FY2023 H1 RESULTS
6 months ended 2 October 2022

NAT ROTHSCHILD
Executive Chairman

JON BOADEN
Chief Financial Officer

9 November 2022

Robust and resilient business, delivering profitable growth

Strong organic growth

- Group revenue up 22.1% year-on-year, 14.3% constant-currency organic growth
- Underlying operating profit up 17.6% to $32.1m, at margin of 9.0%
- Interim dividend increased by 8.3% to 1.3 pence per share

Momentum in attractive markets

- Electric Vehicles revenue up by 52.5% to $69.1m
- Medical revenues up by 12.0% and Industrial revenues up by 9.3% organically
- Developing a range of active data centre cables

Attractive return on investments

- Investments are delivering additional capabilities to support growth plans
- Integration programme making good progress
- Actively managing a number of interesting acquisition opportunities

Five year plan comfortably on track

Volex

Deploying our design expertise in attractive markets with structural growth

Electric Vehicles

Growth drivers
Adoption of EV technology

Out of home charging market

Design and Innovation
Industry leading design team

Solutions for all major markets

Comprehensive product set

Consumer Electricals

Growth drivers
Enhanced technology

"Smart" appliances

Urbanisation

Design and Innovation
Vertically integrated

Optimised product suite

Global capability

Medical

Growth drivers
Patient demand

Advances in MedTech

Design and Innovation
Design partnerships

Latest manufacturing processes

Experts in quality assurance

Complex Industrial Technology

Growth drivers
Factory automation

Adoption of cloud technology

Design and Innovation
State of the art PCBA capability

Developing latest high speed cables

FINANCIAL REVIEW

Diverse and resilient business with defensive characteristics

Revenue
$357.5m
+22.1%
H1 FY2022: $292.7m

Underlying operating profit
$32.1m
+17.6%
H1 FY2022: $27.3m

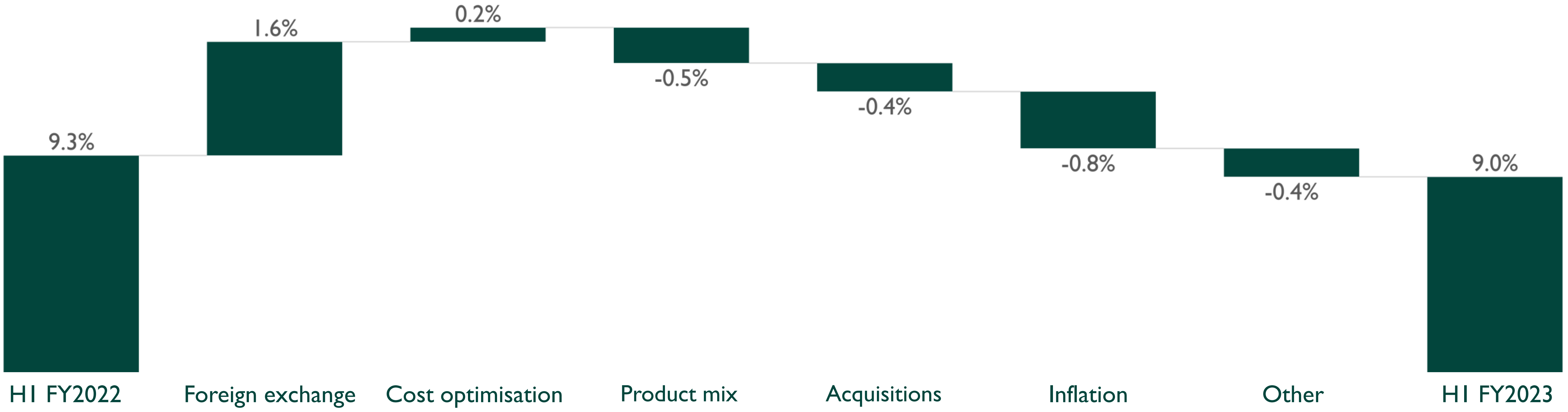
Underlying operating margin
9.0%
-30bps
H1 FY2022: 9.3%

Organic revenue growth
14.3%
On a constant currency basis

Profit before tax
$21.5m
+10.8%
H1 FY2022: $19.4m

Interim dividend per share
1.3 pence
+8.3%
H1 FY2022: 1.2 pence

Underlying operating margin maintained



- With sales in USD and operating costs in a mix of local currencies, there is an FX gain due to the strong dollar
- Savings are generated through continuous improvement activities
- There is an impact on margins due to the evolving product mix
- The acquisition of InYantra, a high volume PCB assembler, slightly blends down margins
- There is an impact of inflation in the period, with the intention that increased costs are offset through efficiency savings or passed through to customers in due course

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Delivering excellent return on investment

Investment for growth

We are investing in expanding our capabilities and capacity to meet customer requirements and 90% of capex approved this year will deliver growth

For the growth projects, the average cash payback is 20 months and most projects pay back within two years of implementation

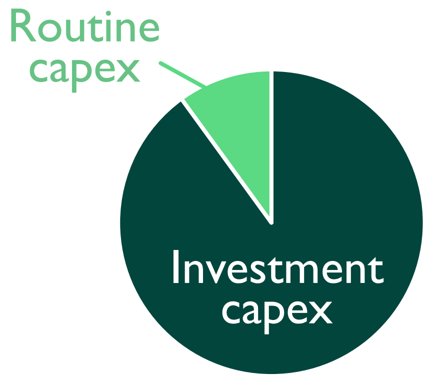
This contributes to a 20.2% Return on Capital Employed for H1 FY2023

Acquisitions

Our acquisitions generate excellent returns on investment and we have acquired 11 businesses for total consideration of $210 million

Targeted integration approach that prioritises sales synergies and operational efficiencies to accelerate returns

The businesses we acquired in FY2019 have already achieved cash payback



20.2%
ROCE

22.4%
ROI

Return on investment is last 12 months operating profit over total acquisition consideration. Excludes acquisitions made in last 24 months and Ta Hsing (acquired for vertical integration)

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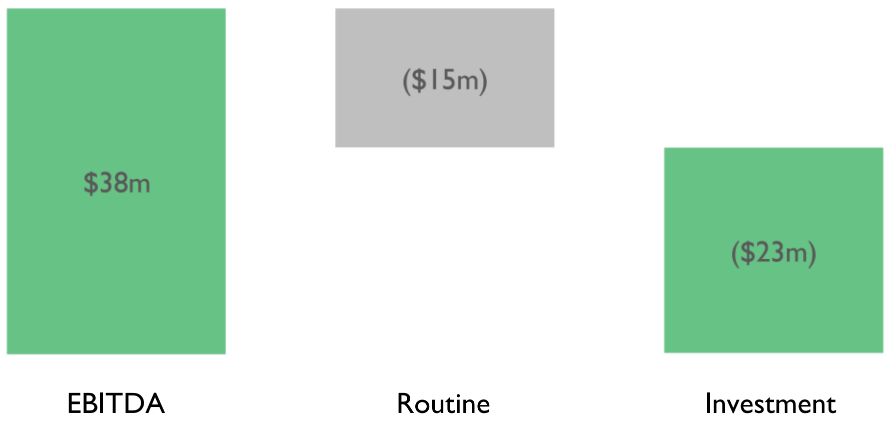
Group Cash Flow

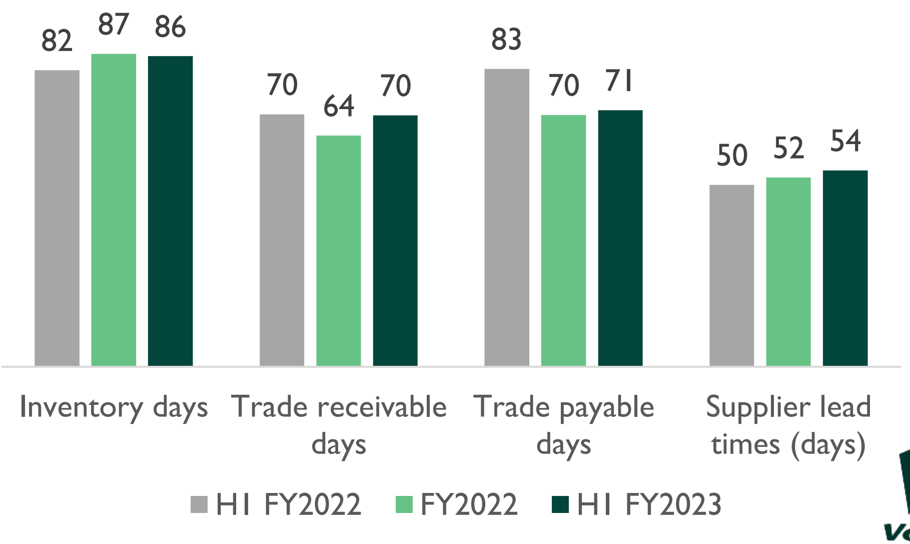
$m	Routine	Investment	H1 FY23	H1 FY22
Underlying EBITDA	**38.1**	**-**	**38.1**	**31.8**
Net capital expenditure	(1.0)	(9.0)	(10.0)	(4.9)
Underlying working capital	(7.5)	(13.7)	(21.2)	(19.2)
Net interest and tax	(5.9)	-	(5.9)	(3.9)
Other including pension	(0.9)	-	(0.9)	(0.8)
Underlying Free Cash Flow	**22.8**	**(22.7)**	**0.1**	**3.0**
Acquisitions			(7.5)	(10.8)
New finance leases			(5.7)	-
Dividends			(3.3)	(4.7)
Share purchases			(3.5)	(2.0)
Other			(4.2)	0.2
Movement in net debt (excl. operating leases)			**(24.1)**	**(14.3)**

- Significant investment in growth through capital investment with an average 20 month payback and additional working capital to meet customer demand
- Net debt excluding operating leases is $98.8m with committed facilities of $200m plus $100m accordion, in place until Feb 2027
- Net debt (excl. operating leases) : EBITDA ratio is 1.4x compared to 1.1x at year end
- $50 million of term debt now at a fixed interest rate following an interest rate swap taken out in during H1 FY2023

Routine and investment free cash flows



Working capital management



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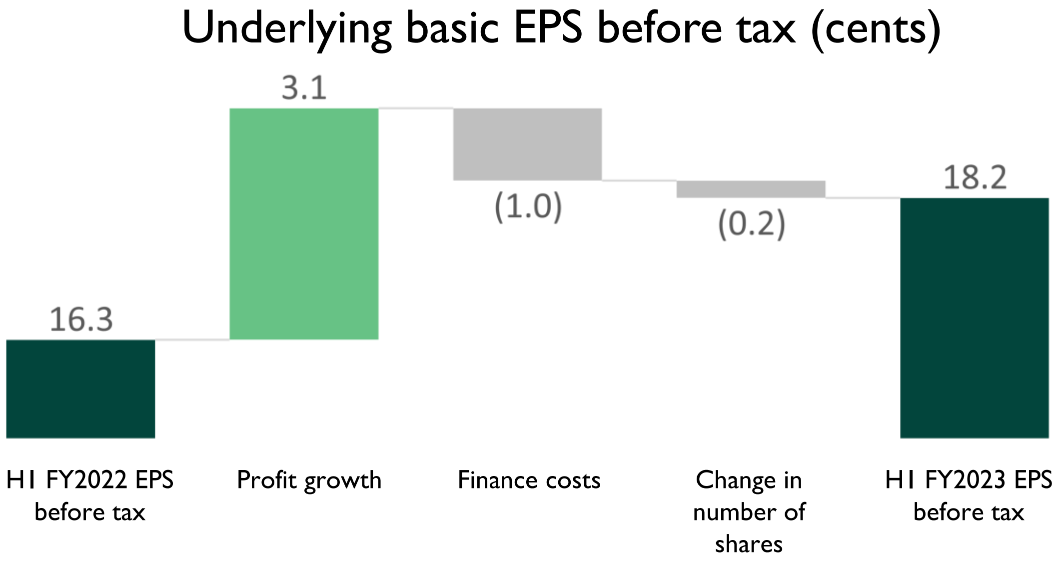
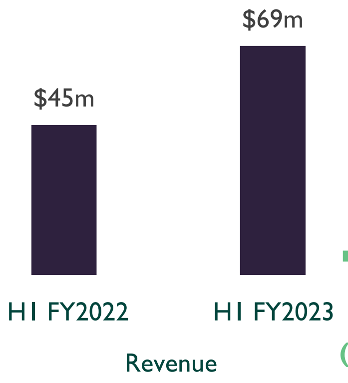
Earnings per share



EPS (cents per share)	Before tax	Change in tax rates	Tax on FX rate changes	Other tax	After tax
H1 FY23	**18.2**	**-**	**(0.6)**	**3.2**	**14.4**
H1 FY22	16.3	0.8	(0.1)	3.2	13.8
Movement	1.9	(0.8)	(0.5)	-	0.6

- Underlying basic EPS before tax improved by 11.7% due to the profit growth, offset by higher finance costs associated with the debt drawn to fund the acquisitions made in the second half of last year
- Tax significantly lower in H1 FY2022 due to changes in the UK tax rate
- The effective tax rate has also increased during the period largely due to FX rate changes

Electric Vehicles revenue growing strongly



+53%

(+53% constant-currency organic)

- Strong momentum continued in Electric Vehicles responding to increasing demand for EVs
- Our customer base has diversified and we have successfully developed our range of products
- Providing solutions to support faster modes of charging in a domestic context and out of the home

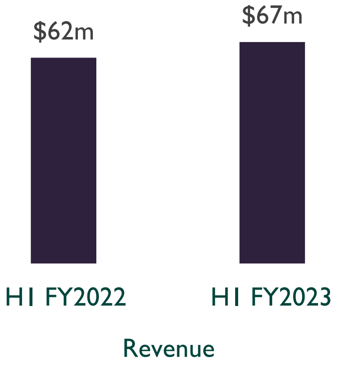
New project wins in Consumer Electricals

+8%

(+4% constant-currency organic)

- Continued new customer project wins increase our market share are expected to broadly offset any demand changes due to a softening in consumer appetite
- We continue to optimise our manufacturing capabilities with vertical integration
- Lower copper prices expected to be passed through in the second half

Medical revenues strong as supply chain challenges improve

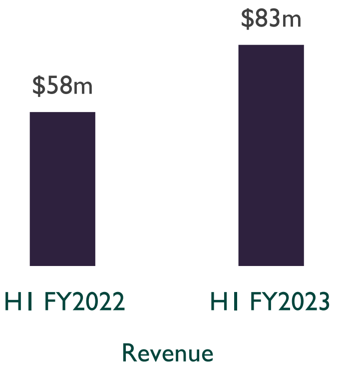


+8%

(+12% constant-currency organic)

- Strong revenue from Medical customers as supply chain challenges begin improving
- Our major customers are reporting significant increases in order books
- Momentum expected to be sustained over the medium term with near-shoring benefit

Complex Industrial Technology showing strong growth



+44%

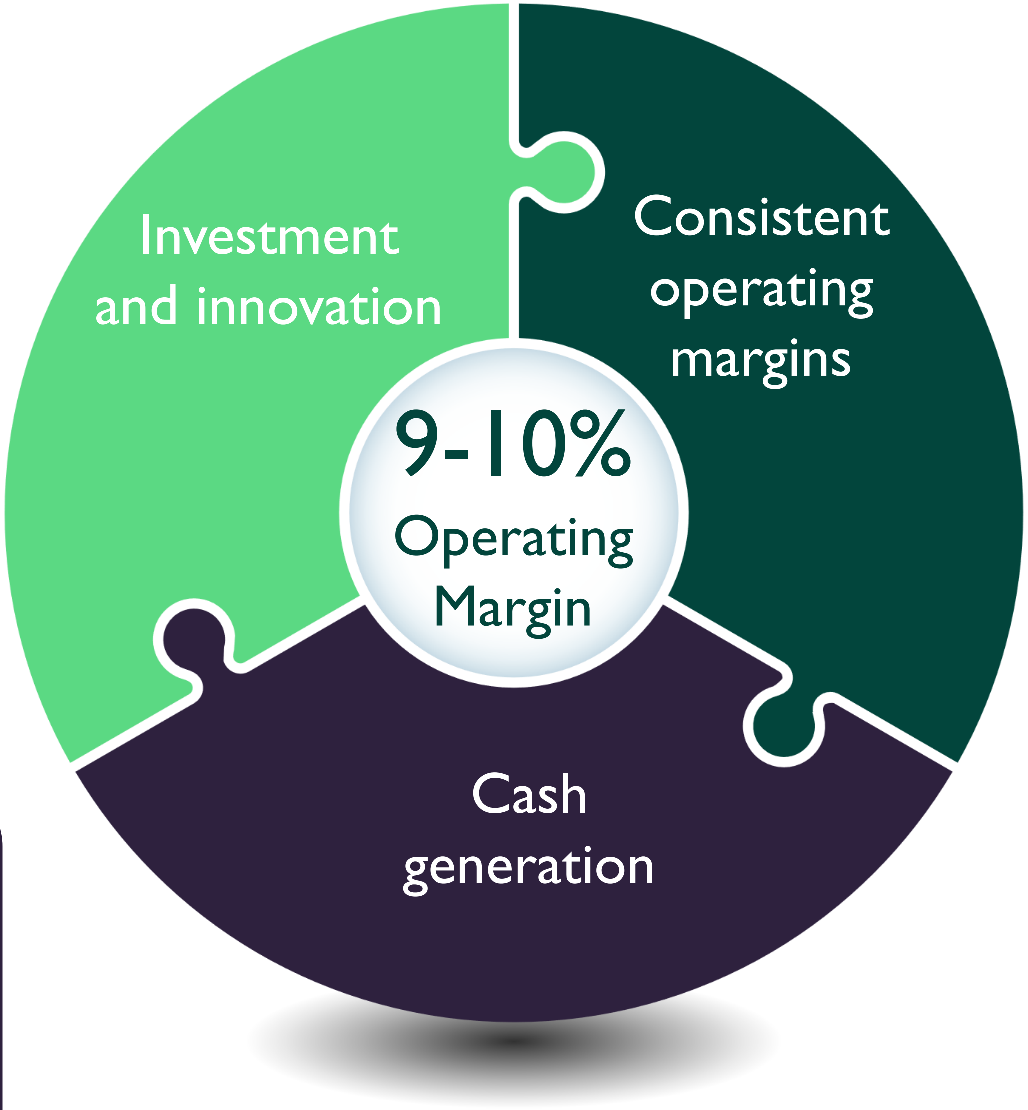
(+9% constant-currency organic)

- Demand increasing for core industrial business reflecting improving supply chain
- Data centre volumes flat with industry-wide delays to 400Gbs network equipment limiting demand
- Next-generation data centre products have been qualified with key customers

STRATEGY AND OPERATIONS

Delivering a high-performance business through investment and innovation

- Majority of capex investments deliver cash pay back within two years
- Investment in innovation results in incremental customer projects



- Margins have been in the range of 9-10% since FY2020
- Margins maintained despite significant inflation
- Higher input costs passed through to customers

- Cash is being reinvested in the business to deliver growth
- This is driving expansion in attractive markets that maintain robust margins

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RDS is an excellent complementary addition to our UK operations

rds
A Volex Company

Acquired Oct 2022
Based in Westerham, UK
Initial consideration £5.4m
Potential earnout £2.9m
Maximum consideration £8.3m
FY22 Revenue £9.5m
FY22 EBITDA £1.0m
Current EBITDA multiple: 5.4x

- Specialist distributor and value added reselling of display and embedded solutions
- Retains c. 200 active clients worldwide, 85% provide ongoing, repeat business
- Diverse vertical markets; including medical, industrial and specialist audio

gtk
A Volex Company

Acquired Dec 2018
Based in Basingstoke, UK
Total consideration £14.3m
FY22 Revenue £19.4m
FY22 EBITDA £3.5m
Current EBITDA multiple:: 4.1x

- Manufacturer of customised electronic solutions including cable assemblies, displays and connectors
- Serving global blue-chip customers
- Proven and experienced leadership team

- Combined business has complementary product offering
- Significant cross selling opportunities
- Potential synergies in IT, freight, suppliers, warehousing
- Offers a more complete customer solution
- US presence of RDS presents further global opportunities
- IoT knowhow

RDS is a strong strategic fit with GTK enhancing sales reach, product set, design technology and enhancing diversity

Encouraging start to five year plan

Sector	5 year expected market growth	H1 FY2023 organic growth
Electric Vehicles	19%	53%
Consumer Electricals	4%	4%
Medical	5%	12%
Complex Industrial Technology	10%	9%

5 year plan: FY2023 – FY2027

Revenue

$1,200m

By end of FY2027

Underlying operating margin

9-10%

Revenue from acquisitions

$200m

SUMMARY AND OUTLOOK

Summary

Strong financial results with robust organic growth and operating margins

Very encouraging early progress against five year growth plan

Attractive return on investment supports growth plan

Outlook

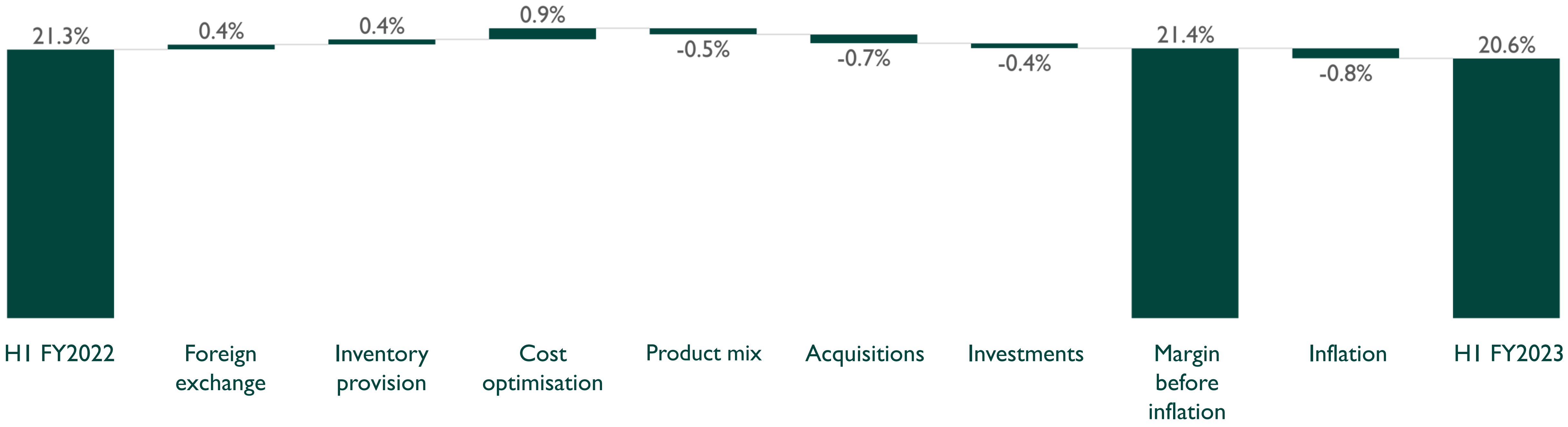
Continuing to effectively manage the inflationary environment

Structural long-term growth drivers remain in place

Confident in delivering full year market expectations

APPENDICES

Gross margin movements and inflation effect

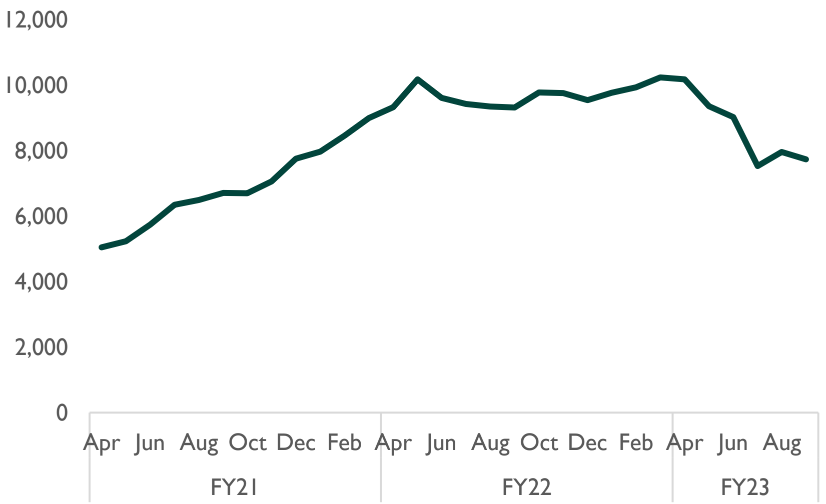


Dealing successfully with inflation

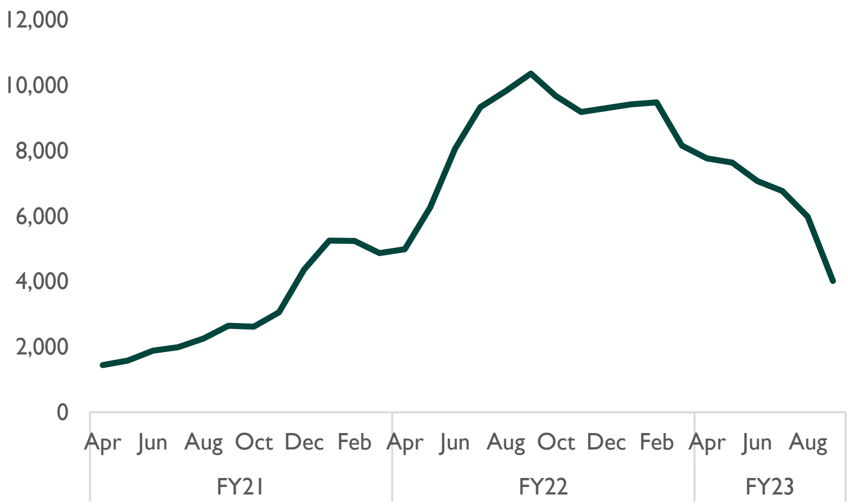
- We pass on higher raw material costs to our customers through regular repricing
- Started to see some commodity price deflation (e.g. copper, PVC resin and freight)
- Labour inflation relatively modest due to location of our manufacturing facilities
- As part of our integration activities, we share knowledge and expertise to improve efficiency and reduce costs

Continued confidence in mitigating inflationary pressures

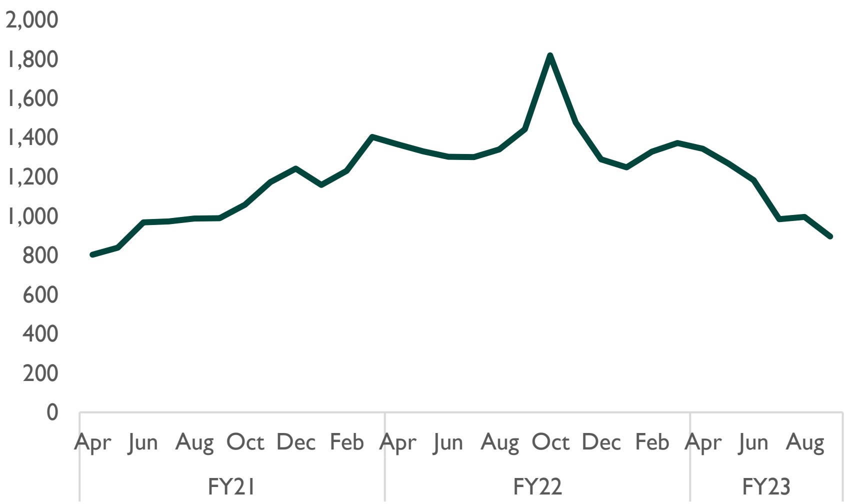
Copper LME Prices ($ per tonne)



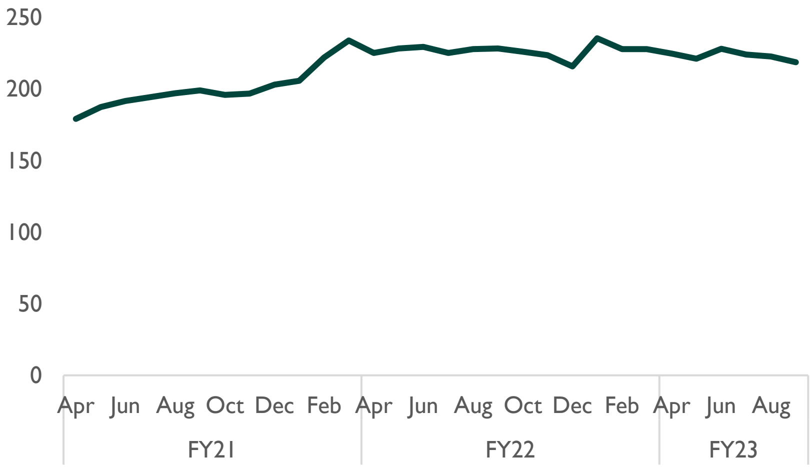
Freight costs ($ per 40ft container)



PVC Resin ($ per tonne)



Weighted average monthly minimum wage



Expertise and history of responsive pricing

- Contractual copper price pass-through mechanism (Q-1 basis) operated effectively and will lead to price deflation in H2
- Efficient cost control and productivity improvements
- Deep customer relationships facilitating productive negotiations

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Balance sheet

$m	H1 FY2023	H1 FY2022
Goodwill and intangible assets	116.5	99.7
Property, plant and equipment	68.6	50.0
Investments	2.2	1.0
Inventories	127.0	96.9
Trade and other receivables	158.4	126.8
Trade and other payables	-155.7	-140.5
Pensions and provisions	-3.8	-6.0
Taxation (net)	4.6	8.6
Operating lease liabilities	-18.2	-17.7
Net debt excluding operating lease liabilities	-98.8	-22.3
Net assets	**200.9**	**196.3**

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