repair as well as rectify the manufacturing process or seek recompense from its supplier. The Group does not provide for such costs where fault has not yet been determined and investigations are ongoing.

The Company enters into financial guarantee contracts to guarantee the indebtedness of other Group companies. The Company considers these to be insurance arrangements and treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

32. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this section of the note.

The Group's other related party transactions were the remuneration of key management personnel (refer to note 9). Details of Directors' remuneration for the period are provided in the Directors' Remuneration Report on page 61. Family members of one of the Directors received $nil (2019: $6,000) for services provided during the year.

As explained in note 16, the Group has a 26.09% interest in Kepler SignalTek Limited, which is accounted for as an associate. During the prior year the Company invested $1,300,000 in redeemable preference shares taking its total investment to $2,000,000 ($1,700,000 preference shares and $300,000 equity investment). During the period the Group accrued financial income of $196,000 on the preference shares (2019: $117,000). The balance due from the associate as at the period end date was $1,990,000 (2019: $1,825,000).

The Group also has a 43% interest in Volex-Jem Co. Ltd. During the period the Group purchased $115,000 (2019: $4,067,000) of materials from Volex-Jem Cable Precision (Dongguan) Co., Limited an entity controlled by Volex-Jem Co. Ltd. The balance due to the associate as at the period end date was $81,000 (2019: $1,141,000).

33. Events after the balance sheet date

There are no disclosable events after the balance sheet date.

Notes to the Financial Statements

For the 53 weeks ended 5 April 2020 (52 weeks ended 31 March 2019)

34. Business combinations

The fair value adjustments associated with the acquisitions are provisional and will be finalised within 12 months of the acquisition date. Any resulting changes in the fair values will have an impact on the acquisition accounting and will result in a reallocation between the assets and goodwill and a possible adjustment to the amortisation charge shown in the income statement. None of the goodwill recognised is expected to be deductible for income tax purposes.

Servatron Inc

On 31 July 2019 Volex plc completed the acquisition of Servatron Inc ('Servatron'), a North American-based manufacturer of printed circuit board assemblies ('PCBA'), box builds and complete sub-assembly solutions. Servatron's business is a complementary fit with Volex's strategy to maintain and build leading positions in niche sectors with structural growth drivers and defensive characteristics. Servatron adds complementary technologies including PCBA manufacturing, state-of-the-art test capabilities, and higher-level system integration.

Combining complex assemblies expertise and R&D skills will drive revenues for the Group and strengthen its footprint in North America. The acquisition provides the opportunity to increase organic growth through value-added services for existing cable harness customers and incorporates a skilled local workforce and management team into the business.

The purchase has been accounted for as a business combination. Details of the purchase consideration, the net assets acquired and goodwill are as follows:

Fair value of consideration transferred	**$'000**
Cash paid	13,355
Ordinary shares issued	2,574
Contingent consideration	3,230
Total purchase consideration	**19,159**

The fair value of the 2,233,712 shares issued as part of the consideration was based on the published closing share price on 31 July 2019, the last trading date preceding the share issue of £0.93.

The contingent consideration is dependent upon certain EBITDA targets being met during the 2019 and 2020 calendar years. The fair value above has been based on the probable outcome of each based upon the information available at 5 April 2020.

As part of the acquisition it was agreed that 3,000,000 share options would be granted to incentivise and retain key local management. The options are dependent upon Servatron achieving certain profit and employment targets. As these options are conditional on continued employment, these are accounted for as an post-acquisition expense.

Servatron exceeded the 2019 EBITDA targets and as such the first instalments of the contingent consideration and first tranche of share options vested in early 2020.

The provisional fair value amounts recognised in respect of the identifiable assets acquired and liabilities assumed are set out in the table below:

	Provisional fair value $'000
Identifiable intangible assets	10,500
Other intangibles	49
Right-of-use assets	3,464
Property, plant and equipment	889
Inventories	5,483
Trade receivables	5,019
Trade payables	(1,040)
Other debtors and creditors	(2,483)
Overdraft	(3,677)
Bank loan	(135)
Deferred taxes	(2,464)
Lease liabilities	(4,009)
Total identifiable assets	**11,596**
Goodwill	7,563
Consideration	**19,159**

34. Business combinations continued

An exercise has been conducted to assess the provisional fair value of assets and liabilities acquired. This exercise identified customer relationships and order backlog intangible assets.

The fair value adjustments are provisional and will be finalised within 12 months of the acquisition date. Any resulting changes in the fair values will have an impact on the acquisition accounting and will result in a reallocation between the assets and goodwill and a possible adjustment to the amortisation charge shown in the income statement.

The provisional goodwill balance recognised above includes certain intangible assets that cannot be separately identified and measured due to their nature. This includes control over the acquired business, the skills and experience of the assembled workforce, and the anticipated synergies arising on integration.

In FY2020, Servatron contributed $26,376,000 to Group revenue and $2,621,000 to adjusted operating profit. Associated acquisition costs of $98,000 and intangible asset amortisation of $2,747,000 have both been expensed as adjusting items in the period. If Servatron had been acquired at the beginning of the year, it would have contributed estimated revenues of $41,248,000 and estimated operating profit of $3,746,000 to the results of the Group.

Ta Hsing Industries Limited

On 26 June 2019 the Group completed the acquisition of Ta Hsing Industries Limited ('Ta Hsing'), a supplier of power cables to the Power Products division. Ta Hsing has a manufacturing site in Shenzhen, in the People's Republic of China, and is headquartered in Hong Kong. The acquisition allows Volex to vertically integrate the in-house production of PVC resin and cable extrusion capabilities, while also expanding the design and manufacturing capability. The acquisition also brings a small number of new customers to Volex.

The purchase has been accounted for as a business combination. Details of the purchase consideration, the net assets acquired and goodwill are as follows:

Fair value of consideration transferred	**$'000**
Cash paid	3,575
Contingent consideration	1,822
Total purchase consideration	**5,397**

The contingent consideration is payable in three instalments across the calendar years 2020 and 2021. The consideration has been measured at fair value based on the probable outcome of each based upon the information available at 5 April 2020. The instalments are dependent upon a new lease agreement being obtained for the primary manufacturing site and warranty claims.

The provisional fair value amounts recognised in respect of the identifiable assets acquired and liabilities assumed are set out in the table below:

	Provisional fair value $'000
Property, plant and equipment	584
Right of use asset	379
Inventories	1,370
Trade receivables	5,472
Trade payables	(694)
Other debtors and creditors	(663)
Cash and cash equivalent	854
Short-term bank loan	(2,948)
Lease liabilities	(379)
Deferred taxes	(146)
Total identifiable assets	**3,829**
Goodwill	1,568
Consideration	**5,397**

Notes to the Financial Statements

For the 53 weeks ended 5 April 2020 (52 weeks ended 31 March 2019)

34. Business combinations continued

An exercise has been conducted to assess the provisional fair value of assets and liabilities assumed. This exercise included an independent external valuation of the machinery located in the Shenzhen facility. Following this review, a $574,000 increase to the book value of the property, plant and equipment was recorded. Since Volex was Ta Hsing's largest customer, the Group has not recognised an intangible associated with the customer relationship or open order book that Ta Hsing had with Volex at the acquisition date due to the definition of an asset not being met, as no future economic benefits will be derived from outside the Group.

The fair value adjustments are provisional and will be finalised within 12 months of the acquisition date. Any resulting changes in the fair values will have an impact on the acquisition accounting and will result in a reallocation between the assets and goodwill and a possible adjustment to the amortisation charge.

The provisional goodwill balance recognised above includes certain intangible assets that cannot be separately identified and measured due to their nature. This includes control over the acquired business, the skills and experience of the assembled workforce, and the anticipated synergies arising on integration.

Immediately after the acquisition, the Group funded Ta Hsing with $2,948,000 in order that it could pay off its external loan. This funding has been recorded as an intercompany balance between Volex Cables (HK) Limited and Ta Hsing and therefore has been excluded from the consideration paid.

In FY2020, Ta Hsing contributed $1,618,000 to the Group's external revenue and $335,000 to adjusted operating profit. Associated acquisition costs of $58,000 have been expensed as adjusting items in the period. If Ta Hsing had been acquired at the beginning of the year, it would have contributed estimated revenues of $3,104,000 and estimated operating profit of $529,000 to the results of the Group.

Net cash outflow on acquisitions	$'000
Cash consideration	
– Servatron	13,355
– Ta Hsing	3,575
Total cash consideration	**16,930**
Add: overdraft and short-term debt liabilities acquired	
– Servatron	3,677
– Ta Hsing	2,094
Net cash outflow	**22,701**
Payment of contingent consideration	
– Servatron	1,728
– Silcotec Europe	1,122
Net cash outflow	**2,850**

Company Statement of Financial Position

As at 5 April 2020 (31 March 2019)

	Notes	Company 2020 £'000	RESTATED[1] 2019 £'000	RESTATED[1] 2018 £'000
Non-current assets				
Other intangible assets	4	**15**	46	44
Property, plant and equipment	5	**4**	2	2
Right of use assets	6	**16**	–	–
Investments	7	**109,824**	91,508	73,572
Other receivables	9	**16**	72	44
		109,875	91,628	73,662
Current assets				
Inventories	8	**2,259**	2,273	1,428
Trade receivables	9	**5,807**	9,725	5,815
Other receivables	9	**8,508**	14,822	3,742
Current tax assets		**192**	108	–
Derivative financial instruments		**–**	354	137
Cash and bank balances		**7,985**	2,651	34
		24,751	29,933	11,156
Total assets		**134,626**	121,561	84,818
Current liabilities				
Borrowings	10	**–**	–	1,275
Trade payables	11	**254**	189	214
Other payables	11	**22,780**	22,095	22,248
Lease liability	10	**17**	–	–
Provisions	11	**406**	–	–
Derivative financial instruments		**1,270**	–	–
Retirement benefit obligation	13	**803**	750	675
		25,530	23,034	24,412
Net current (liabilities)/assets		**(779)**	6,899	(13,256)
Non-current liabilities				
Borrowings	10	**–**	–	9,290
Other payables	11	**1,246**	19,570	19,512
Deferred tax liabilities	12	**–**	–	–
Retirement benefit obligation	13	**1,402**	1,123	1,689
		2,648	20,693	30,491
Total liabilities		**28,178**	43,727	54,903
Net assets		**106,448**	77,834	29,915
Equity attributable to owners of the parent				
Share capital	15	**37,955**	36,842	22,564
Share premium account	15	**33,746**	32,227	4,165
Non-distributable reserve	17	**–**	781	781
Hedging and translation reserve		**(3,350)**	(3,216)	(2,688)
Merger reserve		**8,224**	8,224	8,224
Retained earnings		**29,873**	2,976	(3,131)
Total equity		**106,448**	77,834	29,915

1. Restated: Due to change in presentational currency, see note 2.2 for further details.

The profit after tax for the period of the Company amounted to £22,933,000 (2019: profit of £4,468,000). The financial statements on pages 125 to 140 of Volex plc (company number: 158956) were approved by the Board of Directors and authorised for issue on 18 June 2020. They were signed on its behalf by:

Nathaniel Rothschild
Executive Chairman

Daren Morris
Chief Financial Officer

Company Statement of Changes in Equity

For the 53 weeks ended 5 April 2020 (52 weeks ended 31 March 2019)

	Share capital £'000	Share premium account £'000	Non-distributable reserves £'000	Hedging and translation reserve £'000	Merger reserve £'000	Retained earnings/ accumulated losses £'000	Total equity £'000
RESTATED[1]							
Balance at 1 April 2018	22,564	4,165	781	(2,688)	8,224	(3,131)	29,915
Profit for the period attributable to the owners of the parent	–	–	–	–	–	4,468	4,468
Other comprehensive income for the period	–	–	–	(528)	–	237	(291)
Total comprehensive (loss)/ income for the period	–	–	–	(528)	–	4,705	4,177
Shares issued	14,161	28,062	–	–	–	–	42,223
Exercise of deferred bonus shares	117	–	–	–	–	(117)	–
Credit to equity for equity-settled share-based payments	–	–	–	–	–	1,519	1,519
Balance at 31 March 2019	**36,842**	**32,227**	**781**	**(3,216)**	**8,224**	**2,976**	**77,834**
Profit for the period attributable to the owners of the parent	**–**	**–**	**–**	**–**	**–**	**22,933**	**22,933**
Other comprehensive loss for the period	**–**	**–**	**–**	**(134)**	**–**	**(1,068)**	**(1,202)**
Total comprehensive (loss)/ income for the period	**–**	**–**	**–**	**(134)**	**–**	**21,865**	**21,731**
Shares issued	**1,046**	**1,519**	**–**	**–**	**–**	**–**	**2,565**
Exercise of deferred bonus shares	**67**	**–**	**–**	**–**	**–**	**(67)**	**–**
Issue of shares by employment benefit trust	**–**	**–**	**(781)**	**–**	**–**	**781**	**–**
Dividend paid	**–**	**–**	**–**	**–**	**–**	**(1,497)**	**(1,497)**
Credit to equity for equity-settled share-based payments	**–**	**–**	**–**	**–**	**–**	**5,815**	**5,815**
Balance at 5 April 2020	**37,955**	**33,746**	**–**	**(3,350)**	**8,224**	**29,873**	**106,448**

[1] Restated: Due to change in presentational currency, see note 2.2 for further details.

1. General Information

Volex plc (the Company) is a public company limited by shares incorporated in the United Kingdom under the Companies Act and is registered in England and Wales. Its shares are listed on AIM, a market on the London Stock Exchange. The address of the registered office is given on page 142.

The principal activities of the company are the manufacture and sale of power and data cables, and to act as the ultimate holding company of the Volex group.

2. Significant accounting policies

2.1 Basis of preparation

The separate financial statements of the Company are drawn up in accordance with the Companies Act 2006 and Financial Reporting Standard 101 'Reduced disclosure framework', (FRS 101). Previously, the Company adopted International Financial Reporting Standards (IFRSs) as adopted by the European Union, on transition to FRS 101 no adjustments were recorded. The Company will continue to prepare its financial statements in accordance with FRS 101 on an ongoing basis until such time as it notifies shareholders of any change to its chosen accounting framework.

The Company financial statements have been prepared using the historical cost convention, as modified by the revaluation of certain financial assets and financial liabilities and in accordance with the UK Companies Act 2006. The financial statements have been prepared on a going concern basis. The following exemptions available under FRS 101 have been applied:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined);
- IFRS 7 'Financial Instruments: Disclosures';
  - Paragraph 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
  - Paragraph 38 of IAS 1 'Presentation of financial statements' comparative information requirements in respect of paragraph 79(a)(iv) of IAS 1;
  - paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period).
- The following paragraphs of IAS 1 'Presentation of financial statements':
  - 10(d) (statement of cash flows);
  - 16 (statement of compliance with all IFRS);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirement for minimum of two primary statements, including cash flow statements);
  - 38B-D (additional comparative information);
  - 111 (cash flow statement information); and
  - 134-136 (capital management disclosures).
- IAS 7 'Statement of cash flows';
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- The requirements in IAS 24 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.
- Paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases.

The Company has elected to take the exemption under section 408 of the Companies Act 2006 to not present the parent company statement of comprehensive income (and separate income statement). The profit for the parent company for the period was £22,933,000 (2019: profit of $4,468,000).

2.2 Restatement: Change in presentation currency

The Company's functional currency is GBP. The Company has elected to change its presentational currency to GBP from USD from 1 April 2019. This was to provide greater transparency to the distributable reserves position of the Company. A change in presentational currency is a change in accounting policy which is accounted for retrospectively. Financial information included in the consolidated financial statements for the period ended 31 March 2019 previously reported in US Dollars has been restated into GBP using the procedures outlined below:

- Assets and liabilities denominated in non-GBP currencies were translated into GBP at the closing rates of exchange on the relevant balance sheet date;
- Non-GBP income and expenditure were translated at the average rates of exchange prevailing for the relevant period; and
- Share capital, share premium and the other reserves were translated at the historic rates prevailing on the date of each transaction. The cumulative foreign currency translation reserve has been restated on the basis that the Company has reported in GBP since 2009, when the presentational currency of the Company was changed to US Dollars.

Notes to the Financial Statements
For the 53 weeks ended 5 April 2020 (52 weeks ended 31 March 2019)

2. Significant accounting policies continued
2.3 Revenue recognition
Revenue is recognised in accordance with the satisfaction of performance obligations of contracts. The majority of the Company's contracts have just one performance obligation which is the delivery of goods, which under IFRS 15 is recognised at a single point, on delivery or pick-up depending on the agreed terms with the customer. This is normally when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has concluded that it is the principal in its revenue arrangements. Revenue is measured at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes. The Company's revenues are derived from Europe.

2.4 Business combinations
Acquisitions are accounted for using the acquisition method as described in the business combinations accounting policy. This includes the determination of fair values for assets and liabilities acquired, including the separate identification of intangible assets, which use assumptions and estimates and are therefore subjective. The Group has developed a process to meet the requirements of IFRS 3 including the separate identification of customer relationship intangible assets based on estimated future performance and customer attrition rates. External valuation specialists are used where appropriate.

2.5 Investments
Investments are stated at cost and reviewed for impairment if there are indicators that the carrying value may not be recoverable. An impairment loss is recognised to the extent that the carrying amount cannot be recovered either by selling the asset or by continuing to hold the asset and benefiting from the net present value of the future cash flows of the investment. Where subsidiary undertakings incur charges for share-based payments in respect of share options and awards granted by the Company, a capital contribution in the same amount is recognised as an investment in subsidiary undertakings with a corresponding credit to shareholders' equity.

2.6 Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Cost includes the original purchase price of the asset and any further costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land which is not depreciated) less their residual values over their useful lives, using the straight-line method, on the following basis:

Freehold and long leasehold buildings	up to 50 years or period of lease, if shorter
Plant and machinery	3 to 15 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

2.7 Intangible assets – computer software and licences
Computer software is stated at cost less accumulated depreciation and any recognised impairment loss. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and use the specific software. These costs are included in the statement of financial position within intangible assets and are amortised straight-line over their estimated useful lives of between three and five years. Costs associated with maintaining computer software are recognised as an expense as incurred.

2.8 Leases
Upon commencement of a lease, a right-of-use asset and corresponding liability are recognised. The liability is initially measured at the present value of the future lease payments for the lease term. The depreciation of the right-of-use asset and interest on the lease liability will be recognised in the income statement over the lease term. Leases with terms less than 12 months or deemed low value are not capitalised.

The Company has applied IFRS 16 using the modified retrospective approach under which the cumulative effect of initial application has been recognised in retained earnings on 1 April 2019. The comparative information has not been restated and continues to be reported under IAS 17.

As part of the transition the Company adopted a number of the practical expedients:
- Leases less than 12 months at transition have been treated as short-life leases;
- Leases of low value (defined as less than $5k) continue to be accounted for under an accruals basis; and
- A portfolio approach has been adopted which allows a single discount rate to be applied to a portfolio of leases with reasonably similar characteristics.

2. Significant accounting policies continued

2.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using a standard cost methodology and adjusted for material variances such that the adjusted figure represents direct materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Provision is made for obsolete, slow moving or defective items where appropriate.

2.10 Trade and other receivables

For trade receivables, the Company applies the simplified approach permitted by IFRS 9, resulting in trade receivables recognised and carried at original invoice amount less an allowance for any uncollectible amounts based on expected credit losses. The Company assesses on a forward-looking basis the expected credit losses associated with its receivables carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

2.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

2.12 Borrowings

Interest-bearing loans and overdrafts are recognised initially at fair value, net of transaction costs incurred. Subsequent to initial recognition, borrowings are measured at amortised cost, using the effective interest rate method.

2.13 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.14 Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately.

A derivative is classified as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Further details of derivative financial instruments are disclosed in note 30 to the consolidated financial statements.

2.15 Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is recognised in other comprehensive income or directly in equity, respectively.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax rates and laws that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Notes to the Financial Statements
For the 53 weeks ended 5 April 2020 (52 weeks ended 31 March 2019)

2. Significant accounting policies continued

2.15 Taxation continued

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

2.16 Share-based payment transactions

Certain senior employees within the Group (including executives) receive remuneration in the form of share-based payment transactions where the individuals are compensated for services they provide with consideration in the form of equity instruments. The parent Company settles the award by delivering its own equity instruments to the employees of the subsidiary.

The cost of equity-settled transactions with employees is measured with reference to the fair value of the equity instrument at the date they are granted and is recognised as an expense over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the employee becomes fully entitled to the award.

No expense is recognised for awards that do not ultimately vest as a result of not meeting performance or service conditions. Where all service and performance vesting conditions have been met, the awards are treated as vesting, irrespective of whether or not the market condition is satisfied, as market conditions have been reflected in the fair value of the equity instruments.

The fair value determined at the date of grant of the equity-settled share-based payments is expensed to the income statement on a straight-line basis over the vesting period, based on the estimate of the number of options that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity

The fair value of the Company's employee services received in exchange for the grant of the options is recognised as an expense. A credit is recognised directly in shareholders' funds. The issuance by the Company of share options and awards to employees of its subsidiaries represents additional capital contributions to its subsidiaries. An addition to the Company's investment in subsidiaries is recorded with a corresponding increase in equity shareholders' funds. The additional capital contribution is determined based on the fair value of options and awards at the date of grant and is recognised over the vesting period.

2.17 Retirement benefits

The Company has both defined benefit and defined contribution retirement benefit schemes, the former of which is now closed to new entrants. The retirement benefit obligation recognised in the company statement of financial position represents the deficit or surplus in the Company's defined benefit scheme. For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations carried out at the end of each reporting period.

Defined benefit costs are split into three categories:

- Remeasurement;
- Net interest expense or income; and
- Past service cost and gains and losses on curtailments and settlements.

Remeasurement comprises actuarial gains and losses, the effect of the asset ceiling (where applicable) and the return on scheme assets (excluding interest). These costs are recognised immediately in the statement of financial position with a charge or credit to the statement of comprehensive income in the period in which they occur. Remeasurement recorded in the statement of comprehensive income is not recycled. Net interest is calculated by applying a discount rate to the net defined benefit liability or asset and is recognised within finance costs. As the defined benefit scheme is now closed, no service cost is incurred.

Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

2.18 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

2.19 Merger reserve

The merger reserve was derived from acquisitions made under old UK GAAP prior to the transition to IFRS.

2.20 Dividend distribution

Dividend distributions to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

2. Significant accounting policies continued

2.21 Critical accounting judgements and key sources of estimation uncertainty

The preparation of Company financial statements in conformity with FRS 101 requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Company financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The key area of judgement that has the most significant effect on the amounts recognised in the financial statements is the review for impairment of investment carrying values.

3. Staff costs

The average monthly number of employees (including Executive Directors) was:

	2020 Number	2019 Number
Sales and distribution	**2**	4
Administration	**11**	9
	13	13

Their aggregate remuneration comprised:

	2020 £'000	2019 £'000
Wages and salaries	**2,237**	1,655
Social security costs	**206**	238
Other pension costs (note 13)	**128**	138
	2,571	2,031

Details of Directors' remuneration, share options, pension contributions, pension entitlements, fees for consulting services and interests for the period required by the Companies Act 2006 are provided in the Directors' Remuneration Report on pages 57 to 65 and form part of the financial statements.

4. Other intangible assets

	Software and licences	
	2020 £'000	2019 £'000
Cost		
At the beginning of the period	**2,388**	2,354
Additions	**–**	34
At the end of the period	**2,388**	2,388
Accumulated amortisation		
At the beginning of the period	**2,342**	2,310
Amortisation charge for the period	**31**	32
At the end of the period	**2,373**	2,342
Carrying amount at the end of the period	**15**	46
Carrying amount at the beginning of the period	**46**	44

Notes to the Financial Statements
For the 53 weeks ended 5 April 2020 (52 weeks ended 31 March 2019)

5. Property, plant and equipment

	2020 £'000	2019 £'000
Cost		
At the beginning of the period	**319**	319
Additions	**3**	2
Disposals	**–**	(2)
At the end of the period	**322**	319
Accumulated depreciation and impairment		
At the beginning of the period	**317**	317
Depreciation charge for the period	**1**	1
Disposals	**–**	(1)
At the end of the period	**318**	317
Carrying amount at the end of the period	**4**	2
Carrying amount at the beginning of the period	**2**	2

6. Right-of-use asset
This note provides information for leases where the Company is the lessee. As permitted under the specific transition provisions in the standard the Company has adopted IFRS 16 Leases retrospectively from 1 April 2019. At transition the Company only had two operating leases.

	2020 £'000
Cost	
At the beginning of the period	**–**
Adoption of IFRS 16	**135**
At the end of the period	**135**
Accumulated depreciation and impairment	
At the beginning of the period	**–**
Depreciation charge for the period	**119**
At the end of the period	**119**
Carrying amount at the end of the period	**16**
Carrying amount at the beginning of the period	**–**

6. Right-of-use asset continued

a) Amounts recognised in the balance sheet

	5 April 2020 £'000	On transition 1 April 2019 £'000
Right-of-use assets		
Buildings	–	101
Vehicles	**16**	34
	16	135
Lease liability		
Current	**17**	–

Additions during the period to the right-of-use assets were nil.

b) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	5 April 2020 £'000
Depreciation charge of right-of-use assets	
Buildings	**101**
Vehicles	**18**
	119
Interest expense (included in finance cost)	**3**

Notes to the Financial Statements
For the 53 weeks ended 5 April 2020 (52 weeks ended 31 March 2019)

7. Investments
The Company's fixed asset investments comprise investments in wholly-owned subsidiary undertakings and permanent loans as follows:

	Shares £'000	Loans £'000	Total £'000
Cost			
At 1 April 2018	34,333	56,224	90,557
Additions	17,191	3,317	20,508
Repayment	–	(5,407)	(5,407)
Exchange differences	–	3,618	3,618
At 31 March 2019	51,524	57,752	109,276
Additions	15,572	11,309	26,881
Repayment	–	(10,806)	(10,806)
Exchange differences	–	2,823	2,823
At 5 April 2020	**67,096**	**61,078**	**128,174**
Accumulated depreciation and impairment			
At 1 April 2018	5,190	11,795	16,985
Impairment	–	–	–
Exchange differences	–	783	783
At 31 March 2019	5,190	12,578	17,768
Impairment	–	–	–
Exchange differences	–	582	582
At 5 April 2020	**5,190**	**13,160**	**18,350**
Carrying amount			
At 5 April 2020	**61,906**	**47,918**	**109,824**
At 31 March 2019	46,334	45,174	91,508
At 1 April 2018	29,143	44,429	73,573

In the United Kingdom, the Company includes three operational branches, Volex Powercords Europe, Volex Europe Cable Assemblies and Volex Sweden. Details of the Company's subsidiary undertakings are set in note 20 'Related undertakings'. Investments in subsidiaries are all stated at cost less provision for impairment.

On the 31 July 2019 the company acquired Servatron Inc for consideration of £15,075,000. Following this acquisition the Company decided to consolidate the Group's North American subsidiaries under a common holding Company. On the 23 August 2019 MC Electronics was contributed to Volex Holdings Inc in exchange for additional shares in Volex Holdings Inc. A gain of £302,000 has been recognised on the remeasurement of the fair value of the transaction.

On the 31 August 2019 Servatron was contributed to Volex Holdings Inc in exchange for additional share capital in Volex Holdings Inc. The fair value consideration of £15,075,000 was satisfied by way of additional share in Volex Holdings Inc. On the 1 April 2020 the Company also acquired Volex Europe (No.1) Limited for £196,000.

All loans are carried at amortised cost. In the 53 weeks to 5 April 2020, the Company's loans with Volex Group Holdings Limited accrued interest at 2.8% and between 3% – 6% with Volex Poland SP z.o.o. All other loans did not accrue interest. Repayments were also received from Volex Inc, MC Electronics LLC and Volex Poland SP z.o.o during the period.

During the prior period the Company acquired the trade and assets of Silcotec Europe Limited on 8 June 2018. On the same day, the Company disposed of the trade and assets of Silcotec Europe Limited (with the exception of 11% of the share capital of Silcotec Europe SK, the entity that owns the Slovakian factory) to Volex Europe Limited, a wholly owned subsidiary of the Company, with consideration satisfied by way of an intercompany loan.

During the period the Company received four dividends (2019: two) totalling £27,546,000 (2019: £4,955,000) from its subsidiaries Volex Group Holdings Limited and Volex Europe No.1 Limited.

8. Inventories

	2020 £'000	2019 £'000	2018 £'000
Raw materials	–	1	–
Finished goods	**2,259**	2,272	1,428
	2,259	2,273	1,428

9. Trade and other receivables

Trade receivables	2020 £'000	2019 £'000	2018 £'000
Amounts receivable for the sale of goods	**5,894**	9,725	5,815
Allowance for doubtful debts	**(87)**	–	–
	5,807	9,725	5,815
Other receivables			
Amounts due from Group undertakings	**7,448**	14,086	3,367
Other debtors	**799**	578	213
Prepayments	**277**	230	206
	8,524	14,894	3,786
Due for settlement within 12 months	**8,508**	14,822	3,742
Due for settlement after 12 months	**16**	72	44
	8,524	14,894	3,786

10. Borrowings and lease liability

	2020 £'000	2019 £'000	2018 £'000
Unsecured borrowings at amortised cost			
Bank overdrafts	–	–	1,275
Secured borrowings at amortised cost			
Bank loans	–	–	9,290
Lease liability	**17**	–	–
Total borrowings at amortised cost	**17**	–	10,565
Amount due for settlement within 12 months	**17**	–	1,275
Amount due for settlement after 12 months	–	–	9,290
	–	–	10,565

Debt issue costs of £417,000 are included in other debtors at 5 April 2020 (31 March 2019 £74,000) because the bank loan balance is nil. At 1 April 2018 debt issue costs of £368,000 were included within the total bank loan balance shown above.

Notes to the Financial Statements

For the 53 weeks ended 5 April 2020 (52 weeks ended 31 March 2019)

11. Trade and other payables

	2020 £'000	2019 £'000	2018 £'000
Trade payables	**254**	189	214
Other payables			
Amounts owed to Group undertakings	**18,780**	38,140	39,494
Other taxes and social security	**84**	463	220
Accruals and deferred income	**5,162**	3,062	2,046
	24,026	41,665	41,760
Due for settlement within 12 months	**22,780**	22,095	22,248
Due for settlement after 12 months	**1,246**	19,570	19,512
	24,026	41,665	41,760

Amounts owed to Group undertakings are unsecured and non-interest bearing. The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

During the period the Company recognised a provision of £406,000 related to a specific product warranty claim. The amount represents the Directors' best estimate, based upon past experience, of the Group's liability. The timing of the cash outflow with respect to these claims is uncertain.

12. Deferred tax

At the reporting date, the Company had unused tax losses of £63,708,000 (2019: £61,602,000) available for offset against future profits. Of this amount £15,446,000 (2019: £15,222,000) are post-31 March 2017. The Company has not recognised any deferred tax assets in respect of these unused tax losses or other temporary differences as the future use of these assets is uncertain. The losses may be carried forward indefinitely.

13. Retirement benefit obligation

Defined benefit scheme

The company operates a defined benefit pension arrangement called the Volex Executive Pension Scheme (the 'Scheme'). The Scheme provides benefits based on final salary and length of service up on retirement, leaving service or death.

The Scheme is subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the Scheme is carried out at least once every three years to determine whether the Statutory Funding Objective is met. As part of the process the Company must agree with the Trustees of the Scheme the contributions to be paid to meet the Statutory Funding Objective. The future contributions required to meet the Statutory Funding Objective do not currently affect the balance sheet of the Scheme in these financial statements.

The most recent comprehensive actuarial valuation of the Scheme was carried out as at 31 July 2016. An actuarial valuation as at 31 July 2019 is currently in progress. In the event that the valuation reveals a larger deficit than expected the Company may be required to increase contributions above those set out in the existing Schedule of Contributions. Conversely, if the position is better than expected, it's possible that contributions may be reduced.

In accordance with the Schedule of Contributions dated October 2017 the Company have agreed to pay contributions of £803,300 p.a. (payable in quarterly instalments) over the period to 4 April 2021.

Further details of the scheme and assumptions associated with the actuarial valuation are provided in note 29 to the Group financial statements.

Defined contribution scheme

The Company operates a Group personal pension plan for employees and pays contributions to administered pension insurance plans. Contributions to the defined contribution schemes are charged to the income statement as they fall due. The Group has no further obligations once the contributions have been made. The total cost charged to the Company's income statement in the period was £128,000 (2019: £138,000).

14. Share-based payments

The Company currently uses a number of equity-settled share plans to grant options and shares to the Directors and employees of its subsidiaries. Full details of share-based payments, share option schemes and share plans are disclosed in note 28 'Share-based payments' to the consolidated financial statements.

15. Share capital

	Number of shares	Par value £'000	Share premium £'000	Total £'000
At 31 March 2019	147,367,933	36,842	32,227	69,069
Acquisition of Servatron Inc	**2,233,712**	**558**	**1,519**	**2,077**
Issue of deferred bonus shares	**266,794**	**67**	**–**	**67**
Acquisition of Servatron – contingent consideration	**1,481,239**	**371**	**–**	**371**
Options exercised	**469,084**	**117**	**–**	**117**
At 5 April 2020	**151,818,762**	**37,955**	**33,746**	**71,701**

During the current and prior period the Group issued shares to satisfy the requirement of share awards, deferred bonus awards and fund acquisitions. During the current period the movements were as follows:

- Issued 2,233,712 shares as part of the initial consideration for the acquisition of Servatron.
- Issued 266,794 shares under the 2018 deferred share bonus plan.
- Issued 1,481,239 shares to the former owners of Servatron as the business met the required operating profit targets set out in the acquisition agreement.
- Issued 469,084 shares under the share incentive scheme agreed as part of the acquisition of Servatron.

Post period end 316,083 shares have been awarded to the executive management team in lieu of a cash bonus award. The shares vest in June 2021 subject to continuous employment with the Group.

16. Equity dividend

Dividends paid and received are included in the Company financial statements in the period in which the related dividends are actually paid or received or, in respect of the Company's final dividend for the period, approved by shareholders.

	2020 £'000	2019 £'000
Declared during the period		
Interim dividend for the period ended 5 April 2020 1.0p per share (2019: nil)	**1,497**	–
Proposed after the balance sheet date and not recognised as a liability:		
Final dividend for the period ended 5 April 2020 2.0p per share (2019: nil)	**3,027**	–

The Group's consolidated reserves are set out on page 81 do not reflect the profits available for distribution in the Group.

17. Non-distributable reserves

Between March 2014 and July 2014 the Company sold 1,005,000 shares which were held by the Volex Group Guernsey Purpose Trust to the Volex Group plc Employee Share Trust. A gain of £781,000 was recognised as a result of this transaction has been classified as a non-distributable reserve until such time that the shares are issued by the Volex Group plc Employee Share Trust. During the period these original shares were issued to employees to fulfil vested share awards. Therefore, the reserve has been reduced to zero during the current financial period.

18. Other matters

The auditors' remuneration for the current period in respect of audit services was £255,000 (2019: £248,000) and no non-audit services were performed (2019: none).

19. Related party transactions

For full details of transactions and arrangements with key management personnel (Directors of the Company), see note 9 of the consolidated financial statements.

20. Related undertakings

Volex Powercords Europe, Volex Europe Cable Assemblies and Volex PLC Sweden Filial are all trading divisions of Volex plc.
In accordance with Section 409 of the Companies Act 2006, the subsidiaries owned at 5 April 2020 are disclosed below. The following subsidiary entities are either wholly or partly owned directly by the plc and/or through other Group companies. For the two joint ventures, ownership is shared between a local Volex subsidiary and the relevant JV partner.

Notes to the Financial Statements
For the 53 weeks ended 5 April 2020 (52 weeks ended 31 March 2019)

20. Related undertakings continued

Name of entity	Footnote	Country of incorporation	Address	Percentage owned by plc
Directly held				
Volex Pte Ltd	1	Singapore	37A Tampines Street 92, #08–01, Singapore 528886	100%
Volex Holdings Inc	2	USA	84 State Street, Boston MA 02109	100%
Volex Canada Inc	3	Canada	1565 Carling Avenue, Fourth floor, Ottawa On K1Z 8R1	100%
Volex Group Holdings Ltd	2	UK	Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	100%
GTK (Holdco) Ltd	2	UK	Unit C2 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	100%
Volex Poland Sp z.o.o.	1	Poland	Podłuzna 11–13, 85–790, Bydgoszcz, Kuyavian–Pomeranian Voivodeship, Poland	99%
Volex France Sarl	3	France	Citco France Sarl, 8 avenue Hoche, 75008 Paris, France	100%
Volex Germany GmbH	3	Germany	Zu den Mühlen 19, 35390 Gießen, Deutschland	100%
Volex Sweden AB	3	Sweden	SE–831 48 Östersund, Jämtland County	100%
Volex International Korea LLC	3	South Korea		100%
Volex do Brasil Ltda	3	Brazil	Rod. Geraldo Scavone 2.080, Unidade 13 A 16, Jacarei, 12305–490, Brazil	99%
Volex (No.4) Ltd	3	UK	Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	99%
Volex (No.3) Ltd	3	UK	Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	50%
Volex (No.2) Ltd	3	UK	Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	50%
Volex (No.1) Ltd	3	UK	Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	99%
Cable Products Ltd	3	UK	Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	50%
Pencon Ltd	3	UK	Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	50%
Volex Executive Pension Scheme Trustee Ltd	3	UK	Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	67%
Volex Electrical Products Ltd	3	UK	Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	90%
Volex Group Pension Scheme Trustee Ltd	3	UK	Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	99%
Ward and Goldstone Ltd	3	UK	Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	99%
Volex Interconnect Products Ltd	3	UK	Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	99%
Volex Electronics Ltd	3	UK	Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	99%
Ionix Development Company Ltd	3	UK	Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	99%
Pendle Connectors Ltd	3	UK	Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	99%
Mayor (UK) Ltd	3	UK	Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	99%
Volex Interconnect Systems Ltd	3	UK	Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	99%
Volex Europe (No.1) Ltd	3	Ireland	Carraroe Industrial Estate, Carraroe, Co Galway, H91WR82	100%

20. Related undertakings continued

Name of entity	Footnote	Country of incorporation	Address	Percentage owned by plc
Indirectly held				
G.T.K. (U.K.) Ltd	1	UK	Unit C2 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	
GTK Ltd	3	UK	Unit C2 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	
Volex (No.5) Ltd	3	UK	Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	
GTK Electronics GmbH	1	Germany	Romberg 25b, 51381 Leverkusen	
GTK RO S.r.l	1	Romania	Str. Fantana Popova, Nr. 36, Et.1, Cod Postal, 200319, Craiova, Dolj, Romania	
Silcotec Europe (SK) s.r.o	1	Slovakia	Družstevná 14, Komárno, 945 05, Slovakia	
Silcotec Europe (UK) Ltd	3	UK	Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	
Silcotec Europe Ltd	1	Ireland	Carraroe Industrial Estate, Carraroe, Co Galway, H91WR82	
Volex Inc	1	USA	84 State Street, Boston MA 02109	
MC Electronics LLC	1	USA	1891 Airway Drive, Hollister, California, 95023	
Servatron Inc.	1	USA	12825 Mirabeau Parkway, Suite 104, Spokane Valley, WA 99216–1617	
Volex (Asia) Pte Ltd	1	Singapore	37A Tampines Street 92, #08–01, Singapore 528886	
PT Volex Indonesia	1	Indonesia	JL. Ir. Sutami Kawasan Industri Sekupang, Batam, Indonesia 29422, Indonesia	
PT Volex Cable Assembly	3	Indonesia		
Volex Cable Assemblies (Phils) Inc	1	Philippines	Galaxy Building km 60.7 Maharlika Highway, Sto Thomas Batangas	
Volex Japan KK	1	Japan	9th floor Kannai Tosei Building II, Sumiyoshi–cho 4–45–1, Naka–Ku, Yokohama–shi, Kangawa	
Volex (Taiwan) Co. Ltd	1	Taiwan	4F, No 1406–1, Zhongzheng Road, Taoyuan District, Taoyuan City 33071, Taiwan	
Volex (Thailand) Co. Ltd	1	Thailand	No. 99/349, Chaengwattana Road, Thungsong–Hong, Laksi, Bangkok 10210, Thailand	

Notes to the Financial Statements
For the 53 weeks ended 5 April 2020 (52 weeks ended 31 March 2019)

20. Related undertakings continued

Name of entity	Footnote	Country of incorporation	Address	Percentage owned by plc
Volex Cable Assembly (Vietnam) Co Ltd	1	Vietnam	Plot D–5B, Thanglong Industrial Park, Vomg La Commune, Dong Anh District, Hanoi, Vietnam	
Volex Cable Assemblies Sdn Bhd	1	Malaysia	B–03–13A, Empire Soho, Empire Subang, Jalan SS16/1, SS16, 47500, Subang Jaya, Selangor, Malaysia	
Volex Interconnect (India) Pvt Ltd	1	India	Level 9, Olympia Teknos Park, No. 28 Sidco Industrial Estate, Guindy, Chennai, Tamil Nadu, IN 600 032	
Volex Cables (HK) Ltd	1	Hong Kong	Unit 1001, 10/F, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong	
Ta Hsing Industries Ltd	1	Hong Kong	Unit 1001, 10/F, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong	
Shenzhen Ta Hsing Wire and Cable Ltd	1	China	5 Horizontal Lane, Yuan Hu Road, Zhang Bei Community, Long Cheng Street, Long Gang District, Shenzhen City, Guang Dong	
Volex Interconnect Systems (Suzhou) Co. Ltd	1	China	Part A C3–C6, Weiting Industrial Zone, No.9, Weixin Road, Suzhou Industrial Park, Suzhou, Jiang–su Province 215122, China	
Volex Cable Assembly (Shenzhen) Co. Ltd	1	China	No. 6279, Henggang Section, Longgang Avenue, Bao'an Village, Henggang Sub–district, Longgang District, Shenzhen City	
Volex Cable Assembly (Zhongshan) Co. Ltd	1	China	2 Xingda Street, Torch High–tech Ind Dvpt Zone, Zhongshan, 528437, China	
Volex Hermosillo SA de CV	3	Mexico	Palo Verde, 1085 Palo Verde, Solidaridad, CP 83280	
Volex de Mexico SA de CV	1	Mexico	Av 32 Sur, No 8950 Interior G/1,D,E,F, Parque Industrial La Mesa, Fraccionamiento Rubio, Tijuana; Baja California Mexico, CP 22116	
Volex Group plc Employees' Share Trust		Switzerland	3 Place Isaac Mercier, Geneva 11, Switzerland	
Interests in associates/joint ventures				
Kepler SignalTek Ltd	1	Hong Kong	21st Floor, Office Tower, Langham Place, 8 Argyle Street, Mongkok, Kowloon, Hong Kong	
Volex-Jem Co Ltd	2	Taiwan	19F, No.79, Sec 1. Singtai 5th Road, Sijhih City, Taipei, Country 221, Taiwan	
Volex-Jem Cable Precision (Dongguan) Co., Limited	1	China	406 Qingfeng Road, Qingxi Town, Dongguan	

1 Manufacture and/or sale of power and data cables

2 Holding company

3 Dormant company

Five Year Summary

Results	Unaudited IFRS 2020 $'000	Unaudited IFRS 2019 $'000	Unaudited IFRS 2018 $'000	Unaudited IFRS 2017 $'000	Unaudited IFRS 2016 $'000
Revenue – total Group	**391,354**	372,104	322,377	319,584	367,534
Gross profit – total Group	**90,661**	73,518	55,843	42,347	58,519
Operating expenses – total Group	**(73,576)**	(60,526)	(47,070)	(48,968)	(55,080)
Normalised operating profit[(i)] – total Group	**31,630**	21,606	11,457	9,079	7,172
Adjusting operating items	**(5,808)**	(6,226)	(1,552)	(15,232)	(4,742)
Share-based payment (charge)/credit	**(8,737)**	(2,388)	(1,132)	(468)	1,009
Profit/(loss) on ordinary activities before taxation	**15,861**	11,635	6,995	(8,500)	1,542
Depreciation and amortisation (excluding intangible assets acquired in a business combination)[(iii)]	**6,519**	3,786	3,210	5,368	7,180
	Cents	Cents	Cents	Cents	Cents
Basic underlying earnings per share – total Group[(ii)]	**18.2**	13.1	9.2	9.5	1.5
Basic earnings/(loss) per share – total Group	**9.9**	6.9	4.4	(7.9)	(2.6)
Statement of financial position	**$'000**	$'000	$'000	$'000	$'000
Non-current assets	**84,650**	56,041	24,606	24,905	39,427
Net cash/(debt)[(iii)]	**31,570**	20,593	9,948	11,335	(3,249)
Other assets and liabilities	**14,312**	39,014	13,590	10,067	15,174
Net assets	**130,532**	115,648	48,144	46,307	51,352
Gearing	**–**	–	–	–	6%

(i) Defined as operating profit before adjusting items and share-based payments.

(ii) Defined as earnings/(loss) per share before share-based payments and adjusting items.

(iii) Following the adoption of IFRS 16 on the 1 April 2019 this calculation includes the lease liability and associated depreciation charge from the right of use asset recognised.

Shareholder Information

Provisional Financial Calendar

FY2021

Interim Results Announced w/c 9 November 2020
Period End 4 April 2021
Final Results Announced w/c 14 June 2021

Registered Office and Advisers

Registered Office

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RG24 8PZ
www.volex.com

Registered number

158956 (Registered in England and Wales)

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Independent Auditors

PricewaterhouseCoopers LLP

Bankers

Lloyds Bank plc
HSBC Bank plc

Nominated Adviser & Joint Broker

Nplus1 Singer Advisory LLP

Joint Broker

Whitman Howard

Solicitors

Travers Smith LLP

Consultancy, design and production by:
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