Tuesday 3 November 2015

Volution Group plc

Annual Report and Accounts 2015 and Notice of Annual General Meeting

Volution Group plc ("Volution" or the "Company", LSE: FAN), a leading supplier of ventilation products to the residential and commercial construction market, announces that following the release by Volution on 16 October 2015 of the Company's Preliminary Results Announcement for the year ended 31 July 2015, it has today posted and made available to shareholders on its website, http://www.volutiongroupplc.com/ the documents listed below:

- Annual Report and Accounts 2015
- Notice of Annual General Meeting 2015
- Form of Proxy for the Annual General Meeting 2015

Copies of these documents are also being submitted to the National Storage Mechanism and will shortly be available for inspection at: http://www.hemscott.com/nsm.do

The Company's Annual General Meeting will be held at 11.00am on 15 December 2015 at the offices of Norton Rose Fulbright LLP, 3 More London Riverside, London SE1 2AQ.

A condensed set of financial statements and information on important events that have occurred during the year ended 31 July 2015 and their impact on the financial statements, were included in the Company's Preliminary Results Announcement made on 16 October 2015, which is available on the Company's website referred to above. That information together with the information set out below in the appendices to this announcement (which is extracted from the Annual Report and Accounts 2015), constitute the material required by Disclosure & Transparency Rule 6.3.5(2)(b) which is required to be communicated to the media in full unedited text through a Regulatory Information Service. This announcement is not a substitute for reading the full Annual Report and Accounts 2015.

- ends -

Enquiries:
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Note to Editors

Volution Group plc (LSE: FAN) is a leading supplier of ventilation products to the residential and commercial construction market in the UK and northern Europe.

The Group sold approximately 21 million ventilation products and accessories in the twelve months ended 31 July 2015. The Volution Group operates through two divisions: the Ventilation Group and the OEM (Torin–Sifan) division. The Ventilation Group consists of 7 key brands - Vent-Axia, Manrose, Fresh, PAX, inVENTer, Brüggemann and Ventilair focused primarily on the UK, Nordic, German and Benelux ventilation markets. The Ventilation Group principally supplies ventilation products for residential and commercial ventilation applications. The OEM division (Torin-Sifan), supplies motors, fans and blowers to OEMs of heating and ventilation products for both residential and commercial construction applications in Europe.

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

Appendices

Appendix A: Directors' Responsibility Statement

The following Directors' Responsibility Statement is extracted from page 72 of the Annual Report and Accounts 2015 and is repeated in this announcement solely for the purpose of complying with DTR 6.3.5 (2) (b). The statement relates to the full Annual Report and Accounts 2015 and not the extracted information contained in this announcement:

The Directors are responsible for preparing the Annual Report and the Group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with IFRS as adopted by the EU and applicable law and have elected to prepare the parent company financial statements in accordance with IFRS as adopted by the EU.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of their profit or loss for that period. In preparing each of the Group and parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the Group and parent company financial statements have been prepared in accordance with IFRS as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a strategic report, directors' report, directors' remuneration report and corporate governance statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and loss of the Group and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report and the Directors' Report include a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

By order of the Board

Ronnie George
Chief Executive Officer
16 October 2015

Ian Dew
Chief Financial Officer
16 October 2015

Appendix B: Principal Risks and Uncertainties

The following is extracted from pages 24 to 27 of the Annual Report and Accounts 2015 and is repeated in this announcement solely for the purpose of complying with DTR 6.3.5 (2) (b). The information relates to the full Annual Report and Accounts 2015 and not the extracted information contained in this announcement:

The Group believes that the table below outlines the principal risks and uncertainties that our business faces. Occurrence of any of these risks may significantly impact the business or impair the achievement of our strategic goals.

Risk	Impact	Strategic consequence	Likelihood	Potential impact	Change	Mitigation
Economic risk. A decline in general economic activity and/or a specific decline in activity in the construction industry.	Demand for our products serving the residential and commercial RMI and new-build markets would decline. This would result in a reduction in revenue and profitability.	Our ability to achieve our ambition for continuing organic growth would be adversely affected.	Possible	High	Stable	Geographic spread from our international acquisition strategy helps to mitigate the impact of local fluctuations in economic activity. New product development, the breadth of our product portfolio and the strength and specialisation of our sales forces should allow us to outperform against a general decline. We are heavily exposed to the RMI market which is more resilient to the effects of general economic decline. Our business is not capital intensive and our operational flexibility allows us to react quickly to the impact of a decline in volume.
Acquisitions. We may fail to identify suitable acquisition targets at an acceptable price or we may fail to consummate or properly integrate the acquisition.	Revenue and profitability would not grow in line with management's ambitions and investor expectations. Failure to properly integrate a business may distract senior management from other priorities and adversely affect revenue and profitability. Financial performance could be impacted by failure to integrate acquisitions and therefore not secure possible synergies.	Our strategic ambition to grow by acquisition may be compromised.	Possible	High	Stable	The ventilation industry in Europe is fragmented with many opportunities to court acquisition targets. Senior management has a clear understanding of potential targets in the industry and a track record of three acquisitions over the past two years. Management is experienced in integrating new businesses into the Group.
Innovation. We may fail to innovate commercially or technically viable products to maintain and develop our product leadership position.	Scarce development resource may be misdirected and costs incurred unnecessarily. Failure to innovate may result in an ageing product portfolio which falls behind that of our competition.	Our organic growth ambitions depend in part upon our ability to innovate new and improved products to meet and create market needs. In the medium term, failure to innovate may result in a decline in sales and profitability.	Possible	Medium	Stable	Our product innovation is driven by a deep understanding of the ventilation market and its economic and regulatory drivers. The Group starts with a clear marketing brief before embarking on product development.
Foreign exchange risk. The exchange rates between currencies that we use may move adversely.	The commerciality of transactions denominated in currencies other than the functional currency of our businesses and/or the perceived performance of foreign subsidiaries in our Sterling denominated Group consolidated financial statements may be adversely affected by changes in exchange rates.	Our ambition to grow internationally through acquisition exposes us to increasing levels of translational foreign exchange risk.	Likely	Medium	Increasing	Significant transactional risks are hedged by using forward currency contracts to fix exchange rates for the ensuing financial year. Revaluation of foreign currency denominated assets and liabilities are partially hedged by corresponding foreign currency bank debt.

Risk	Impact	Strategic consequence	Likelihood	Potential impact	Change	Mitigation
Supply chain and raw materials. Raw materials or components may become difficult to source because of material scarcity or disruption of supply.	Sales and profitability may be reduced during the period of constraint. Prices for the input material may increase and our costs may increase.	Organic growth may be reduced. Our product development efforts may be redirected to find alternative materials and components.	Possible	Medium	Stable	We establish long term relationships with key suppliers to promote continuity of supply and where possible we have alternative sources identified.
IT Systems. We may be adversely affected by a breakdown in our IT systems or a failure to properly implement any new systems.	Failure of our IT and communication systems could affect any or all of our business processes and have significant impact on our ability to trade, collect cash and make payments.	We could temporarily lose sales, market share and could potentially damage our reputation for customer service.	Possible	Medium	Stable	Disaster recovery and data backup processes are in place, operated diligently and tested regularly. A significant Enterprise Resource Planning system upgrade is underway managed by a team of experienced senior employees from the business. A disaster failover site is being implemented to cover this upgrade. We undertake cyber security testing.
Customers. A significant amount of our revenue is derived from a small number of customers and from our relationships with heating and ventilation consultants. We may fail to maintain these relationships.	Any deterioration in our relationship with a significant customer could have an adverse significant effect on our revenue to that customer.	Our organic growth ambitions would be adversely affected.	Possible	Medium	Stable	We have strong brands, recognised and valued by our end users and this gives us continued traction through our distribution channels and with consultants and specifiers. We have a very wide range of ventilation and ancillary products that enhance our brand proposition and make us a convenient "one-stop-shop" supplier. We continue to develop new and existing products to support our product portfolio and brand reputation. We provide an excellent level of customer service.
Legal and Regulatory environment. Changes in laws or regulation relating to the carbon efficiency of buildings or the efficiency of electrical products may change.	The shift towards higher value added and more energy efficient products may not develop as anticipated resulting in lower sales and profit growth. If our products are not compliant and we fail to develop new products in a timely manner we may lose revenue and market share to our competitors.	Our organic growth ambitions may be adversely affected. We may need to review our acquisition criteria to reflect the dynamics of a new regulatory environment. We may have to redirect our new product development activity.	Possible	Medium	Stable	We participate in trade bodies that help to influence the regulatory environment in which we operate and as a consequence we are also well placed to understand future trends in our industry. We are active in new product development and have the resource to react to and anticipate necessary changes in the specification of our products.
People. Our continuing success depends on retaining key personnel and attracting skilled individuals.	Skilled and experienced employees may decide to leave the Group, potentially moving to a competitor. Any aspect of the business could be impacted with resultant reduction in prospects, sales and profitability.	Our competitiveness and growth potential, both organic and inorganic, could be adversely affected.	Unlikely	Low	Stable	Regular employee appraisals allow two way feedback on performance and ambition. A senior management development programme was initiated in 2013 to provide key employees with the skills needed to grow within the business and to enhance their contribution to the business. The Group aims to reward and incentivise employees competitively.

Appendix C: Related Party Transactions

The following description of related party transactions involving the Company and its subsidiaries during the financial year ended 31 July 2015 is extracted from page 117 of the Annual Report and Accounts 2015 and is repeated in this announcement solely for the purpose of complying with DTR 6.3.5 (2)(b):

Transactions between Volution Group plc and its subsidiaries, and transactions between subsidiaries, are eliminated on consolidation and are not disclosed in this note. A breakdown of transactions between the Group and its related parties is disclosed below.

No related party loan note balances exist at 31 July 2015 or 31 July 2014.

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.

Other disclosures on Directors' remuneration required by the Companies Act 2006 and those specified for the audit by the Directors' Remuneration Report Regulation 2013 are included in the Directors' Remuneration Report.

Other transactions with related parties include the following:

> the Group incurred costs of £nil (2014: £168,000) from Windmill Holdings BV (the previous direct controlling party) and Windmill Cooperatief U A (a previous intermediate parent undertaking) for management services; and

> the Group incurred costs of £295,000 from Peter Hill, Tony Reading, Paul Hollingworth and Adrian Barden for their services as Non-Executive Directors. For the period from 1 August 2013 to 22 June 2014 the Group incurred costs of £246,000 from Marcel Klepfisch, Adrian Barden and Chris Lebeer for their services as Non-Executive Directors. Following the re-organisation and the listing on the LSE, the Group Board of Directors changed and the Group incurred a further cost from 23 June 2014 to 31 July 2014 of £36,000.

Non-Executive Director Paul Hollingworth is also a non-executive director of Electrocomponents plc. During the year, the Group sold goods to Electrocomponents plc amounting to £253,000 (2014: £212,000). At the year end, amounts owing by Electrocomponents plc were £44,000 (2014: £35,000). During the year the Group purchased goods from Electrocomponents plc amounting to £79,000 (2014: £70,000). At the year end, amounts owed to Electrocomponents plc were £15,000 (2014: £9,000).

Compensation of key management personnel

	2015	2014
	£000	£000
Short-term employee benefits	**2,134**	2,697
Termination benefits	**—**	203
	2,134	2,900

Key management personnel is defined as the CEO, CFO and the 8 individuals that report directly to the CEO.