Thursday 13 March 2025

VOLUTION GROUP PLC

Interim results for the six months ended 31 January 2025

Good organic growth and largest acquisition to date completed; FY earnings expected to be ahead of consensus

Volution Group plc ("Volution" or "the Group" or "the Company", LSE: FAN), a leading international designer and manufacturer of energy efficient indoor air quality solutions, today announces its unaudited interim financial results for the six months ended 31 January 2025.

RESULTS SUMMARY

	Unaudited 6 months to 31 January 2025	Unaudited 6 months to 31 January 2024	Change
Revenue (£m)	187.8	172.5	+8.9%
Adjusted operating profit (£m)[1]	42.6	38.6	+10.4%
Adjusted operating profit margin (%)[1]	22.7%	22.4%	+0.3pp
Adjusted profit before tax (£m)[1]	38.6	35.0	+10.4%
Adjusted basic EPS (pence)[1]	15.3	13.7	+11.7%
Adjusted operating cash flow (£m)[1]	47.9	38.8	+23.4%
Statutory operating profit (£m)	31.6	33.7	(6.2)%
Statutory profit before tax (£m)	25.7	29.0	(11.3)%
Statutory basic EPS (pence)	9.5	11.1	(14.4)%
Interim dividend per share (p)	3.4	2.8	+21.4%
Return on Invested Capital (ROIC)[1]	25.0%	27.7%	(2.7)pp
Adjusted operating cash flow conversion[1]	110%	98%	+12.0pp

FINANCIAL HIGHLIGHTS

- Group revenue up 8.9%; +4.0% (cc) organic, +6.6% inorganic and -1.7% impact from foreign exchange translation
- Adjusted operating profit of £42.6m, up 10.4% on the prior year, with expansion of adjusted operating margin to 22.7% (H1 2024: 22.4%)
- Statutory profit before tax down 11.3% to £25.7 million (H1 2024: £29.0 million) due to non-underlying costs associated with Fantech acquisition (£6.1m) and £3.1m contingent consideration remeasurement relating to ClimaRad and ERI
- Adjusted operating cash flow up 23.4% on prior year to £47.9 million (H1 2024: £38.8 million), excellent cash conversion of 110% (H1 2024: 98%)
- Strong Balance Sheet (leverage ex-leases at 1.5x) and robust ROIC of 25% after spending £106.7m on the acquisition of Fantech and £29.5m on the purchase of the minority share of ClimaRad.
- Interim dividend up 21.4% to 3.4 pence per share (H1 2024: 2.8 pence) demonstrating the Board's confidence in the Group's prospects

OPERATIONAL HIGHLIGHTS

- Fantech acquisition completed 2 December 2024, integration progressing well with strong local management team, first 2 months trading good
- Strong organic growth in UK residential, with our extensive product range and tailwind from regulations, improved trading in Central Europe, and good performance in Australia, contrasting weaker market conditions in New Zealand, UK OEM and Nordics.
- Procurement and engineering component cost out initiatives, improved product mix, and good factory efficiencies have delivered an organic enhancement to profit margins
- Focus on inventory optimisation delivering results via inflow of working capital and logistics / storage cost efficiencies
- New Regional Leadership structure (Europe and Australasia MDs) creates bandwidth and platform for future growth

1 The Group uses some alternative performance measures to track and assess the underlying performance of the business. These measures include adjusted operating profit, adjusted operating profit margin, adjusted profit before tax, adjusted basic EPS, adjusted operating cash flow, return on invested capital and adjusted operating cash flow conversion. The reconciliation of the Group's statutory profit before tax to adjusted measures of performance is summarised in note 2 to the interim condensed consolidated financial statements. For a definition of all the adjusted and non-GAAP measures, please see the glossary of terms in note 16 to the interim condensed consolidated financial statements.

HEALTHY AIR, SUSTAINABLY

- Recycled plastics usage increased to 84.6% (H1 2024: 77.0%) driven by further progress in the UK and increased adoption in the Nordics
- Low-carbon revenue proportion diluted by acquisition of Fantech, with 67.8% of revenue (70.4% excluding Fantech) from low-carbon, energy saving products (H1 2024: 70.5%)
- Received certification of our SBTi aligned carbon reduction targets, absolute scope 1 and 2 GHG emissions reduce 63% by FY2034 (from a FY2023 base year) and absolute scope 3 GHG emissions reduce 58.8%
- Good progress on health and safety improvements and awareness, reportable accident frequency rate down to 0.15 (FY 2024: 0.20)

Commenting on the Group's performance, Ronnie George, Chief Executive Officer, said:

"With these results, we have once again demonstrated our ability to outperform our markets. We delivered a strong performance in the first half, with good organic growth supplemented by two months of contribution from Fantech, our largest acquisition to date. Our adjusted operating margin was ahead of the prior year, whilst our adjusted earnings growth and cash performance were strong. These results are testament to our leading market positions, broad geographic exposure, and our relentless focus on sales and product initiatives and customer service excellence. Although the general economic backdrop remained weak, we continued to benefit from our structural growth drivers: ever tightening building regulations, increasing awareness of the importance of indoor air quality, and the need to reduce energy costs. I am hugely proud to lead our organisation and to witness daily the passion and commitment our employees show in providing our customers with leading solutions to improve indoor air quality.

We have good momentum going into the second half, supported by our ongoing growth initiatives, focus on efficiency and costs, and the benefits that Fantech is bringing to the Group. As a result, the Board expects earnings for the Full Year to be ahead of consensus[1]."

Note:

1. The Board believes adjusted earnings per share market forecasts for the year ending 31 July 2025 are in the range 30.3p – 31.3p with a consensus of 30.8p.

-Ends-

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A meeting for analysts will be held at 09:30am GMT today, Thursday 13 March 2025, at the offices of Berenberg, 60 Threadneedle Street, London EC2R 8HP. Please contact FTI_Volution@fticonsulting.com to register to attend or for instructions on how to connect to the meeting via conference facility.

A copy of this announcement and the presentation given to analysts will be available on our website www.volutiongroupplc.com on Thursday 13 March 2025.

Volution Group plc Legal Entity Identifier: 213800EPT84EQCDHO768.

Note to Editors:

Volution Group plc (LSE: FAN) is a leading international designer and manufacturer of energy efficient indoor air quality solutions. Volution Group comprises 29 key brands across three regions:

UK: Vent-Axia, Manrose, Diffusion, National Ventilation, Airtech, Breathing Buildings, Torin.

Continental Europe: Fresh, PAX, VoltAir, Kair, Air Connection, inVENTer, Ventilair, ClimaRad, ERI Corporation, VMI, I-Vent.

Australasia: Simx, Ventair, Manrose, DVS, Fantech, Ideal Air, NCS Acoustics, Air Design, Major Air, Systemaire, Burra Steel.

For more information, please go to: www.volutiongroupplc.com

Cautionary statement regarding forward-looking statements

This document may contain forward-looking statements which are made in good faith and are based on current expectations or beliefs, as well as assumptions about future events. You can sometimes, but not always, identify these statements by the use of a date in the future or such words as "will", "anticipate", "estimate", "expect", "project", "intend", "plan", "should", "may", "assume" and other similar words. By their nature, forward-looking statements are inherently predictive and speculative and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. You should not place undue reliance on these forward-looking statements, which are not a guarantee of future performance and are subject to factors that could cause our actual results to differ materially from those expressed or implied by these statements. The Company undertakes no obligation to update any forward-looking statements contained in this document, whether as a result of new information, future events or otherwise.

Overview

Volution has again delivered a strong revenue and adjusted profit performance in the first half of the year. The backdrop in our end markets continues to be characterised by inflationary risks, higher than usual interest rates and low levels of construction activity, especially in the area of new build projects. Nevertheless, we continue to benefit from the ongoing tightening of building regulations and an increasing awareness of the importance of indoor air quality, and our leading market positions and company initiatives enabled us to outperform the wider market.

With over 2,200 employees in the Group, our strong performance would not have been possible without the outstanding commitment and efforts in each of our local markets. We have yet again made excellent progress with our purpose of providing "Healthy air, sustainably".

In recent half and full year updates it has become commonplace to comment on the challenging end market conditions in which we operate. I am proud to have led an organisation that has consistently delivered revenue and earnings growth and is a testament to our increasing geographic and end market diversity. In the first half of the year, we delivered organic growth of 4.0% (cc), in the middle of our long term 3-5% range, and completed the largest acquisition in our history.

The acquisition of the Fantech Group of companies, based in Australia and New Zealand, was completed at the beginning of December 2024. This is a significant milestone for Volution, our largest acquisition to date by some distance, and consolidates our position as the market leader for residential and commercial ventilation in both geographies. Having spent considerable time with the senior management team and colleagues in both Australia and New Zealand, most recently at the end of February 2025, it further confirms our belief that we have added a strong and desirable business in the region. The first few months of trading has been positive whilst the integration is progressing well, and we are pleased to welcome our new colleagues to the Volution Group. Our functional teams in both innovation and procurement, as well as our local managing directors across the Group, have already identified several opportunities and initiatives to enhance our market positioning and further increase profitability.

At the end of December 2024, we also completed the purchase of the final 25% of shares in ClimaRad in the Netherlands. ClimaRad was a strong revenue and profit growth performer again in the first half of the year. I would like to thank the previous owners for their support in helping us both integrate and improve performance of this brand in the four years since the initial 75% acquisition. These two acquisitions, again fully financed from our own cash and new debt facilities, will provide further earnings growth in the period ahead.

On 10 September 2024, the Group refinanced its bank debt. The Group now has in place a new £230 million multicurrency 'Sustainability Linked Revolving Credit Facility', together with an accordion of up to £70 million. The facility matures in September 2027, with the option to extend for up to two additional years. The old facility was repaid in full.

With debt leverage at 1.5x, proforma LTM Fantech, we have good headroom to continue to pursue new opportunities for further growth. We adopt a disciplined and focussed approach to opportunities and with the acquisition of Fantech, activities in Australasia have moved the Group towards a 60/40 residential vs commercial revenue split having been traditionally around 70/30. Attractive commercial acquisitions will form an increasingly important element of our M&A approach, alongside our strong desire to acquire further residential opportunities in new or existing countries in the three geographic regions where we currently operate.

Our industry continues to benefit from helpful regulatory tailwinds, where decarbonising of new and existing buildings is essential in delivering against long term country specific emission reduction targets. Awareness of the importance of high quality, energy efficient and increasingly heat recovery ventilation for health inside buildings grows every year. The UK, with a significant stock of public and private rental properties, will formally introduce Awaabs law in October 2025, a mandatory requirement for social housing landlords to repair all emergency hazards within 24 hours.

During the first half of the year, we have continued to strengthen our management organisation to ensure that we have the bandwidth and capability to grow. We have appointed two significant regional Managing Director roles in Europe and one in Australasia. These regional leadership roles, reporting directly to me as Chief Executive, sit alongside our strong functional leadership. We will further work to embed these changes in the second half of the year, the balance between greater empowerment of the senior leadership team on a wider scale and ensuring we have the end market agility to respond and react to opportunities as they arise. Our consistently strong revenue and adjusted profit growth performance since listing in 2014 owes a considerable amount to the entrepreneurial and agile approach we have in managing the business day-to-day, and maintaining this culture is a key priority.

During the period we have experienced some inflationary pressures across all aspects of our supply chain. These input cost pressures in both materials and labour costs, as well as currency headwinds, were offset through our ongoing operational excellence programmes. Procurement and technical led value engineering and innovation component cost out initiatives have yielded substantial benefits. Alongside an improved product mix, factory efficiency and operating leverage gains and further success with our cross-selling initiatives we have delivered an organic enhancement to both our gross and operating profit margins. The operational excellence programme extends into our working capital performance which has assisted in underpinning a strong operating cash conversion in the period. Further gains are expected from these initiatives helping us to offset the impact of the substantial increase in national insurance from 6 April 2025 in the UK and to mitigate labour and facility cost inflation pressures from around the Group.

Our local and agile market teams and wide product portfolio underpinned by excellent levels of customer service, gives us confidence in the pricing power of our local market leading brands.

In October 2024 we completed our fourth Group wide Management Development Programme (MDP) and planning is underway to kick off MDP 5 later in calendar year 2025. This well-established training and development programme has yielded excellent results with many of our participants growing into more senior roles and engendering significant loyalty and retention.

Results

Revenue grew by 8.9%, 10.6% on a constant currency (cc) basis, organic growth of 4.0% at cc, inorganic growth of 6.6% with a negative impact of 1.7% from foreign currency translation.

Adjusted operating profit increased 10.4% to £42.6 million in H1 2025 from £38.6 million in the prior period. Statutory operating profit was £31.6 million (H1 2024: £33.7 million). Adjusted operating margins increased by 30bps to 22.7% (H1 2024: 22.4%) despite the margin-dilutive impact from the acquisition of Fantech.

Adjusted profit before tax was £38.6 million, up 10.4% versus the prior period (H1 2024: £35.0 million). Statutory profit before tax was £25.7 million, down 11.3% versus the prior period (H1 2024: £29.0 million). See financial review for more details.

Adjusted basic earnings per share increased by 11.7% to 15.3 pence (H1 2024: 13.7 pence). Statutory basic earnings per share decreased by 14.4% to 9.5 pence (H1 2024: 11.1 pence).

Adjusted operating cash inflow increased to £47.9 million (H1 2024: £38.8 million), giving a cash conversion rate of 110% (H1 2024: 98%).

Acquisitions

On 2 December 2024 we acquired Fantech, in Australasia, for an initial consideration of AUD$220 million (£112.0 million) on a debt free cash free basis, with a further non-contingent consideration of AUD$60 million (£29.6 million) payable twelve months after the completion date. With our balance sheet strength and headroom (leverage ex leases of 1.5x, proforma LTM Fantech), we remain focused on adding further earnings accretive acquisitions to the Group. Return on Invested Capital (ROIC) was strong at 25% despite the impacts of Fantech and ClimaRad acquisitions.

Regulatory Drivers and indoor air quality

Regulations aimed at improving energy performance of buildings continue to be a supportive trend in our markets as shown by our performance in UK residential new build.

In the UK we are waiting for the Future Homes Standard to be published in its final form, however through our trade associations we continue to work with the Department for Energy Security and Net Zero on the Home Energy Model. Both are due for publishing later in 2025.

Following the recast of the Energy Performance of Buildings Directive, article 3 requires all EU countries to establish a National Building Renovation Plan to be submitted to the Commission by 31 December 2025. These will be assessed and returned with any recommendations for a final plan due by 31 December 2026. The plans are designed to ensure the renovation of the national stock of residential and non-residential buildings into highly efficient and decarbonised stock by 2050.

In New Zealand NZS4303 has been open for public consultation. This standard is used in the Building Regulation document G4 and covers continuous ventilation.

In Australia AS1668.2:24 was released which will be adopted at the release of NCC25 due second half of FY25. This will provide guidance on continuous ventilation for high performance dwellings for the first time.

Focus on sustainability

We are proud to announce that the Science Based Targets initiative (SBTi) has assessed and approved our Company's Near-Term and Net-Zero targets. This recognition reaffirms our dedication to ambitious, science-based climate action aligned with global efforts to limit temperature rise to 1.5°C.

The proportion of our revenue from low carbon, energy saving products was 67.8%. Excluding Fantech it would have been 70.4%, consistent with prior year (H1 2024: 70.5%). Excluding Fantech our proportion of sales of heat recovery products increased to 32.8% (H1 2024: 30.7%).

The proportion of recycled plastics used in our manufacturing increased to 84.6% (H1 2024: 77.0%). This was driven primarily by the UK with greater participation from the Nordics.

Keeping our colleagues safe remains our highest priority, and we are pleased that our reportable accident frequency rate has decreased to 0.15 per 100,000 hours worked compared to 0.20 for FY24.

Interim dividend

The Board has declared an interim dividend of 3.4 pence per share, up 21.4% (H1 2024: 2.8 pence), reflecting the strong first half performance and demonstrating the Board's confidence in the Group's prospects. The interim dividend will be paid on 6 May 2025 to shareholders on the register at the close of business on 28 March 2025.

Outlook

With these results, we have once again demonstrated our ability to outperform our markets. We delivered a strong performance in the first half, with good organic growth supplemented by two months of contribution from Fantech, our largest acquisition to date. Our adjusted operating margin was ahead of the prior year, whilst our adjusted earnings growth and cash performance were strong. These results are testament to our leading market positions, broad geographic exposure, and our relentless focus on sales and product initiatives and customer service excellence. Although the general economic backdrop remained weak, we continued to benefit from our structural growth drivers: ever tightening building regulations, increasing awareness of the importance of indoor air quality, and the need to reduce energy costs. I am hugely proud to lead our organisation and to witness daily the passion and commitment our employees show in providing our customers with leading solutions to improve indoor air quality.

We have good momentum going into the second half, supported by our ongoing growth initiatives, focus on efficiency and costs, and the benefits that Fantech is bringing to the Group. As a result, the Board expects earnings for the Full Year to be ahead of consensus.

Ronnie George

Chief Executive Officer

12 March 2025

United Kingdom

Market sector revenue	6 months to 31 Jan 2025 £m	6 months to 31 Jan 2024 £m	Growth %	Growth (cc) %
UK				
Residential	55.1	49.5	11.4	11.4
Commercial	14.4	15.2	(5.5)	(5.5)
Export	6.8	5.7	20.1	21.6
OEM	7.0	7.4	(5.7)	(4.8)
Total UK Revenue	83.3	77.8	7.1	7.3
Adjusted operating profit	21.4	18.9	13.5	
Adjusted operating profit margin (%)	25.7	24.3	1.6pp	
Statutory operating profit	20.5	17.8	14.9	

UK revenue grew by 7.1% (7.3% at constant currency (cc)) to £83.3 million with adjusted operating profit at £21.4 million, an increase of £2.5 million (13.5%) on the prior year. Adjusted operating profit margin increased to 25.7% (H1 2024: 24.3%), an increase of 1.6 percentage points, arising from a favourable mix, good pricing discipline and the operational excellence programme across the Group helping to reduce product costs.

Residential revenue growth of 11.4% in the first half of the year was an outstanding performance along with Export (growth of 21.6% at cc) and more than offset the more difficult commercial and OEM end market. The residential performance is especially pleasing when considering the strong growth that we have consistently delivered in recent years.

We continue to prioritise excellent customer service and product stock availability as a key ingredient of our business model. In residential ventilation our preference for, and focus on, the distribution route to market has helped us to consistently scale volumes and gain market share.

Residential

Revenue in our Residential sector was up 11.4% to £55.1 million (H1 2024: £49.5 million).

Segmenting our UK residential activities into three main areas, UK public and private refurbishment and new residential activity, it has been another strong period of growth.

Since the publicity around Awaab Ishak's sad death in 2020 and the significant increase in awareness of the risks to health of mould and condensation in residential dwellings, we have seen a positive and prolonged period of activity in the sector focussing on improving the quality of the housing stock. We are pleased to report that whilst there is a significant catch-up period necessary to fully achieve what is commonly referred to as a "decent homes" standard, the industry has made a huge effort to place insulation, ventilation and improved indoor air quality and living standards at the centre of the refurbishment strategy. The significant volume of dwellings in need of upgrade and the added problem of relatively expensive heating costs and affordability issues has made the problem more pressing.

Volution, mainly through our market leading Vent-Axia brand, has developed a leading range of social housing ventilation solutions. Unrivalled in the supply of decentralised heat recovery and with the widest range of continuous running ventilation devices in this market, we are benefitting from a positive market and making new account gains. Utilising our key distributor relationships to ensure stock is always close to the contractor we are proud to work with the largest and smallest merchants in the UK in true partnership fashion.

In private refurbishment we are also experiencing the same increasing awareness about indoor air quality. With considerable success in growing our positive input ventilation ranges and again partnering through our key distributors to position and communicate our wide product portfolio it has been another successful period. Our sales of more traditional intermittent exhaust fan ranges are moving towards continuous, more energy efficient solutions and this trend is expected to continue for the long term.

Despite the weaker new build construction activity reported by housebuilders in the UK over the last six months, Volution has delivered its strongest residential revenue growth in this area. We have long signalled the move to "continuous system" ventilation in new house construction, and this has moved materially over the last two years. The changes to Part F and Part L of the building regulations in June 2022 have made a significant difference to the way developers design and build new homes. Coupled with Part O of the building regulations, dealing with the overheating risks in new homes, our innovative and comprehensive product portfolio has enabled us to grow market share. Our decentralised system ranges as well as our wide range of central systems and central heat recovery product ranges have again experienced a strong period of growth. Especially pleasing is the strong project order intake we experienced in the first half of the year and the significant investments we are making in our Dudley, West Midlands facility, to support the demand increase. Launched a few years ago now, we are seeing strong demand for our application software controlled Econiq ranges complementing strong demand across all mechanical ventilation heat recovery ranges (MVHR). Early successes with our MVHR with assisted cooling are helping customers deal with the overheating risks in new buildings and this is just one example of product ranges focussed on cooling as well as ventilation in the new build sector.

Commercial

Revenue in our Commercial sector was down 5.5% to £14.4 million (H1 2024: £15.2 million). The composition of the revenue decline was a c. 10% decline in the first quarter of FY2025, where we faced strong comparators from the prior period, with a small revenue growth of c. 1.5% in the second quarter. The material component of the revenue decline in the first half of the year was from our fan coil project sales. The insolvency of a long term and loyal contractor customer resulted in work transferring to other customers where our relationships were not as strong. This resulted in revenue for fan coils reducing as we established wider links with the market and has resulted in a step up in our order intake in the first half of the year.

Despite a disappointing revenue decline in the first half of the year we have made good progress with our strategic initiatives. New, stronger leadership in commercial ventilation sales has been in place since spring 2024. A revamp and improved focus of the commercial team has reinvigorated our approach and whilst the revenue decline is disappointing, we are now seeing a strong increase in our project order intake. The success of our focus on order intake under our Vent-Axia and Breathing Building brands has necessitated a capacity expansion investment in one of our UK factories to support the anticipated uptick in demand. Our natural and hybrid range as well as our new Apex range of centralised commercial heat recovery units is forecast to deliver stronger revenue in the second half of the year. Our fan coil ranges for high rise commercial buildings have been enhanced in the year and follows the same improving order intake trend seen in our commercial hybrid and heat recovery ranges.

Export

Revenue in our Export sector was up 20.1% (21.6% at cc) to £6.8 million (H1 2024: £5.7 million).

Following a strong performance in the prior year our third-party exports from the UK continue to grow. Predominantly focussed on our heat recovery and premium ranges for refurbishment we have enjoyed a strong first half of the year. Our longstanding partnership in Ireland was renewed for another five years in October 2024 and we are seeing good growth in our more sophisticated and higher added value solutions.

OEM

Revenue in our OEM sector was down 5.7% (down 4.8% at cc) to £7.0 million (H1 2024: £7.4 million).

Following a difficult two-year period we have now fully implemented the turnaround plan in OEM. Operating from our now consolidated single location in Swindon where we made significant infrastructure investment in the last twelve months, OEM has made a good contribution to the profit improvement in the year. Focussing on a narrower range of products, where we can drive excellence in terms of product quality and service, we have delivered factory efficiency gains and indirect cost optimisation to enhance profitability. Supply chains have normalised, and customers have utilised their excess inventories, so we are now experiencing a more consistent and reliable level of monthly revenues.

Continental Europe

Market sector revenue	6 months to 31 Jan 2025 £m	6 months to 31 Jan 2024 £m	Growth %	Growth (cc) %
Continental Europe				
Nordics	23.9	25.4	(5.8)	(3.2)
Central Europe	44.2	43.1	2.7	5.7
Total Continental Europe revenue	68.1	68.5	(0.5)	2.4
Adjusted operating profit	16.4	16.6	(0.9)	
Adjusted operating profit margin (%)	24.1	24.2	(0.1)pp	
Statutory operating profit	13.7	13.6	0.9	

Revenue in Continental Europe was £68.1 million, a decline of 0.5% (growth of 2.4% at constant currency (cc)). Adjusted operating profit was £16.4 million, down from £16.6 million, in the same period in the prior year.

Adjusted operating margins were broadly unchanged at 24.1% (H1 2024: 24.2%).

The European market can be characterised as experiencing generally weak demand, especially in areas of new construction. Our organic growth of 2.4% at cc was therefore a pleasing result.

Nordics

Revenue in the Nordics was £23.9 million (H1 2024: £25.4 million), a decrease of 5.8% (decline of 3.2% at cc).

The Nordic market continues to be challenging. New build construction has been weak with our revenues in both Denmark and Finland declining in the period. Conversely our refurbishment revenues in the Nordics have performed with greater resilience. Distributor and merchant destocking has largely been completed and whilst the market is still weak, we are seeing a slight pickup in activity levels. Whilst still a small proportion of our overall revenue, we continue to see good traction with cross selling initiatives most notably decentralised heat recovery products for refurbishment applications.

Central Europe

Revenue in Central Europe was £44.2 million (H1 2024: £43.1 million), an increase of 2.7% (5.7% at cc).

In Germany our InVENTer brand has been attempting to pivot towards a greater refurbishment exposure. With over two years of revenue declines, a weak new build market and outlook still quite negative, we have delivered a small revenue growth in the first half of the year. Trade association statistics confirm our market share by volume is broadly constant with revenue growth being supported by recently launched products. An upgraded range of improved decentralised heat recovery with acoustic silencing and the relatively new “Taris” range of exhaust fans have further enhanced our range. Working more closely with the Dutch team in ClimaRad, we still believe there is greater potential for our larger airflow decentralised product ranges to get traction in Germany.

Having increased our RMI exposure we are confident that we are well positioned in Germany for when new build residential construction strengthens.

ClimaRad in the Netherlands has continued the strong revenue growth trajectory of the previous year. Our market leading decentralised heat recovery ranges performed well in the first half of the year and the project order intake was equally strong. Products are manufactured in our low-cost facility operating from Sarajevo, Bosnia and several new investments were made in the first half of the year to support demand. Whilst the existing product ranges are relatively young, we have commenced the review and planning process for the next range of decentralised heat recovery for this market. Continuing the theme of decentralised heat recovery, this time in Slovenia, demand in the first half of the year has been weaker than compared to the strong demand we experienced in the first half of last year. We are now fully independent with our own Group manufactured range of products having replaced a third-party sourced ventilation device with our own “Taris” range of exhaust fans.

It was a similar story in Belgium where our exposure is more towards the supply of central systems for new construction. Econiq mechanical ventilation with heat recovery is gaining traction and we delivered a small growth in Belgium in the period. It is pleasing to see these relatively new ranges gaining traction. France delivered stronger revenue growth and is benefitting from the cross-selling activities and utilising the Groups wide product portfolio. Product cost reduction initiatives, launched shortly after the acquisition in April 2023 have also started to yield improvements with good momentum on product gross margin into the second half of FY2025. Our market share in France remains low and there are product gaps that we have identified that we will infill over the next two years with the objective of gaining share in adjacent ventilation categories.

Our revenue from aluminium heat exchangers, sold under our Energy Recovery Industries (ERI) brand, relies heavily on new construction projects, which have been continued to be weaker in Europe during the period. Despite the weaker market ERI were able to increase revenues in the period. A significant product development programme has been under way since acquisition, and we are extending our product range to include rotary wheel heat exchangers to complement our existing range of plate heat exchangers. ERI will benefit from further expansion over the coming years as we invest locally in product development and new infrastructure to support our revenue growth.

Australasia

Market sector revenue	6 months to 31 Jan 2025 £m	6 months to 31 Jan 2024 £m	Growth %	Growth (cc) %	Organic Growth (cc) %
Australasia					
Residential	26.8	24.8	7.9	10.8	(1.1)
Commercial	9.6	1.4	572.6	576.1	(11.9)
Total Australasia revenue	36.4	26.2	38.8	41.7	(1.7)
Adjusted operating profit	7.8	6.3	24.3		
Adjusted operating profit margin (%)	21.4	23.9	(2.5)		
Statutory operating profit	2.3	5.5	(57.3)		

Revenue in Australasia was £36.4 million (H1 2024: £26.2 million) and grew by 38.8% (41.7% at constant currency (cc)) due to the acquisition of Fantech, with organic revenue declining by 1.7% at cc. Adjusted operating profit increased by 24.3% to £7.8 million, with our adjusted operating margin decreasing to 21.4% (H1 2024: 23.9%) due to the lower margin in Fantech.

We were delighted to complete the acquisition of the Fantech Group of companies in Australasia, our largest acquisition to date, providing us with a significant and more material position in the local market. With this important acquisition Volution is the leader in both the residential and commercial market segments in New Zealand and Australia. Our local brands, extensive logistics operations and widest available product portfolio provides us with an excellent platform for further revenue growth in the region. With over 320 employees and a strong local management team, the acquisition has bedded in excellently in the first couple of months since completion.

Our 200-day integration process is well advanced, aided by the quality of both the management and operating systems. We have made excellent progress with the process and have already identified several exciting product cross selling initiatives which will roll out in the second half of the year. Fantech Group companies also share common component sourcing, and the innovation and procurement teams are working on initiatives to reduce material input costs. Having spent a considerable time "evaluating" the opportunity to acquire the group, the first months of trading and integration have confirmed our high expectations in full.

Fantech entered the Group at the beginning of December 2024, so in the first half of the year we have benefitted from just two months of trading. December and January are off season months in the region and so the overall contribution to the Group's performance in the first two months is typically lower than a normal two-month period.

Organic activity in the region can be broadly characterised as a continuing weak economy and revenue performance in New Zealand and Australia performing very well. Organic revenue declined 1.7% (cc) in the period with Simx and DVS brands in New Zealand markedly lower than the prior year and Ventair in Australia offsetting by being materially higher. Our sense is that the New Zealand construction activity is bottoming out and we have recently seen in February 2025 a cut in local interest rates from 4.25% to 3.75%, a 50-bps reduction, with construction activity expected to improve in the period ahead. Despite these difficult end market conditions in New Zealand and benefitting from our strong cost control and initiatives, we have delivered a consistent organic operating profit margin. The reduction in the rate from 23.9% in H1 2024 to 21.4% in H1 2025 reflects the margin dilutionary impact of the Fantech acquisition.

In Australia we have performed very well and our EC, low carbon ceiling fans are growing strongly. The move from AC to low carbon ceiling fans has moved quicker than anticipated in the last couple of years and we are continuing to bring innovative new low carbon solutions to market.

Since last updating on the regional performance in our full year results for 2024 I have had the opportunity to visit our operating companies on several occasions. With the strong leadership that came into the group with the Fantech acquisition, and a newly hired leader in New Zealand covering our Simx and DVS brands, I am confident that we have an experienced and motivated team who will further develop our comprehensive opportunity across all aspects of the market.

	6 months ended 31 January 2025			6 months ended 31 January 2024		
	Statutory £m	Adjustments £m	Adjusted results £m	Statutory £m	Adjustments £m	Adjusted results £m
Revenue	187.8	—	187.8	172.5	—	172.5
Gross profit	91.7	4.2	95.9	87.6	—	87.6
Administration and distribution costs excluding the costs listed below	(53.3)	—	(53.3)	(49.0)	—	(49.0)
Amortisation of intangible assets acquired through business combinations	(4.9)	4.9	—	(4.8)	4.8	—
Costs of business combinations	(1.9)	1.9	—	(0.1)	0.1	—
Operating profit	31.6	11.0	42.6	33.7	4.9	38.6
Re-measurement of financial liability	(0.4)	—	(0.4)	(0.3)	—	(0.3)
Re-measurement of contingent consideration	(3.1)	3.1	—	(1.3)	1.3	—
Net gain on financial instruments at fair value	1.2	(1.2)	—	0.2	(0.2)	—
Other net finance costs	(3.6)	—	(3.6)	(3.3)	—	(3.3)
Profit before tax	25.7	12.9	38.6	29.0	6.0	35.0
Income tax	(6.8)	(1.5)	(8.3)	(7.0)	(1.0)	(8.0)
Profit after tax	18.9	11.4	30.3	22.0	5.0	27.0

The Group uses some alternative performance measures to track and assess the underlying performance of the business. These measures include adjusted operating profit, adjusted operating profit margin, adjusted profit before tax, adjusted basic EPS, adjusted operating cash flow, return on invested capital and adjusted operating cash flow conversion. The reconciliation of the Group's statutory profit before tax to adjusted measures of performance is summarised in note 2 to the interim condensed consolidated financial statements. For a definition of all the adjusted and non-GAAP measures, please see the glossary of terms in note 16 to the interim condensed consolidated financial statements.

Results review

Group revenue for the six months ended 31 January 2025 grew 8.9% to £187.8 million (H1 2024: £172.5 million). Organic growth at constant currency (cc) was 4.0%, whilst the acquisition of Fantech in Australia (completed 2 December 2024) delivered inorganic growth of 6.6% in the period. This was offset in part by an adverse 1.7% impact from movements in foreign exchange.

Adjusted operating profit grew by 10.4% to £42.6 million (H1 2024: £38.6 million) with adjusted operating margins expanding to 22.7%, up from 22.4% in the prior period.

Statutory operating profit declined by 6.2% to £31.6 million (H1 2024: £33.7 million). The £11.0 million of adjustments from statutory to adjusted operating profit all related to acquisitions and comprised:

- Amortisation of acquired inventory (Fantech) fair value adjustment of £4.2 million (H1 2024: £nil)
- Amortisation of intangible assets acquired through business combinations was £4.9 million (H1 2024: £4.8 million)
- Cost associated with business combinations were £1.9 million (H1 2024: £0.1 million) due to the acquisition of Fantech

Adjusted profit before tax was £38.6 million, up 10.4% versus the prior period (H1 2024: £35.0 million).

Statutory profit before tax was £25.7 million, down 11.3% versus the prior period (H1 2024: £29.0 million). The difference of £12.9 million between adjusted and statutory profit before tax consists of the £11.0 million of adjusting items described above and in addition:

- Re-measurement of contingent consideration was £3.1 million (H1 2024: £1.3 million) relating to the acquisition of the minority shareholding of ClimaRad in the period and the acquisition of ERI
- Gain due to the fair value measurement of financial instruments, gain of £1.2 million (H1 2024: gain of £0.2 million)

Adjusted basic earnings per share increased by 11.7% to 15.3 pence (H1 2024: 13.7 pence). Statutory basic earnings per share decreased by 14.4% to 9.5 pence (H1 2024: 11.1 pence).

Cash generation in the period was excellent, underpinned by strong working capital performance, with adjusted operating cash conversion of 110% (H1 2024: 98%).

The Board has declared an interim dividend of 3.4 pence per share, up 21.4% (H1 2024: 2.8 pence).

Finance costs

Adjusted finance costs increased to £3.6 million (H1 2024: £3.3 million), reflecting the increase in bank debt in the last two months of the period due to the acquisition of Fantech and the 25% purchase of ClimaRad. The weighted average interest rate on our borrowings (all of which are part of the Group's sustainability linked Revolving Credit Facility) for the period was 5.0% compared to 5.1% in the first half of financial year 2024.

Statutory net finance costs were £2.4 million (H1 2024: £3.1 million) including £1.2 million of net gain on the revaluation of financial instruments (H1 2024: gain £0.2 million).

Currency impact

Aside from Sterling, the Group's key trading currencies for our non-UK businesses are the Euro, representing approximately 25% of Group H1 revenues, Australian Dollar (approximately 13%), Swedish Krona (approximately 8%) and New Zealand Dollar (approximately 7%). We do not hedge the translational exchange risk arising from the conversion of the results of overseas subsidiaries, although we do denominate borrowings in our non-Sterling trading currencies, which offsets some of the translation risk relating to net assets. All of our principal non sterling currencies weakened relative to sterling, creating an adverse translational impact on revenue and profit.

The average rates of Sterling versus our principal non-Sterling trading currencies are shown in the table below.

	Average rate H1 FY25	Average rate H1 FY24	Movement
Euro	1.194	1.158	3.1%
Swedish Krona	13.684	13.382	2.3%
New Zealand Dollar	2.158	2.073	4.1%
Australian Dollar	1.9624	1.920	2.2%

As at 31 January 2025 the Group had borrowings of £158.9 million (31 July 2024: £49.8 million), of which £41.4m was denominated in Euros, £14.6m in Swedish Krona and £102.9m in Australian dollars. The increase since the year end was due to the acquisition of Fantech and the purchase of the 25% of ClimaRad. The Sterling value of these foreign currency denominated loans, net of cash, decreased by £2.5 million as a result of exchange rate movements (H1 2024: increased by £0.8 million).

Transactional foreign exchange exposures arise principally in the form of US$ denominated purchases from our suppliers in China. We aim to purchase a substantial proportion of our expected requirements approximately twelve months forward, and as such, we have forward currency contracts in place for approximately 85% of our forecast average forward requirements for the next twelve months (approximately $25 million).

Taxation

Our underlying effective tax rate, on adjusted profit before tax, was 21.5%. This compares with a full year FY2024 rate of 21.8%, the decrease of 0.3 percentage points being attributable to increased levels of patent box relief in the UK.

Moving forward with the higher rate of tax in Australia (30%) we would expect our effective tax rate to increase due to the acquisition of Fantech (two months impact only in H1 2025). We expect our medium term underlying effective tax rate to be in the range of 22% to 25% of the Group's adjusted profit before tax.

Cash flow and net debt

Group cash conversion, defined as adjusted operating cash flow as a percentage of adjusted earnings before interest, tax and amortisation (see note 16) was 110% (H1 2024: 98%).

Working capital decreased by £1.0 million in the period (H1 2024: increase of £2.5 million). Inventories reduced by £1.2 million (H1 2024: £2.9 million).

Capital expenditure in the period was £2.8 million (H1 2024: £3.5 million), with new product development programs (£0.5 million), vehicles (£0.4 million) and tooling and machinery (£0.8 million) the primary areas of spend.

Dividend payments in the period were £12.3 million (H1 2024: £10.9 million), whilst tax payments were also higher at £8.2 million (H1 2024: £7.2 million).

Acquisition spend consisted of £106.7 million (H1 2024: £8.6 million) related to the acquisition of Fantech, in Australasia, for an initial consideration of AUD$220 million (£112.0 million) on a debt free cash free basis, as well as the purchase of the remaining 25% of ClimaRad (£29.5 million). An additional non contingent consideration of AUD$60 million (£29.6 million) will be payable in respect of Fantech twelve months after the completion date. (see note 9).

Net debt at 31 January 2025 was £186.8 million (H1 2024: £84.2 million) and comprised of bank borrowings of £158.9 million (H1 2024: £71.3 million), net of cash and cash equivalents of £10.7 million (H1 2024: £17.1 million) and including lease liabilities of £38.6 million (H1 2024: £30.0 million). Net debt (excluding lease liabilities) of £148.2 million (H1 2024: £54.2 million) represents leverage of 1.5x, proforma LTM Fantech, adjusted EBITDA (H1 2024: 0.7x).

	6 months to 31 January 2025 £m	6 months to 31 January 2024 £m
Opening net debt at 1 August	(57.6)	(89.3)
Movements from underlying business operations:		
Adjusted EBITDA[1]	48.7	43.9
Movement in working capital	1.0	(2.5)
Share-based payments	1.0	0.9
Capital expenditure	(2.8)	(3.5)
Adjusted operating cash flow:	47.9	38.8
– Interest paid net of interest received	(3.0)	(2.8)
– Income tax paid	(8.2)	(7.2)
– Business combination related operating costs	(1.9)	(0.1)
– Dividend paid	(12.3)	(10.9)
– Purchase of own shares by the Employee Benefit Trust	(1.3)	(2.7)
– FX on foreign currency loans/cash	2.5	(0.8)
– Issue costs of new borrowings	(1.8)	–
– Lease liabilities	(12.7)	1.2
– Payments of lease liabilities	(2.2)	(1.8)
Movements from acquisitions:		
– Acquisition of remaining 25% of ClimaRad	(29.5)	–
– Acquisitions in the year, net of cash acquired	(106.7)	(8.6)
Closing net debt at 31 January	(186.8)	(84.2)

	6 months to 31 January 2025 £m	6 months to 31 January 2024 £m
Bank debt	(158.9)	(71.3)
Cash	10.7	17.1
Net debt (excluding lease liabilities)	(148.2)	(54.2)
Lease liabilities	(38.6)	(30.0)
Closing net debt at 31 January	(186.8)	(84.2)

[1] A reconciliation of the Group's statutory profit before tax to adjusted measures of performance are shown in detail in note 2 to the interim condensed consolidated financial statements.

Reconciliation of adjusted operating cash flow

	6 months to 31 January 2025 £m	6 months to 31 January 2024 £m
Net cash flow generated from operating activities	40.6	35.0
Capital expenditure	(2.8)	(3.5)
UK and overseas tax paid	8.2	7.2
Cash flow relating to business combination costs	1.9	0.1
Adjusted operating cash flow	47.9	38.8

Bank facilities, refinancing and liquidity

On 10 September 2024, the Group refinanced its bank debt. The Group now has in place a new £230 million multicurrency 'Sustainability Linked Revolving Credit Facility', together with an accordion of up to £70 million. The facility matures in September 2027, with the option to extend for up to two additional years. The old facility was repaid in full.

At 31 January 2025, the Group had £71.1 million of undrawn, committed bank facilities (31 July 2024: £100.2 million) and £10.7 million of cash and cash equivalents (31 July 2024: £18.2 million).

High returns on invested capital (ROIC)

The Group's ROIC (pre-tax) for the period was 25.0%, measured as adjusted operating profit for the last 12 months (LTM) divided by average net assets, after adding back net debt, acquisition related liabilities, and historic goodwill and acquisition related amortisation charges (net of the associated deferred tax). The measure also excludes the goodwill and intangible assets arising from the original transaction that created the Group when it was bought out via a leveraged buy-out transaction by private equity house Towerbrook Capital Partners in 2012.

The reduction in ROIC from 27.7% at FY24 to 25.0% is attributable to the acquisition of Fantech and ClimaRad. Excluding these acquisition impacts our "organic" business ROIC would have increased by 1pp driven by further margin expansion and good working capital and balance sheet discipline.

Although, at the time of entry to the Group acquisitions will be dilutive to ROIC, our track record of improving the returns post acquisition, coupled with continued organic growth and strong margins, provides us with confidence of maintaining Group ROIC above 20% over the medium term while continuing to invest to grow the business.

Returns to shareholders

Our adjusted basic earnings per share for the period was 15.3 pence (H1 2024: 13.7 pence) and our statutory basic earnings per share for the period was 9.5 pence (H1 2024: 11.1 pence). The Board has declared an interim dividend of 3.4 pence (H1 2024: 2.8 pence), up 21.4% in total.

Going concern

After reviewing the Group's current liquidity, net debt, covenants, financial forecasts and stress testing of potential risks, the Board confirms there are no material uncertainties which impact the Group's ability to continue as a going concern for the period to 31 July 2025 and these interim condensed consolidated financial statements have therefore been prepared on a going concern basis.

Andy O'Brien
Chief Financial Officer

12 March 2025

Principal Risks and Uncertainties

The Directors have reviewed the principal risks and uncertainties which could have a material impact on the Group's performance. Whilst there has been an increase in global economic uncertainty, the Directors have concluded that they has been no material change from those described in Volution's Annual Report 2024, which can be found at www.volutiongroupplc.com.

Statement of Directors' Responsibilities

The Directors confirm that to the best of their knowledge:

The condensed consolidated set of financial statements has been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' as adopted by the United Kingdom and that the interim management report includes a fair review of the information required by:

(a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

(b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or the performance of the Group during that period; and any changes in the related party transactions described in the Annual Report 2024 that could do so.

The full list of current Directors can be found on the Company's website at www.volutiongroupplc.com.

By order of the Board

Ronnie George
Chief Executive Officer

12 March 2025

Andy O'Brien
Chief Financial Officer

12 March 2025

Independent Review Report to Volution Group plc
Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed Volution Group Plc's condensed consolidated interim financial statements (the "interim financial statements") in the Interim results of Volution Group Plc for the 6 month period ended 31 January 2024 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim financial statements comprise:

- the Interim Condensed Consolidated Statement of Financial Position as at 31 January 2025;
- the Interim Condensed Consolidated Statement of Comprehensive Income for the period then ended;
- the Interim Condensed Consolidated Statement of Cash Flows for the period then ended;
- the Interim Condensed Consolidated Statement of Changes in Equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Interim results of Volution Group Plc have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom ("ISRE (UK) 2410"). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Interim results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed. This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The Interim results, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the Interim results in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. In preparing the Interim results, including the interim financial statements, the directors are responsible for assessing the group'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 to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the Interim results based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, 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.

PricewaterhouseCoopers LLP

Chartered Accountants
London
12 March 2025

Interim Condensed Consolidated Statement of Comprehensive Income

For the period ended 31 January 2025

	Notes	Unaudited 6 months to 31 January 2025 £000	Unaudited 6 months to 31 January 2024 £000
Revenue from contracts with customers	3	187,833	172,479
Cost of sales		(96,107)	(84,859)
Gross profit		91,726	87,620
Administrative and distribution expenses		(58,182)	(53,824)
Operating profit before separately disclosed items		33,544	33,796
Costs of business combinations		(1,945)	(116)
Operating profit		31,599	33,680
Finance income		1,319	49
Finance costs		(3,724)	(3,198)
Re-measurement of financial liabilities	11	(455)	(304)
Re-measurement of future consideration	11	(3,057)	(1,270)
Profit before tax		25,682	28,957
Income tax	5	(6,831)	(7,004)
Profit after tax		18,851	21,953
Other comprehensive expense			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences arising on translation of foreign operations		(4,992)	(422)
Gain/(loss) on currency loans relating to the net investment in foreign operations		2,774	338
Other comprehensive loss for the period		(2,218)	(84)
Total comprehensive income for the period, net of tax		16,633	21,869
Earnings per share			
Basic earnings per share	6	9.5p	11.1p
Diluted earnings per share	6	9.4p	11.0p

Interim Condensed Consolidated Statement of Financial Position
At 31 January 2025

	Notes	31 January 2025 Unaudited £000	31 July 2024 Audited £000
Non-current assets			
Property, plant and equipment	10	31,599	30,193
Right-of-use assets		35,014	24,894
Intangible assets – goodwill	7	238,800	171,340
Intangible assets – others	8	128,667	76,902
		434,080	303,329
Current assets			
Inventories		73,963	53,112
Trade and other receivables		69,666	55,239
Other financial assets		988	—
Income tax assets		—	392
Cash and short-term deposits		10,677	18,243
		155,294	126,986
Total assets		589,374	430,315
Current liabilities			
Trade and other payables		(61,486)	(46,653)
Refund liabilities		(12,986)	(10,847)
Income tax		(3,742)	(3,940)
Other financial liabilities	11	(34,365)	(22,068)
Interest-bearing loans and borrowings	12	(5,894)	(14,363)
Provisions		(1,958)	(1,450)
		(120,431)	(99,321)
Non-current liabilities			
Interest-bearing loans and borrowings	12	(190,510)	(71,630)
Provisions		(472)	(819)
Deferred tax liabilities		(27,970)	(12,622)
		(218,952)	(85,071)
Total liabilities		(339,383)	(184,392)
Net assets		249,991	245,923
Capital and reserves			
Share capital		2,000	2,000
Share premium		11,527	11,527
Treasury shares		(2,143)	(2,250)
Capital reserve		93,855	93,855
Share-based payment reserve		5,117	5,427
Foreign currency translation reserve		(8,470)	(6,252)
Retained earnings		148,105	141,616
Total equity		249,991	245,923

The interim condensed consolidated financial statements of Volution Group plc (registered number: 09041571) were approved by the Board of Directors and authorised for issue on 12 March 2025.

On behalf of the Board

Ronnie George
Chief Executive Officer

Andy O'Brien
Chief Financial Officer

Interim Condensed Consolidated Statement of Changes in Equity

For the period ended 31 January 2025

	Share capital £000	Share premium £000	Treasury shares £000	Capital reserve £000	Share-based payment reserve £000	Foreign currency translation reserve £000	Retained earnings £000	Total Equity £000
At 31 July 2023 (Audited)	2,000	11,527	(2,390)	93,855	5,584	(1,225)	116,894	226,245
Profit for the period	—	—	—	—	—	—	21,953	21,953
Other comprehensive loss	—	—	—	—	—	(84)	—	(84)
Total comprehensive income	—	—	—	—	—	(84)	21,953	21,869
Purchase of own shares	—	—	(2,732)	—	—	—	—	(2,732)
Exercise of shares options	—	—	2,872	—	(1,214)	—	(1,658)	—
Share-based payment including tax	—	—	—	—	852	—	—	852
Dividend paid	—	—	—	—	—	—	(10,879)	(10,879)
At 31 January 2024 (Unaudited)	2,000	11,527	(2,250)	93,855	5,222	(1,309)	126,310	235,355
Profit for the period	—	—	—	—	—	—	20,844	20,844
Other comprehensive income	—	—	—	—	—	(4,943)	—	(4,943)
Total comprehensive income	—	—	—	—	—	(4,943)	20,844	15,901
Share-based payment including tax	—	—	—	—	205	—	—	205
Dividend paid	—	—	—	—	—	—	(5,538)	(5,538)
At 31 July 2024 (Audited)	2,000	11,527	(2,250)	93,855	5,427	(6,252)	141,616	245,923
Profit for the period	—	—	—	—	—	—	18,851	18,851
Other comprehensive loss	—	—	—	—	—	(2,218)	—	(2,218)
Total comprehensive income	—	—	—	—	—	(2,218)	18,851	16,633
Purchase of own shares	—	—	(1,325)	—	—	—	—	(1,325)
Exercise of share options	—	—	1,432	—	(1,348)	—	(84)	—
Share-based payment including tax	—	—	—	—	1,038	—	—	1,038
Dividend paid	—	—	—	—	—	—	(12,278)	(12,278)
At 31 January 2025 (Unaudited)	2,000	11,527	(2,143)	93,855	5,117	(8,470)	148,105	249,991

Treasury shares

The treasury shares reserve represents the cost of shares in Volution Group plc purchased in the market and held by the Volution Employee Benefit Trust to satisfy obligations under the Group's share incentive schemes.

Capital reserve

The capital reserve is the difference in share capital and reserves arising from the use of the pooling of interest method for preparation of the financial statements in 2014. This is a non-distributable reserve.

Share-based payment reserve

The share-based payment reserve is used to recognise the fair value of equity-settled share-based payments provided to key management personnel, as part of their remuneration.

Foreign currency translation reserve

For the purpose of presenting consolidated financial information, the assets and liabilities of the Group's foreign operations are expressed in GBP using exchange rates prevailing at the end of the reporting period. Income and expenses are translated at the average exchange rate for the period. Exchange differences arising are classified as other comprehensive income and are transferred to the foreign currency translation reserve. All other translation differences are taken to profit and loss with the exception of differences on foreign currency borrowings to the extent that they are used to finance or provide a hedge against Group equity investments in foreign operations, in which case they are taken to other comprehensive income together with the exchange difference on the net investment in these operations.

Interim Condensed Consolidated Statement of Cash Flows

For the period ended 31 January 2025

	Notes	Unaudited 6 months to 31 January 2025 £000	Unaudited 6 months to 31 January 2024 £000
Operating activities			
Profit for the period after tax		18,851	21,953
Adjustments to reconcile profit for the period to net cash flow from operating activities:			
Income tax		6,831	7,004
Gain on disposal of property, plant and equipment and intangible assets		(80)	(78)
Amortisation of acquired inventory fair value adjustment		4,133	—
Re-measurement of financial liability relating to business combinations		455	304
Re-measurement of future consideration relating to business combinations		3,057	1,270
Finance income		(1,319)	(49)
Finance costs		3,724	3,198
Share-based payment expense		1,038	852
Depreciation of property, plant and equipment	10	2,319	2,212
Depreciation of right of use assets		2,732	2,254
Amortisation of intangible assets	8	5,989	5,666
Working capital adjustments:			
Decrease/(Increase) in trade and other receivables		1,217	(2,468)
Decrease in inventories		5,318	2,879
Amortisation of acquired inventory fair value adjustment		(4,133)	—
Decrease in trade and other payables		(2,083)	(2,541)
Movement in provisions		656	(328)
Cash generated by operations		48,705	42,128
UK income tax paid		(2,500)	(2,500)
Overseas income tax paid		(5,708)	(4,732)
Net cash flow generated from operating activities		40,497	34,896
Investing activities			
Payments to acquire intangible assets	8	(753)	(911)
Purchase of property, plant and equipment	10	(2,142)	(2,774)
Proceeds from disposal of property, plant and equipment and intangible assets		124	240
Payments to acquire subsidiaries, net of cash acquired	9	(106,629)	(8,498)
Interest received		134	49
Net cash flow used in investing activities		(109,266)	(11,894)
Financing activities			
Repayment of interest-bearing loans and borrowings		(57,261)	(27,223)
Proceeds from new borrowings		169,119	19,505
Repayment of VMI debt acquired		(130)	(100)
Consideration paid for 25% of ClimaRad		(29,509)	—
Issue costs of new borrowings		(1,799)	—
Interest paid		(3,095)	(2,811)
Payment of principal portion of lease liabilities		(2,225)	(1,830)
Dividend paid		(12,278)	(10,879)
Purchase of own shares		(1,325)	(2,732)
Net cash flow generated from / (used in) financing activities		61,497	(26,070)
Net decrease in cash and cash equivalents		(7,272)	(3,068)
Cash and cash equivalents at the start of the period		18,243	21,244
Effect of exchange rates on cash and cash equivalents		(294)	(1,093)
Cash and cash equivalents at the end of the period		10,677	17,083

Notes to the Interim Condensed Consolidated Financial Statements

For the period ended 31 January 2025

Volution Group plc (the Company) is a public limited company and is incorporated and domiciled in the UK (registered number: 09041571). The share capital of the Company is listed on the London Stock Exchange. The address of its registered office is Fleming Way, Crawley, West Sussex RH10 9YX.

The unaudited interim condensed consolidated financial statements were authorised for issue by the Board of Directors on 12 March 2025.

1. Basis of preparation

These condensed consolidated financial statements have been prepared in accordance with UK-adopted International Accounting Standards (IAS) 34 'Interim financial reporting'. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the Annual Report 2024. The financial information for the half years ended 31 January 2025 and 31 January 2024 do not constitute statutory accounts within the meaning of Section 434(3) of the Companies Act 2006 and are unaudited.

The annual financial statements of Volution Group plc are prepared in accordance with UK-adopted International accounting standards. The comparative financial information for the year ended 31 July 2024 included within this report does not constitute the full statutory accounts for that period. The Annual Report 2024 has been filed with the Registrar of Companies. The Independent Auditor's Report on the Annual Report 2024 was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under section 498(2) and 498(3) of the Companies Act 2006.

The accounting policies adopted are consistent with those of the previous financial year except for income tax expense, which is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. They are consistent with those of the corresponding interim reporting period.

Going Concern

The financial statements have been prepared on a going concern basis. 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 in the foreseeable future, assessed for the 18-month period ending 31 July 2026.

The financial position remains robust with committed facilities totalling £230 million, and an accordion of a further £70 million, maturing in September 2027. The financial covenants on these facilities are for leverage (net debt/adjusted EBITDA) of not more than three times and for adjusted interest cover of not less than four times.

The base case scenario has been prepared using robust forecasts from each of our operating companies, with each considering the risks and opportunities the businesses face, including the high inflation environment and economic uncertainty across many of the countries in which we operate, and the other principal risks set out in the Annual report 2024.

We have then applied a severe but plausible downside scenario to model the potential concurrent impact of:

- a significant economic slowdown reducing revenue by 15% compared to plan in FY25, with no recovery in FY26, and
- supply chain difficulties or inflationary cost increases reducing gross profit margin by 10%;

A reverse stress test scenario has also been modelled which shows a revenue contraction of >21% in FY25 with no recovery in FY26 without the implementation of any mitigations would be required to breach covenants or compromise liquidity, which is considered by the Directors an extremely remote scenario.

Mitigations available within the control of management include reducing discretionary capex and discretionary indirect costs.

Over the short period of our climate change assessment (aligned to our going concern assessment), we have concluded that there is no material adverse impact of climate change and hence have not included any impacts in either our base case or downside scenarios of our going concern assessment. We have not experienced material adverse disruption during periods of adverse or extreme weather in recent years, and we would not expect this to occur to a material level over the period of our going concern assessment.

The Directors have concluded that the results of the scenario testing combined with the significant liquidity profile available under the revolving credit facility confirm that there is no material uncertainty in the use of the going concern assumption.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

In preparing the interim condensed consolidated financial statements, the areas where judgement has been exercised and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 July 2024, with the addition of certain judgements and estimations applied in the accounting for the Fantech business combination.

The identification and valuation of intangible assets acquired in Fantech required significant judgement. As part of the purchase price allocation (PPA), the Group determined the fair values of identifiable assets and liabilities, including the separately identifiable intangible assets of customer relationships and brands. Management exercised judgement in assessing whether those intangible assets were separately identifiable and that they meet the criteria for recognition under IFRS 3 Business Combinations and in assessing the useful economic life of each asset.

The valuation of acquired intangible assets involved significant estimates and assumptions, including a) The selection of an appropriate discount rate, b) Revenue Growth and customer Attrition Rates for customer valuation, and c) Royalty Rates used for brand valuation. These estimates are inherently uncertain and may be revised during the measurement period as more information becomes available. Changes in these assumptions could materially impact the carrying values of intangible assets, goodwill, and amortization expenses.

1. Basis of preparation (continued)

New standards and interpretations

Any new standards or interpretations in issue, but not yet effective, are not expected to have a material impact on the Group's net assets or results. Based on the Group's ongoing assessment, the Group does not anticipate any new or revised standards and interpretations that are effective from 1 January 2025 and beyond to have a material impact on its condensed consolidated financial statements.

2. Adjusted earnings

The Board and key management use some alternative performance measures to track and assess the underlying performance of the business. These measures include adjusted operating profit and adjusted profit before tax. These measures are deemed helpful as they remove items that do not reflect the day-to-day trading operations of the business and therefore their exclusion is relevant to an assessment of the day-to-day trading operations, as opposed to overall annual business performance. Such alternative performance measures are not defined terms under IFRS and may not be comparable with similar measures disclosed by other companies. Likewise, these measures are not a substitute for IFRS measures of profit. A reconciliation of these measures of performance to the corresponding statutory figure is shown below.

	6 months to 31 January 2025 £000	6 months to 31 January 2024 £000
Profit after tax	18,851	21,953
Add back:		
Amortisation of acquired inventory fair value adjustment	4,133	—
Costs of business combinations	1,945	116
Re-measurement of future consideration relating to the business combinations	3,057	1,270
Net (gain)/loss on financial instruments at fair value	(1,185)	(196)
Amortisation and impairment of intangible assets acquired through business combinations	4,935	4,796
Tax effect of the above	(1,458)	(1,016)
Adjusted profit after tax	30,278	26,923
Add back:		
Adjusted tax charge	8,289	8,020
Adjusted profit before tax	38,567	34,943
Add back:		
Interest payable on bank loans, lease liabilities and amortisation of financing costs	3,724	3,394
Re-measurement of financial liability relating to the business combination of ClimaRad	455	304
Finance income	(134)	(49)
Adjusted operating profit	42,612	38,592
Add back:		
Depreciation of property, plant and equipment	2,319	2,212
Depreciation of right-of-use asset	2,732	2,254
Amortisation of development costs, software and patents	1,054	870
Adjusted EBITDA	48,717	43,928

For definitions of terms referred to above see note 16, Glossary of terms.

3. Revenue from contracts with customers

Revenue recognised in the statement of comprehensive income is analysed below:

	6 months to 31 January 2025 £000	6 months to 31 January 2024 £000
Sale of goods	185,398	169,100
Installation services	2,435	3,379
Total revenue from contracts with customers	187,833	172,479

Sales of goods and installation service revenue in the comparative period has been represented, total revenue from contracts with customers did not change.

3. Revenue from contracts with customers (continued)

Market sectors	6 months to 31 January 2025 £000	6 months to 31 January 2024 £000
UK		
Residential	55,088	49,471
Commercial	14,372	15,209
Export	6,814	5,673
OEM (Torin-Sifan)	7,018	7,441
Total UK	83,292	77,794
Nordics	23,889	25,367
Central Europe	44,270	43,106
Total Continental Europe	68,159	68,473
Total Australasia	36,382	26,212
Total revenue from contracts with customers	187,833	172,479

4. Segmental analysis

6 months ended 31 January 2025	UK £000	Continental Europe £000	Australasia £000	Central / Eliminations £000	Consolidated £000
Revenue from contracts with customers					
Total segment revenue	98,824	86,752	37,825	(35,568)	187,833
Inter-segment revenue	(15,532)	(18,593)	(1,443)	35,568	—
Revenue from external contracts with customers	83,292	68,159	36,382	—	187,833
Gross profit	42,981	34,720	14,025	—	91,726
Results					
Adjusted segment EBITDA	23,855	18,328	9,203	(2,669)	48,717
Depreciation and amortisation of development costs, software and patents	(2,438)	(1,905)	(1,423)	(339)	(6,105)
Adjusted operating profit/(loss)	21,417	16,423	7,780	(3,008)	42,612
Amortisation of intangible assets acquired through business combinations	(940)	(2,680)	(1,315)	—	(4,935)
Amortisation of acquired inventory fair value adjustment			(4,133)	—	(4,133)
Business combination-related operating costs	—	—	—	(1,945)	(1,945)
Operating profit/(loss)	20,477	13,743	2,332	(4,953)	31,599
Unallocated expenses					
Net finance cost	—	—	124	(2,529)	(2,405)
Re-measurement of future consideration	—	(3,057)	—	—	(3,057)
Re-measurement of financial liability	—	(455)	—	—	(455)
Profit/(loss) before tax	20,477	10,231	2,456	(7,482)	25,682

6 months ended 31 January 2024	UK £000	Continental Europe £000	Australasia £000	Central / Eliminations £000	Consolidated £000
Revenue from contracts with customers					
Total segment revenue	90,350	87,079	26,241	(31,191)	172,479
Inter-segment revenue	(12,556)	(18,606)	(29)	31,191	—
Revenue from external contracts with customers	77,794	68,473	26,212	—	172,479
Gross profit	38,981	34,917	13,722	—	87,620
Results					
Adjusted segment EBITDA	21,291	18,472	6,928	(2,763)	43,928
Depreciation and amortisation of development costs, software and patents	(2,425)	(1,902)	(668)	(341)	(5,336)
Adjusted operating profit/(loss)	18,866	16,570	6,260	(3,104)	38,592
Amortisation of intangible assets acquired through business combinations	(1,050)	(2,953)	(793)	—	(4,796)
Business combination-related operating costs	—	—	—	(116)	(116)
Operating profit/(loss)	17,816	13,617	5,467	(3,220)	33,680
Unallocated expenses					
Net finance cost	—	—	(55)	(3,094)	(3,149)
Re-measurement of future consideration	—	(1,270)	—	—	(1,270)
Re-measurement of financial liability	—	(304)	—	—	(304)
Profit/(loss) before tax	17,816	12,043	5,412	(6,314)	28,957

5. Income tax

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year.

Our underlying effective tax rate, on adjusted profit before tax, was 21.5% (H1 2024: 23.0%).

Our statutory effective tax rate for the period was 26.6% (H1 2024: 24.2%).

In June 2023, the UK Government substantively enacted legislation introducing a global minimum corporate income tax rate, to have effect from 2024 in line with the OECD's Pillar Two model framework on large multinational Enterprises with a consolidated Group revenue of €750m plus. The Group has performed an assessment of its potential exposure to Pillar Two income taxes and based on an assessment of the most recent information available regarding the financial performance of the constituent entities in the Group, we do not expect to be within the scope of Pillar Two and therefore do not expect it to have a material impact on the Group's tax rate or tax payments.

6. Earnings per share (EPS)

Basic earnings per share is calculated by dividing the profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of any dilutive potential ordinary shares into ordinary shares. There are 2,077,163 dilutive potential ordinary shares at 31 January 2025 (H1 2024: 3,128,124).

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	6 months ended 31 January 2025 £000	6 months ended 31 January 2024 £000
Profit attributable to ordinary equity holders	18,851	21,953
	Number	Number
Weighted average number of ordinary shares for basic earnings per share	197,954,910	197,102,359
Effect of dilution from:		
Share options	2,077,163	1,939,674
Weighted average number of ordinary shares for diluted earnings per share	200,032,073	199,042,033
Earnings per share		
Basic	9.5p	11.1p
Diluted	9.4p	11.0p

	6 months ended 31 January 2025 £000	6 months ended 31 January 2024 £000
Adjusted profit attributable to ordinary equity holders	30,278	26,923
	Number	Number
Weighted average number of ordinary shares for adjusted basic earnings per share	197,954,910	197,102,359
Effect of dilution from:		
Share options	2,077,163	1,939,674
Weighted average number of ordinary shares for adjusted diluted earnings per share	200,032,073	199,042,033
Adjusted earnings per share		
Basic	15.3p	13.7p
Diluted	15.1p	13.5p

The weighted average number of ordinary shares has increased as a result of treasury shares held by the Volution Employee Benefit Trust (EBT) during the period. At 31 January 2025, a total of 1,965,923 (31 January 2024: 2,206,186) ordinary shares in the Company were held by the Volution EBT, all of which were unallocated and available for transfer to participants of the Long-Term Incentive Plan, Deferred Share Bonus Plan and Sharesave Plan on exercise. During the period, 225,000 ordinary shares in the Company were purchased by the trustees (6 months to 31 January 2024: 700,000) and 410,291 (6 months to 31 January 2024: 964,914) were released by the trustees.

The shares are excluded when calculating the statutory and adjusted EPS.

Adjusted profit attributable to ordinary equity holders has been reconciled in note 2, adjusted earnings.

See note 16, Glossary of terms, for an explanation of the adjusted basic and diluted earnings per share calculation.

7. Intangible assets – goodwill

Goodwill	Total £000
Cost and net book value	
At 31 July 2023	168,988
On the business combination of DVS	5,037
Net foreign currency exchange differences	(2,685)
At 31 July 2024	171,340
On the business combination of Fantech (provisional)	69,870
Net foreign currency exchange differences	(2,410)
At 31 January 2025	238,800

8. Intangible assets – other

2025	Total £000
Cost	
At 1 August 2024	247,146
Additions	753
On business combination (provisional)	59,020
Disposals	(99)
Net foreign currency exchange differences	(2,359)
At 31 January 2025	304,461
Amortisation	
At 1 August 2024	170,244
Charge for the period	5,989
Disposals	(99)
Net foreign currency exchange differences	(340)
At 31 January 2025	175,794
Net book value	
At 31 January 2025	128,667

Intangible assets – other, is made up of development costs, software costs, customer base, trademarks and patents.

9. Business combinations

Business combination in the half year ended 31 January 2025

Fantech

On 29 November 2024, Volution Group acquired Fantech, a market leading position in commercial and residential ventilation in Australasia. The acquisition of Fantech is in line with the Group's strategy to grow by selectively acquired value-adding businesses in new and existing markets and geographies.

Total consideration for the purchase of Fantech is AUD$280 million (£141.6 million), with initial consideration of AUD$220 million (£112.0 million) on a debt free cash free basis, with further non contingent consideration of AUD$60 million (£29.6 million) payable twelve months after the completion date.

Transaction costs relating to professional fees associated with the business combination in the period ending 31 January 2025 were £1,888,000 and have been expensed as cost of business combinations separately disclosed on the face of the consolidated statement of comprehensive income above operating profit.

The fair values of the acquired assets and liabilities recognized in our financial statements are provisional, as they are based on the information available at the acquisition date; adjustments may be required if additional relevant information becomes available within the measurement period, which extends up to 12 months from the acquisition date. The provisional fair value of the net assets acquired is set out below:

	Provisional book value £000	Provisional fair value adjustments £000	Provisional Fair value £000
Intangible assets	1,127	57,893	59,020
Property, plant and equipment	1,760	—	1,760
Right of use assets	11,315	—	11,315
Inventory	19,648	6,282	25,930
Trade and other receivables	15,462	—	15,462
Trade and other payables	(15,106)	—	(15,106)
Lease Liabilities	(14,362)	—	(14,362)
Income Tax	(684)	—	(684)
Provisions	(186)	—	(186)
Deferred Tax	896	(17,682)	(16,786)
Cash and cash equivalents	5,370	—	5,370
Total identifiable net assets	25,240	46,493	71,733
Goodwill on the business combination			69,870
Discharged by:			
Cash consideration			111,999
Deferred consideration			29,604

Goodwill of £69,870,000 reflects certain intangibles that cannot be individually separated and reliably measured due to their nature. These items include the value of expected synergies arising from the business combination and the experience and skill of the acquired workforce. The fair value of the acquired tradename and customer base was identified and included in intangible assets.

The gross amount of trade and other receivables is £15,462,000. All of the trade receivables are expected to be collected in full.

Inventories recorded on the business combination were recognised at fair value. The fair value uplift is charged to gross profit over a period of 4 months from the date of acquisition.

Fantech generated revenue of £11,386,000 and generated a profit after tax of £115,000 in the period from acquisition to 31 January 2025 that is included in the consolidated statement of comprehensive income for this reporting period.

If the combination had taken place at 1 August 2024, the Group's revenue would have been £29,650,000 higher and profit before tax from continuing operations would have been £5,030,000 higher than reported.

9. Business combinations (continued)

Business combination in the half year ended 31 January 2024

DVS

On 4 August 2023, Volution Group acquired the trade and assets of Proven Systems Limited ("DVS"), a market leading supplier and installer of home ventilation solutions in New Zealand. The acquisition of DVS is in line with the Group's strategy to grow by selectively acquired value-adding businesses in new and existing markets and geographies.

Total consideration for the purchase of the trade and assets of DVS was £8.5 million (NZ$17.7 million), net of cash acquired, with further contingent cash consideration of up to NZ$9 million based on stretching targets for the financial results for the 12 months ended 3 August 2024 and the 12 months ended 31 March 2026. Contingent consideration was assessed based on the current estimate of the future performance of the business for the 12 months ended 3 August 2024 as £nil, with NZ$3 million payable if EBITDA exceeds NZ$3 million, and for the 12 months ended 31 March 2026 as NZ$Nil with a range of NZ$Nil to NZ$6 million based on EBITDA performance from NZ$3.5 million to NZ$4 million..

The fair value of contingent consideration is calculated by estimating the future cash flows for the company based on management's knowledge of the business and how the current economic environment is likely to impact performance. If EBITDA for each period for which contingent consideration is measured is 10% higher than expected, contingent consideration would be £nil.

Transaction costs relating to professional fees associated with the business combination in the period ending 31 January 2024 were £31,000 and have been expensed as cost of business combinations separately disclosed on the face of the consolidated statement of comprehensive income above operating profit.

The fair value of the net assets acquired is set out below:

	Book value £000	Fair value adjustments £000	Fair value £000
Intangible assets	35	3,976	4,011
Property, plant and equipment	185	—	185
Inventory	875	—	875
Trade and other receivables	130	—	130
Trade and other payables	(627)	—	(627)
Deferred tax liabilities	—	(1,113)	(1,113)
Total identifiable net assets	598	2,863	3,461
Goodwill on the business combination			5,037
Discharged by:			
Cash consideration			8,498

Goodwill of £5,037,000 reflects certain intangibles that cannot be individually separated and reliably measured due to their nature. These items include the value of expected synergies arising from the business combination and the experience and skill of the acquired workforce. The fair value of the acquired tradename and customer base was identified and included in intangible assets.

The gross amount of trade and other receivables is £130,000. All of the trade receivables are expected to be collected in full.

DVS generated revenue of £3,560,000 and generated a profit after tax of £60,000 in the period from acquisition to 31 January 2024 that is included in the consolidated statement of comprehensive income for this reporting period.

If the combination had taken place at 1 August 2023, the Group's revenue and profit before tax would have been the same as reported, as the acquisition took place on the 4 August 2023.

Cash outflows arising from business combinations are as follows:

	6 months to 31 January 2025 £000	6 months to 31 January 2024 £000
Fantech		
Cash consideration	111,999	—
Less: cash acquired with the business	(5,370)	—
DVS		
Cash consideration	—	8,498
Total revenue from contracts with customers	106,629	8,498

10. Property, plant and equipment excluding right-of-use assets

2025	Total £000
Cost	
At 1 August 2024	55,101
On business combination	1,760
Additions	2,142
Disposals	(1,249)
Net foreign currency exchange differences	(185)
At 31 January 2025	57,569
Depreciation	
At 1 August 2024	24,908
Charge for the period	2,319
Disposals	(1,205)
Net foreign currency exchange differences	(52)
At 31 January 2025	25,970
Net book value	
At 31 January 2025	31,599

Commitments for the acquisition of property, plant and equipment as of 31 January 2025 are £595,000 (31 July 2024: £626,000).

11. Other financial liabilities

2025	Foreign exchange forward contracts £000	Contingent consideration ClimaRad BV £000	Contingent consideration ERI £000	Deferred consideration Fantech £000	Total £000
At 1 August 2024	192	16,346	5,530	—	22,068
Deferred consideration	—	—	—	29,604	29,604
Re-measurement of financial liability	—	455	—	—	455
Re-measurement of contingent consideration	—	4,021	(964)	—	3,057
Consideration paid	—	(20,046)	—	—	(20,046)
Foreign exchange	(192)	31	—	(612)	(773)
At 31 January 2025	—	807	4,566	28,992	34,365
Analysis					
Current	—	807	4,566	28,992	34,365
Non-current	—	—	—	—	—
Total	—	807	4,566	28,992	34,365

The fair value of contingent consideration is calculated by estimating the future cash flows for the acquired company. These estimates are based on management's knowledge of the business and how the current economic environment is likely to impact performance. The relevant future cash flows are dependent on the specific terms of the sale and purchase agreement. For non-current liabilities due more than one year from the balance sheet date, the assessed contingent liability is discounted using the discount rates for the relevant CGU. The contingent consideration was assessed based on the current estimate of future performance of the business, discounted to present value.

The remeasurement of contingent consideration of £3,057,000 (H1 2024: £1,270,000) is made up of £699,000 (H1 2024: £nil) resulting from EBITDA performance for the 2024 ClimaRad and ERI earn-out periods, and £2,358,000 (H1 2024: £1,270,000) resulting from the unwinding of the discounted liabilities.

Contingent consideration related to the acquisition of ERI has been extended to include a potential payment of €0 to €6,000,000 based on EBITDA performance for the year ending 31 December 2029, with the threshold set at €10,000,000 and the maximum payable at €11,000,000. Based on current expectations, it is not anticipated that the conditions for payment will be met, and as such, the contingent consideration has been assessed as £nil.

11. Other financial liabilities (continued)

2023	Foreign exchange forward contracts £000	Contingent consideration ClimaRad BV £000	Contingent consideration I-Vent £000	Contingent consideration ERI £000	Total £000
At 1 August 2023	330	8,877	4,115	7,720	21,042
Re-measurement of financial liability	–	870	–	–	870
Re-measurement of contingent consideration	–	6,599	(1,529)	(316)	4,754
Consideration paid	–	–	(2,566)	(1,874)	(4,440)
Foreign exchange	(138)	–	(20)	–	(158)
At 31 July 2024	192	16,346	–	5,530	22,068
Analysis					
Current	192	16,346	–	5,530	22,068
Non-current	–	–	–	–	–
Total	192	16,346	–	5,530	22,068

12. Interest-bearing loans and borrowings

	31 January 2025		31 July 2024	
	Current £000	Non-current £000	Current £000	Non-current £000
Unsecured – at amortised cost				
Borrowings under the revolving credit facility (maturing December 2025)	–	–	–	49,794
Borrowings under the revolving credit facility (maturing September 2027)	–	158,877	–	–
Cost of arranging bank loan	–	(1,578)	–	–
	–	157,299	–	49,794
ClimaRad vendor loan (maturing March 2025)	–	–	9,605	–
Other loans (maturing September 2026)	–	435	–	565
Lease liabilities	5,894	32,776	4,758	21,271
Total	5,894	190,510	14,363	71,630

Revolving credit facility – at 31 January 2025

Currency	Amount outstanding £000	Termination date	Repayment frequency	Rate %
GBP	–	9 September 2027	One payment	Sonia + margin%
Euro	41,416	9 September 2027	One payment	Euribor + margin%
AUD	102,906	9 September 2027	One payment	AUD - BBSY+ margin%
Swedish Krona	14,555	9 September 2027	One payment	Stibor + margin%
Total	158,877			

Revolving credit facility – at 31 July 2024

Currency	Amount outstanding £000	Termination date	Repayment frequency	Rate %
GBP	–	2 December 2025	One payment	Sonia + margin%
Euro	49,794	2 December 2025	One payment	Euribor + margin%
Swedish Krona	–	2 December 2025	One payment	Stibor + margin%
Total	49,794			

The interest rate on borrowings includes a margin that is dependent on the consolidated leverage level of the Group in respect of the most recently completed reporting period. For the period ended 31 January 2025, Group leverage was equal or below 1.5:1 and therefore the margin remains at 1.50% in H2 2025.

The Group remained comfortably within its banking covenants, which are tested semi-annually. As at 31 January 2025, the multiple of EBITDA to net finance charges was 16.7 (31 July 2024: 14.8; 31 January 2024: 14.5), against a covenant minimum ratio of 4.0, and the multiple of net borrowings to EBITDA (leverage) was 1.5 (31 July 2024: 0.4; 31 January 2024: 0.7), against a covenant maximum ratio of 3.0.

On 10 September 2024, the Group refinanced its bank debt. The Group now has in place a new £230 million multicurrency 'Sustainability Linked Revolving Credit Facility', together with an accordion of up to £70 million. The facility matures in September 2027, with the option to extend for up to two additional years. The old facility was repaid in full.

At 31 January 2025, the Group had £71,123,000 of undrawn, committed bank facilities (31 July 2024: £100,200,000) and £10,677,000 of cash and cash equivalents (31 July 2024: £18,243,000).

13. Fair values of financial assets and financial liabilities

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1 – quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2 – other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3 – techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Financial instruments carried at fair value comprise the derivative financial instruments and the contingent consideration in note 11. For hierarchy purposes, derivative financial instruments are deemed to be Level 2 as external valuers are involved in the valuation of these contracts. Their fair value is measured using valuation techniques, including a DCF model. Inputs to this calculation include the expected cash flows in relation to these derivative contracts and relevant discount rates.

Contingent consideration is deemed to be Level 3; see note 11 for details on the valuation techniques used to measure the fair value.

14. Dividends paid and proposed

	6 months ended 31 January 2025 £000	6 months ended 31 January 2024 £000
Cash dividends on ordinary shares declared and paid		
Final dividend for 2024: 6.2 pence per share (2023: 5.5 pence)	12,278	10,879
Proposed dividends on ordinary shares		
Proposed interim dividend for 2025: 3.4 pence per share (2024: 2.8 pence)	6,733	5,538

A final dividend payment of £12,278,000 is included in the consolidated statement of cash flows relating to 2025 (2024: £10,879,000).

The Board has declared an interim dividend of 3.4 pence per ordinary share in respect of the half year ended 31 January 2025 (6 months to 31 January 2024: 2.8 pence per ordinary share) which will be paid on 6 May 2025 to shareholders on the register at the close of business on 28 March 2025. The total dividend payable has not been recognised as a liability in these accounts. The Volution EBT has agreed to waive its rights to all dividends.

15. Related party transactions

Transactions between Volution Group plc and its subsidiaries, and transactions between subsidiaries, are eliminated on consolidation and are not disclosed in this note.

No material related party balances, other than those transactions that have been eliminated on consolidation, exist at 31 January 2025 or 31 January 2024.

There were no material transactions or balances between the Company and its key management personnel or members of their close family. At the end of the period, key management personnel did not owe the Company any amounts (H1 2024: Nil).

16. Glossary of terms

Adjusted basic and diluted EPS: calculated by dividing the adjusted profit/(loss) for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the adjusted net profit/(loss) attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of any dilutive potential ordinary shares into ordinary shares. There are 2,077,163 dilutive potential ordinary shares at 31 January 2025 (H1 2024: 3,128,124).

Adjusted EBITDA: adjusted operating profit before depreciation and amortisation.

Adjusted finance costs: finance costs before net gains or losses on financial instruments at fair value and the exceptional write-off of unamortised loan issue costs upon refinancing.

Adjusted operating cash flow: adjusted EBITDA plus or minus movements in operating working capital, less net investments in property, plant and equipment and intangible assets less the operating activities part of the contingent consideration.

Adjusted operating profit: operating profit before adjustments for re-measurement of contingent consideration, costs of business combinations, amortisation of acquired inventory fair value adjustments and amortisation of assets acquired through business combinations.

Adjusted profit after tax: profit after tax before adjustments to re-measurement of contingent consideration, net gains, or losses on financial instruments at fair value, costs of business combinations, amortisation of acquired inventory fair value adjustments, amortisation of intangible assets acquired through business combinations and the tax effect on these items.

Adjusted profit before tax: profit before tax before adjustments for re-measurement of contingent consideration, net gains, or losses on financial instruments at fair value, costs of business combinations, amortisation of acquired inventory fair value adjustments and amortisation of assets acquired through business combinations.

Adjusted tax charge: the statutory tax charge less the tax effect on the adjusted items.

CAGR: compound annual growth rate.

Cash conversion: is calculated by dividing adjusted operating cash flow by adjusted EBITA.

Constant currency: to determine values expressed as being at constant currency we have converted the income statement of our foreign operating companies for the 6 months ended 31 January 2025 at the average exchange rate for the period ended 31 January 2024. In addition, we have converted the UK operating companies' sale and purchase transactions in the period ended 31 January 2025, which were denominated in foreign currencies, at the average exchange rates for the period ended 31 January 2024.

EBITDA: profit before net finance costs, tax, depreciation, and amortisation.

Net debt: bank borrowings and lease liabilities less cash and cash equivalents.

Operating cash flow: EBITDA plus or minus movements in operating working capital, less share-based payment expense, less net investments in property, plant and equipment and intangible assets.

ROIC: measured as adjusted operating profit for the year divided by average net assets adding back net debt, acquisition related liabilities, and historic goodwill and acquisition related amortisation charges (net of the associated deferred tax).