volution

Thursday 9 October 2025

VOLUTION GROUP PLC

Full year results for the year ended 31 July 2025

Strong revenue and earnings growth; well-set for continued progress

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 audited financial results for the 12 months ended 31 July 2025.

	2025	2024	Change
Revenue (£m)	**419.1**	347.6	+20.6%
Adjusted operating profit (£m)[1]	**93.4**	78.0	+19.7%
Adjusted operating profit margin (%)[1]	**22.3%**	22.5%	-0.2pp
Adjusted profit before tax (£m)[1]	**83.9**	70.7	+18.7%
Adjusted basic EPS (pence)[1]	**33.1**	28.0	+18.2%
Adjusted operating cash flow (£m)[1]	**104.5**	85.8	+21.8%
Statutory operating profit (£m)	**67.3**	70.4	-4.5%
Statutory profit before tax (£m)	**54.5**	56.6	-3.7%
Statutory basic EPS (pence)	**21.0**	21.6	-2.8%
Dividend per share (pence)	**10.8**	9.0	+20.0%
Return on Invested Capital (ROIC)[1]	**25.2%**	27.8%	-2.6pp
Adjusted operating cash conversion[1]	**109%**	107%	+2.0pp

Highlights

- **Total revenue growth of 20.6% (21.9%cc),** of which 5.7%cc organic growth and 16.2% inorganic from eight months of Fantech contribution
- **Strong volume-led organic revenue growth of 5.7%cc**; highest in UK at 9.5% driven by residential, supported by regulations and share gain
- **Adjusted operating profit margin of 22.3%** (2024: 22.5%), with organic margin expansion of 50bps offset by dilution due to Fantech
- **Excellent cash conversion of 109%** (2024: 107%) supported by disciplined working capital management; leverage 1.2x despite acquisition spend
- **Adjusted basic EPS up 18.2%** at 33.1 pence (2024: 28.0 pence), with reported basic EPS at 21.0 pence (2024: 21.6 pence)
- **Return on Invested Capital (ROIC) was robust at 25.2%,** despite the dilutive impact of the acquisition of Fantech. (2024: 27.8%)
- **Successfully completed our largest acquisition to date** Fantech in Australasia for consideration of AU$281 million; integration progressing well
- **Second Group-wide Employee Engagement Survey** completed in the year, employee engagement score 75 (2024: 74)
- **Continued improvement in reportable accident frequency**, down from 0.20 (2024) to 0.17 (2025) per 100,000 hours worked
- **Recycled plastics use in our production rose to 83.9%** (2024: 78.1%), with good uptake in the Nordics and continued very high rates in UK

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

"I would like to thank all of my Volution colleagues, who collectively delivered an outstanding performance this year. Organic growth at 5.7%cc, driven by volume, was ahead of our target range and we completed our largest acquisition to date – the Fantech Group in Australasia – which provided a significant boost to revenues and earnings. The integration of Fantech is progressing well, with our teams already benefiting from greater scale and collaboration across the region.

"Our Group operating margin was again over 20% at 22.3%, despite the dilutive effect of Fantech, and we delivered an excellent level of cash conversion in the year.

"Volution's leading market positions and products, the excellent service we provide to our customers, and our structural growth drivers, are enabling us to continue to outperform our end markets. Well-ventilated buildings benefit our health, reduce our energy bills, and lower CO2 emissions, and the requirement for ventilation is firmly embedded in new-build regulations

"The new year has started well, with continuing organic revenue growth complemented by the inorganic revenue benefit from the Fantech acquisition. Notwithstanding the still difficult economic backdrop in many of our end markets, we remain confident of continuing to deliver compounding growth and another year of good progress."

-Ends-

1 The Group uses some alternative performance measures (APMs) to track and assess the underlying performance of the business. For a definition of all the adjusted and non-GAAP measures, please see the glossary of terms in note 24 to the condensed consolidated financial statements.

For further information:

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A meeting for analysts will be held at 09:30am GMT today, Thursday 9 October 2025, at the offices of ETC.Venues, 8 Fenchurch Place, London EC3M 4PB. 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 9 October 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.

Chair's Statement

I am pleased to report another year of strong performance, demonstrating the strength and resilience of Volution's business model and strategy. We are proud of the progress made over that period, which is testament to our strong corporate culture, differentiated business model, compounding growth strategy and consistent delivery.

Acquisition of Fantech

The acquisition of the Fantech group of companies in Australasia on 29 November 2024 was our largest transaction to date. This significant transaction has not only expanded our presence in this important geographic area, but it has also marked a significant step up in the commercial sector, advanced our operational capabilities, and further enhances our product range across the Group. The successful integration work so far has reaffirmed the effectiveness of the Group's acquisition strategy. I would like to warmly welcome the Fantech teams into the Volution group.

Performance and results

Group revenue increased to £419.1 million (2024: £347.6 million), and adjusted operating profit was up 19.7% at £93.4 million (2024: £78.0 million), giving an adjusted operating margin of 22.3% (2024: 22.5%). The Group's adjusted earnings per share was 33.1 pence, representing an increase over the prior year of 5.1 pence, up 18.2%. Since our IPO in 2014, the compound annual growth rate of adjusted basic earnings per share is 12.8%, demonstrating strong and consistent performance over that period. Reported profit before tax decreased to £54.5 million (2024: £56.6 million) and reported basic earnings per share for the year was 21.0 pence (2024: 21.6 pence). Adjusted operating cash flow was £104.5 million (2024: £85.8 million), and £107.4 million, net of cash acquired, was spent on the acquisition of Fantech during the year.

Net debt (excluding lease liabilities) at the year-end was £126.0 million (2024: £31.6 million) representing leverage of 1.2 times.

Dividends

Recognising our strong performance in the year and our continued confidence in the business, the Board has recommended a final dividend of 7.4 pence per share, giving a total dividend for the financial year of 10.8 pence per share (2024: 9.0 pence per share), an increase of 20.0% on the previous year. This is in line with our ambition to progressively grow dividends each year. The adjusted earnings dividend cover for the year was 3.1x (2024: 3.1x). Subject to approval by shareholders at the Annual General Meeting on 10 December 2025, the final dividend will be paid on 16 December 2025 to shareholders on the register at 21 November 2025.

Purpose and strategy

Volution's purpose, to provide 'healthy air, sustainably', is at the heart of its strategy and it guides the Group's ambition to deliver value for all stakeholders. The strategy continues to be anchored in three core strategic pillars: organic growth, value-enhancing acquisitions and operational excellence, all underpinned by our commitment to sustainability. Industry regulations which are aimed at improving indoor air quality and driving the decarbonisation of buildings continue to evolve and serve as a key driver for our growth.

Environmental, social and governance objectives

The Group remains committed to sustainability, responsible business conduct and active engagement with our global workforce. The approval of Volution's near-term targets by the Science Based Targets initiative (SBTi) in March 2025 marked a significant step forward in the work to align operational activity with global climate aims. I am pleased to report that Volution has reduced its Scope 1 and 2 carbon intensity by a further 6.25% compared with last year, which is a result of targeted investments in energy efficiency and the transition to renewable electricity across principal sites. In addition to this, several new low-carbon ventilation solutions, contributing to the decarbonisation of the built environment, have been launched in the year.

Our people and culture

Cultivating a positive and inclusive work culture at Volution remains a firm focus of the Board. We have continued to monitor key indicators of culture at the Board level, and Celia Baxter, the designated Non-Executive Director for employee engagement, has worked closely with our Group HR Director in respect of employee engagement activities.

We were proud of the results of our most recent Group-wide employee engagement survey, which indicated an overall engagement score of 75 (FY24: 74), representing a slight increase on the prior year's outcome. The survey also took into account the views of our newly acquired workforce at Fantech. We recognise that listening to the feedback within the survey results and taking positive actions as a result is fundamental to building on this momentum and further cultivating a positive and healthy culture. Our employees are the foundation and driving force behind the successful execution of our strategy, and their contributions are core to the continued progress of the Group. On behalf of the Board, I would like to express my sincere appreciation to all our employees for their hard work and commitment, which is fundamental to our achievements as a business and the creation of long-term value.

Health and safety

Health and safety has remained a key priority for the Group, aligned with our zero-harm ambition. In FY25, we have an improved accident frequency rate of 0.17 per 100,000 hours worked (FY24: 0.20), reflecting our ongoing commitment to continuous improvement in this area.

Board changes

On 5 March 2025, Celia Baxter and Emmanuelle Dubu were appointed as Non-Executive Directors. Celia has also taken on the role of Chair of the Remuneration Committee and is the designated Non-Executive Director for employee engagement. Both Celia and Emmanuelle bring a wealth of expertise and fresh perspectives to the Board, and their appointments reinforce our commitment to maintaining a Board with the right balance of skills, experience and diversity. Claire Tiney retired from the Board on 2 August 2025 following nine years of outstanding service and much-appreciated contribution. I would also like to thank Margaret Amos, who stepped down from the Board at the Annual General Meeting in December 2024.

Governance

We are committed to embedding robust governance principles throughout the organisation and keeping pace with evolving regulatory expectations.

We strive to maintain a clear and strategic focus, ensuring we deliver long-term, sustainable value for our shareholders through sound oversight and responsible management. Open, rigorous and transparent discussions on key strategic issues, potential risks and emerging opportunities are fundamental to our Board's decision-making process, always considering the interests of all stakeholders.

Nigel Lingwood
Chair
8 October 2025

Chief Executive Officer's Review

Overview

We are proud of the significant progress achieved this year, delivering strong organic revenue growth against a challenging market backdrop and completing our largest acquisition to date – Fantech in Australasia – which cements our position as market leader in both Australia and New Zealand. Once again, our broad geographic exposure, leading market positions and structural growth drivers enabled us to outperform the wider market.

Organic revenue growth of 5.7% at constant currency (cc) exceeded our target range of 3–5%. This was further enhanced by substantial inorganic growth following the successful integration of Fantech, resulting in overall revenue growth of 21.9% at cc.

Adjusted operating profit increased by £15.4 million, up 19.7% to £93.4 million (2024: £78.0 million). Adjusted operating margins were broadly maintained at 22.3%, despite the dilutive impact of the Fantech acquisition. Underlying operating profit margins, excluding the Fantech acquisition, increased in the year, reflecting our pricing discipline and the breadth of value engineering and procurement initiatives delivered across the business. With inflationary pressures moderating relative to recent years, price increases have been lower, and the organic margin improvement achieved has come from internal business improvement measures.

Organic revenue growth strengthened through the year, with the second half delivering 7.4% cc growth. Key drivers included sustained out performance in the UK residential market, a strong turnaround in UK commercial with over 20% organic growth in H2 FY25, and a return to organic growth in Australasia, supported by a much-improved fourth-quarter performance in New Zealand.

Cash generation is an essential enabler of our M&A-led compounding growth strategy and organic capex investment. An excellent adjusted operating cash conversion of 109% enabled us to bring net debt leverage levels down to 1.2x from a peak of 1.6x.

Our ambition is to become one of the leading ventilation providers for residential and commercial applications across our three core geographies: the UK, Continental Europe and Australasia. To support this goal, we strengthened our senior management structure during the year.

Continental Europe – leadership responsibilities have been expanded, with Andreas Löfstrand, previously our Nordics leader, and Koen Groenewold, based in the Netherlands, appointed as Regional Managing Directors for Europe.

Australasia – following the successful acquisition of Fantech, Anthony Lamaro, previously leader of the Fantech business, was promoted to Regional Managing Director for Australasia.

I am particularly pleased that these three senior regional leadership roles have been filled through internal promotion, which underlines the depth of talent within the Group and further strengthens our platform for growth.

The strengthening of our regional leadership, together with our central teams in technical, procurement and business development, has assisted us in broadening and maintaining a high-quality pipeline of acquisition opportunities. The acquisition of Fantech, a long-term strategic target for the Group, is a strong example of this approach, representing both an exciting extension of our capabilities and a significant expansion of our market reach.

Since our listing in 2014, Volution has delivered consistent, compounding revenue growth of over 10% per annum. This success is only possible through the commitment and strength of our local management teams and our people.

During the year, we completed our second Group-wide employee engagement survey, this time including our new colleagues from Fantech. The results were very encouraging and built positively on the strong outcomes of the 2024 survey. We also ran our fourth Management Development Programme, with preparations already underway to launch an enhanced programme for senior leaders in early FY26.

As Chief Executive, I have always been clear that Volution is, above all, a people business. While our purpose is to provide market leading solutions that improve indoor air quality, it is the passion and dedication of our people, and their commitment to delivering the best possible customer service, that drives our success. Continued investment in employee engagement and development remains critical to ensuring the strong and consistent execution of our business model.

Our markets and regulatory drivers

Volution's end market exposure evolved during the year, with the acquisition of Fantech in Australasia increasing our weighting in the region but also in commercial ventilation. While the Group remains predominantly focused on residential applications (c.70% of revenues) – with a stronger weighting towards refurbishment – the addition of Fantech has broadened our end-market mix across applications, construction cycles and geographies. Today, revenues are reasonably equally split across our three core regions.

We have seen tightening regulation play an increasingly significant role in shaping demand for our products. By design, regulatory measures aimed at decarbonisation have the greatest impact on new-build applications. In the UK, the introduction of building regulations Parts F, L and O has driven increased focus on airtightness, low-carbon ventilation, and over-heating risk in new homes, significantly supporting demand for more energy efficient, better-controlled products.

Refurbishment markets remain relatively resilient and less cyclical. With rising awareness among homeowners, landlords and tenants of the importance of good indoor air quality, demand in refurbishment has proven stable overall despite weaker construction activity. As in new build, customers are seeking more energy efficient and sophisticated solutions, driving higher product values across most markets.

Awaab's Law, introduced through the Social Housing (Regulation) Act 2023 and coming into force in October 2025, requires landlords to fix hazards such as damp and mould within strict legal timeframes. This is a vital step in protecting residents' health and improving living conditions. With our market leading solutions, we are well positioned to support landlords in meeting these obligations while benefiting from stronger, long-term demand.

Volution actively contributes to local market consultations and discussions on ventilation requirements. Our international experience and product breadth allow us to play a leading role in shaping these debates and delivering practical, effective outcomes. Where new demands emerge, our scale, agility and innovation capabilities enable us to lead the way in developing solutions. Examples include our leading role in continuous system ventilation in UK residential new build, and our market leadership in decentralised heat recovery retrofit solutions in the Netherlands.

Results

The Group delivered revenue of £419.1 million (2024: £347.6 million), an increase of 20.6% (21.9% at cc), with organic growth of 4.4% (5.7% at cc) and inorganic growth from the acquisition of Fantech in the year, of 16.2%. Adjusted operating margins decreased slightly from 22.5% in the prior year to 22.3%, due to the margin-dilutive impact of Fantech with underlying like-for-like organic margins increasing again in the year. Reported profit before tax was £54.5 million (2024: £56.6 million), a decrease of 3.7%.

Sustainability

Our Sustainability Committee, comprising senior management and non-executive oversight, met twice during the year to review progress against published targets.

We made strong progress against our key Sustainability KPIs in the year. Recycled plastics content in our own production rose to 83.9% (2024: 78.1%). To assist adoption further we have increased our investment at our Reading facility, which continues to lead the Group in sourcing and validating new materials. In addition, this year greater participation from the Nordics has positioned us for further improvement in FY26.

Low-carbon products accounted for 71.2% (2024: 74.6%) of Group revenue, reflecting the regulatory drivers for energy-efficient solutions, albeit diluted by Fantech. Although the regulatory drivers for energy efficient ventilation in Australia are currently not as advanced as Europe and the UK, proposed future changes to the National Construction Code will encourage the adoption of higher-efficiency, lower-carbon products in the medium term.

In addition, this year we have published our first Environmental Product Declarations (EPDs) for a range of central heat recovery devices. This provides a deeper lifecycle analysis for our new build customers looking for tighter control of embodied carbon.

Following a rigorous evaluation process, we are delighted the SBTi confirmed that our science-based targets meet the SBTi's Net-Zero Standard Criteria and Near-Term Target Criteria and Recommendations.

This approval demonstrates our commitment to reducing greenhouse gas (GHG) emissions in line with the latest climate science. Research published in 2024 revealed that only 14% of FTSE250 companies have this SBTi accreditation, making us one of a few select companies to have achieved this milestone.

Strategy

Organic growth

Volution has a financial target to consistently deliver organic growth in the range of at least 3–5%. This year, we achieved Group organic growth of 5.7% cc, ahead of our target range. The performance varied by region, with strong out performance in the UK (+9.5% cc) offset by more modest growth in Continental Europe (+3.1% cc) and Australasia (+0.6% cc).

Value-adding acquisitions

On 29 November 2024, we completed the acquisition of Fantech in Australasia for an initial consideration of AUD$221 million (£112.7 million) on a debt-free, cash-free basis, with a further non-contingent payment of AUD$60 million (£29.6 million) due 12 months post-completion. With leverage (ex-leases) at 1.2x, our balance sheet remains strong and provides significant headroom to pursue further acquisition opportunities. Return on Invested Capital (ROIC) was robust at 25.2%, despite the dilutive impact of acquisitions. The Fantech business was successfully integrated in the second half of the financial year.

Operational excellence

Maintaining an adjusted operating margin of 20% or above is a key financial objective for Volution. In FY25, we delivered an adjusted operating margin of 22.3%, compared with 22.5% in the prior year, the 20bps reduction being due to the impact of Fantech. On a like-for-like basis excluding Fantech, Group operating margins increased by 50bps to 23.0%, reflecting Group-wide self-help initiatives across procurement, efficiency and value engineering.

In light of our strong UK organic growth and following the rationalisation of two OEM facilities into one Swindon site, we have also reviewed our wider operational footprint. To support future expansion, we have secured new leasehold manufacturing capacity in Dudley, the West Midlands, from early FY26. Investments are already underway in new tooling, injection moulding and extrusion capacity, alongside enhancements we have made and continue to make to senior leadership, to future-proof our operational platform.

Customer service excellence remains central to our success and our planned capacity expansion, and operational investments will strengthen resilience and ensure service levels match our growth ambitions.

In the Nordics we are making additional investments in our metal working capabilities to support our revenue growth for new build projects. In Australasia we have identified optimisation opportunities by tooling new fan blade castings which will improve costs and enhance our capabilities for commercial ventilation products for both the Australian and New Zealand markets.

People

People are at the heart of Volution's long-term success. In FY25 we conducted our second, Group-wide employee engagement survey, incorporating colleagues from Fantech for the first time. With participation from over 2,250 employees, results were very positive and reinforced our shared purpose of delivering 'Healthy air, sustainably'.

Safety is our first priority, and this year we are pleased that our reported accident frequency rate is down 15% on last year. Our ambition however remains zero-harm, and we continue to work at a local level to reduce the risk of accidents further.

Integration of the Fantech Group of companies has progressed exceptionally well. I personally visited Australia and New Zealand five times during the year, meeting colleagues across both countries. The survey results highlighted the strong cultural alignment of Fantech with Volution, confirming the high quality of both the business and its people.

In the UK, we strengthened our commitment to diversity and inclusion, becoming a strategic partner of the Construction Inclusion Coalition forum (having formerly been a Coalition Member). Across our Group, our diverse and international culture is a clear competitive advantage in delivering our purpose.

We also advanced leadership development through our 'Global Leaders' communication programme, chaired by Group HR Director, Michelle Dettman. Meeting twice a year, this forum brings together the senior team and around 90 colleagues for open dialogue, updates and questions. This transparent approach, alongside everyday engagement in our local businesses, continues to embed strong leadership and collaboration across the Group.

Alongside our regular engagement initiatives, we continued to develop our bi-annual employee engagement forum, now attended by our new Non-Executive Director and Board–employee liaison, Celia Baxter. Celia succeeds Claire Tiney, who retired from the Board in August 2025 after a distinguished nine-year tenure. I would like to thank Claire for her open and engaging approach to employee dialogue, and I am confident that Celia's skills and style will ensure these forums continue to deliver maximum value.

Strengthening and supporting our senior and wider management teams remains a top priority. Our new regional structure has embedded well in the second half of the year, complemented by the strength of our central functions in technical, procurement, business development, finance and people & culture.

I firmly believe high-performing teams are built on a culture of collaboration, transparency and trust. In 2025 we made excellent progress in enhancing our senior leadership team, and we are committed to building on this momentum in the years ahead.

Outlook

I would like to thank all of my Volution colleagues, who collectively have delivered an outstanding performance this year. Organic growth at 5.7%cc was ahead of our target range, whilst the completion of our largest acquisition to date with the Fantech Group in Australasia provided a significant boost to revenues and earnings.

The integration of Fantech is progressing well, with our teams already benefiting from greater scale and collaboration across the region. Excellent revenue growth, expanding organic margins, and record operating cash generation has culminated in a very strong financial result.

The new year has started well, with continuing organic revenue growth complemented by the inorganic revenue benefit from the Fantech acquisition. Notwithstanding the still difficult economic backdrop in many of our end markets, we remain confident of continuing to deliver compounding growth and another year of good progress.

Ronnie George
Chief Executive Officer
8 October 2025

Business Review - UK

	2025 £m	2024 £m	Change %
Residential	**115.2**	105.0	9.7
Commercial	**30.1**	28.2	6.9
Export	**15.7**	12.1	29.4
OEM	**15.1**	15.5	(2.0)
Total revenue	**176.1**	160.8	9.5
Adjusted operating profit	**45.9**	40.2	14.1
Adjusted operating profit margin (%)	**26.0%**	25.0%	1.0pp
Reported operating profit	**44.0**	34.6	27.2

The UK delivered strong organic revenue growth over the prior year. UK revenues increased from £160.8 million to £176.1 million, a 9.5% increase. The standout performance was residential ventilation activity which accounts for c.65% of UK revenue. Given our end markets were generally challenging, with commercial and OEM activity quite weak, overall organic revenue growth of 9.5% was a good achievement.

Adjusted operating profit increased from £40.2 million to £45.9 million with a significant increase in the adjusted operating profit margin at 26.0% up 100bps from 25.0% in the prior year. Our gross margins expanded through a combination of favourable product mix, initiatives to reduce product cost and increased utilisation of our Reading, Crawley and Dudley factories. Indirect costs were tightly controlled, although there were higher than usual bonus payments made to the teams that contributed to the 9.7% revenue growth in the residential market.

To support our growth, we have continued to invest in our facilities. During the year we prepared the groundwork for expansion of our Reading site injection moulding and extrusion capability and leased additional factory buildings in Dudley, West Midlands, both aimed at future proofing our capacity headroom. In Reading we invested in larger injection moulding machines and new 'multi-cavity' tools which will both increase our output capacity and reduce our unit labour costs.

Our focus on operational excellence, material value engineering and cost down initiatives, enabled us to mitigate labour-related cost headwinds. In spite of a significant increase in employee national insurance and wage inflationary impacts, we were able to enhance our margins by 100bps in the year.

Residential

Sales in our residential market sector were £115.2 million (2024: £105.0 million), representing organic revenue growth of 9.7%, and building on last year's strong organic growth.

With leading brands across our UK business, each with slightly different attributes and end market application focus, we were able to deliver another strong year of growth. Regulations were most supportive in the new construction arena, despite the overall reduction in new build construction activity in the year.

For refurbishment activities, volume activity was solid, and we continued to benefit from the move towards low-carbon, more silent and more aesthetic solutions. Refurbishment activity is seasonal, with mould and condensation issues most acute in the winter months. This year's milder and generally drier winter we believe led to lower than anticipated levels of activity.

Our focus in this sector continues to build on servicing our key retail and trade distribution partners with the most compelling product portfolio underpinned by excellent customer service. These relationships are cemented by ensuring we are fully supporting our customers' growth initiatives. With substantial UK residential ventilation distribution coverage, across three leading brands, we continue to be well placed to support our customers.

New product solutions were added to our private residential refurbishment offering, and we are helping drive a move away from intermittent ventilation to continuous run solutions, a trend we have already witnessed in the social housing refurbishment and new build residential markets.

Social housing refurbishment demand continues to be robust and is still in a catch-up phase. The already mentioned milder and drier winter 24/25 is likely to have resulted in fewer mould and condensation issues than in previous years. However, significant underlying issues still exist and will need to be addressed. Our leading continuous ventilation solutions have been proven successful in helping remedy the issues, and we expect strong demand for future years.

Social housing landlords are increasingly focusing on fuel poverty and comfort-related issues in their dwelling stock and are moving towards more sophisticated ventilation solutions with improved controls or heat recovery. Many housing associations have targeted an achievement of Energy Performance Certificate 'C' by 2030, and this will drive demand for heat recovery products.

The standout performer in residential was the new build sector. Despite house completion levels being lower than the prior year, we saw a further increase in demand for low-carbon and continuous ventilation solutions linked to the changes in Part F, L and O of the building regulations.

We continued to invest in our facilities and capabilities to support future growth. Increased capacity in our Reading injection moulding and ducting lines is underway; new tooling to support the new product volume growth is either installed or due to arrive in H126; and the additional factory space at our Dudley facility will support the assembly of higher volumes of mechanical ventilation with heat recovery units.

During the year we built on our previous years' success in winning new accounts, successfully upgraded our heat recovery ranges to include a cooling capability to deal with Part O (overheating standard in the building regs) and designed a more streamlined approach to manufacturing increased volumes which will be finalised in early 2026. Customer service is key to success, and we increased our buffer stocks of key product lines to support demand. Whilst new build completion volumes remained low, the UK has a significant shortage of new build energy efficient housing, and we are fully prepared should government policy and a lower interest rate environment support higher volumes in the years ahead.

Commercial

Sales in our commercial sector increased 6.9% to £30.1 million (2024: £28.2 million). Revenue declined in the first half of the year and was then followed by strong growth in the second half.

Our ambition is to further enhance our position in the UK commercial ventilation market. Key personnel changes in the prior year delivered a strong second half-year performance, and we will continue to strengthen the team in the coming months. The investment in an enlarged factory floor area in Dudley in the first half of FY26 will provide us with the headroom to grow.

Notable successes in the year were the return to growth of our Breathing Buildings brand focusing on the natural and hybrid ventilation market with most project demand coming from the education sector. In the last three years we have successfully upgraded the product ranges in this area and have identified an opportunity to win share in the growing hybrid heat recovery space. There are further extensions necessary to the product range, however we believe the market dynamics are favourable for us to further develop this area.

Our fan coil revenues developed well in the year. Product enhancements were made to the range, and the production facility in West Molesey is well equipped to support further revenue growth.

Overall, our plan to enhance our commercial revenue streams made good progress in the year, and the additional energy and focus from the leadership team positions us well to build on this in the new year.

Export

Sales in our UK export sector were £15.7 million (2024: £12.1 million), an organic revenue growth rate of 29.4%. The most notable successes in the year were both our residential and commercial ventilation solutions sold in the Irish market. We saw strong demand for heat recovery ventilation solutions in residential new build, and fan coils for commercial applications performed excellently in the year. We extended our residential systems commercial agreement with our regional partner and continue to work closely with them for mutual success.

OEM

Third party Sales in our OEM sector were £15.1 million (2024: £15.5 million), an organic decline of just 2.0% following a disappointing prior year.

We completed our streamlining project where we will focus on a narrower but deeper range of low-carbon motorised impeller solutions. The site consolidation was finished in the first half of the year, and we benefited from a significant increase in inhouse demand for motorised impellers linked to our overall UK organic growth. The business is now well placed to develop in the new financial year, and we are working on several external revenue development opportunities.

Business Review - Continental Europe

	2025 £m	2024 £m	Change %	Organic Change (cc) %
Central Europe	**90.6**	87.0	4.2	6.0
Nordics	**46.0**	47.4	(2.9)	(2.3)
Total Continental Europe revenue	136.6	134.4	1.7	3.1
Adjusted operating profit	32.9	32.1	2.5	
Adjusted operating profit margin (%)	24.1%	23.9%	0.2pp	
Reported operating profit	27.3	29.1	(6.5)	

Our Continental Europe revenues increased from £134.4 million to £136.6 million, growing 3.1% at cc. Adjusted operating profit was up 2.5% at £32.9 million versus a prior year of £32.1 million. The adjusted operating profit margin increased in the year by 20bps to 24.1% (2024: 23.9%).

Central Europe

Sales in the Central Europe region grew 6.0% at cc to £90.6 million compared with the prior year of £87.0 million.

Revenue in Central Europe was a similar mixed picture to the previous year, with ClimaRad revenue growth and Energy Recovery Industries (ERI) the notable successes.

ClimaRad continued to grow strongly in the year. In December 2024 we completed the pre-agreed buy-out of the remaining 24.35% of ClimaRad's shares. The changeover from private ownership to full Volution ownership has been smooth. Koen Groenewold, promoted to Managing Director ClimaRad in January 2024, has been promoted to lead one half of our European regional model. The ClimaRad management team is largely the same as at the time of the acquisition in 2020, and we are continuing to invest to further develop the product portfolio for the future. The Netherlands has been proactively supporting the agenda for refurbishing existing residential dwellings, through government legislation, and we see a good opportunity to grow our revenue in this market. In May 2025 the Board had its annual overseas site visit at our Bosnian manufacturing facilities for ClimaRad based in Sarajevo. We have continued to invest in the facility to support the revenue growth and underpin operating profit margins.

In Germany our revenue performance was similar to the prior year with a slightly better performance towards the end of FY25. The new build market for ventilation in Germany has been depressed for a couple of years now, and we have been focusing on introducing new and upgraded solutions to target market share which has reduced over the recent years. Our Taris fan and improved sound insulation cover gained traction in the year, however there is further scope for gains in the period ahead. Good cost control maintained gross and operating profit margins, and we made additional investments in our own external sales personnel to help assist the future revenue growth.

In Belgium we made good progress with the new Econiq family of heat recovery. Following on from earlier delays to the original launch of the product in 2023, we are now seeing good levels of new project orders and are optimistic of a recovery in new house construction in the new year.

We made good progress in France with a particular focus on utilising the product portfolio from across the Group. Good revenue growth was achieved in the distribution route to market resulting in a substantial uplift in operating profit margins. The local leadership team have been investing in greater sales power, and we have some exciting new product developments planned for 2026. Since acquiring VMI in 2023 the gross margin in France has increased by 10% due to the benefit of Group value engineering and sourcing support.

ERI had another year of good organic growth. Since acquiring ERI in 2021 we have invested in new product ranges, additional manufacturing equipment and during 2025 we purchased some adjacent land and buildings designed to support the doubling of our future production capacity. In the first half of 2026 we will refurbish the acquired buildings, and this will provide us with the footprint to further grow revenues. Our ambition is to develop ERI into one of the leading ventilation heat exchanger producers in Europe, and our mix of investment in automation combined with a low-cost labour location is a strong recipe for cost competitiveness and success.

Our activities in Slovenia were disappointing in the year, particularly in the market for residential heat recovery refurbishment. We have utilised some strong product solutions from inside the Group to support our margins, and revenue has stabilised.

Nordics

Sales in the Nordics region were £46.0 million (2024: £47.4 million), an organic revenue decline of 2.3% at cc compared with the previous year.

The Nordic market stabilised in the year with revenues declining 1.2% in the second half of the year following a decline of 3.2% in the first half. The team delivered well on product cost initiatives and efficiency projects such that despite the revenue decline, profit was slightly up.

Sweden's housing market began to stabilise after a significant downturn, but new construction remained subdued due to high material costs and a low number of building permits.

We continued to benefit from a strong position in the Swedish residential refurbishment market and have embarked on a new development project to improve our leading range of ventilation devices. The new product will be available for launch in the spring of 2026 and is particularly aimed at the Nordics but will also work well in some of our other European markets.

We exited the year in stronger shape in the Nordics with the new build project order book much stronger following the addition of some larger project order wins delivered in Q4 2025. Refurbishment revenue in the Nordics has been more positive with Sweden performing well, offset by some market weakness in Norway.

New build activity in Denmark and Finland was subdued, but there are early signs of greater project activity since the year end. To support our development in the new build market we made a significant investment in new metal working equipment in Sweden, and this will be commissioned and operable in the first half of 2026. This new investment will help us to support revenue growth and expand margins in this sector.

Business Review - Australasia

	2025 £m	2024 £m	Change %	Organic Change (cc) %
Residential	**62.1**	49.3	26.0	1.3
Commercial	**44.3**	3.1	1,306.9	(11.2)
Total Australasia revenue	**106.4**	52.4	102.8	0.6
Adjusted operating profit	**21.9**	11.9	83.5	
Adjusted operating profit margin (%)	**20.6%**	22.7%	(2.1)pp	
Reported operating profit	**11.0**	11.1	(1.5)	

Sales in our Australasia region were £106.4 million, with organic growth of 0.6% at cc. The region benefited from the acquisition of Fantech from December 2024 with inorganic growth of 107.2%. Adjusted operating profit increased by 83.5% to £21.9 million from £11.9 million. Adjusted operating profit margins were down by 210bps to 20.6% versus 22.7% in the prior year, the dilution relating to the lower margin contribution from the newly acquired Fantech business. Reported operating profit declined by 1.5% to £11.0 million (2024: £11.1 million) due to acquisition related non-underlying costs.

The integration of Fantech is going well. We are delighted to welcome our new colleagues to Volution, and the integration continues to progress as planned, in large part due to the similar cultures of the respective companies. Fantech has for a long time been the leading ventilation company in Australia and coupled with our strong residential leadership position in New Zealand, the combination provides a formidable platform. Anthony Lamaro, an existing leader within the Fantech business, with over 19 years of service, has been appointed to the role of Regional Managing Director, Australasia.

By delivering an improvement in the Fantech operating profit margins since acquisition, coupled with a step-up in both the local and wider group organic operating profit margin, the region has delivered an above 20% adjusted operating profit margin in the year.

Our Australasian revenues are now broadly similar, weighted between commercial and residential applications, and this has moved considerably since the acquisition. Volution now has a more balanced portfolio when compared with our predominantly residentially focused business prior to the transaction.

In New Zealand the market has continued to be challenging following a similar trajectory in the first half of the year as in 2024. Market confidence has been low and whilst we have a significant market share in New Zealand activity levels have been weaker. In February this year Jared Dineen started as the local leader for Simx and DVS in New Zealand. Bringing considerable experience from the electrical industry and replacing Ian Borley, our long-serving regional leader who retired in 2025, we are delighted with the progress Jared has made. In DVS we have made excellent progress with enhancing product gross margins through value engineering and procurement initiatives. Despite the revenue decline in DVS, we were able to substantially increase profitability.

In Australia market conditions are more favourable than in New Zealand. We had another year of good progress with our ranges of ceiling fans in our Ventair brand and the Fantech acquisition performed as anticipated with slightly improved operating profit margins.

With our enlarged position and scale in the Australasian market and representing a larger proportion of our Group revenues, we have introduced a residential/commercial split of revenues. Residential revenues grew organically by 1.3%, and our much smaller organic commercial proportion had an organic decline of 11.2%.

Our residential position in the market encompasses a wider-reaching range of solutions. From the direct install to consumer model in New Zealand with our DVS brand, coupled with a leadership position in both Australia and New Zealand through our distribution channels, we have identified opportunities to utilise our market reach and further enhance our product offer by utilising the wider Group product portfolio. Whilst still underdeveloped compared with the European market we expect to follow a similar regulatory trajectory with continuous ventilation becoming more commonplace in residential refurbishment and mechanical ventilation with heat recovery being specified in new build applications.

Our commercial ventilation offer is one of the most comprehensive available in both the Australian and New Zealand market. Extensive logistics coverage with physical distribution locations nationally across both countries enables us to provide unrivalled product delivery turnaround and local technical support. We see significant opportunities to further gain market share utilising a combination of leading brands, products and locations. In April 2024 Safe Work Australia replaced the previous Workplace Exposure Standards (WES) with new Workspace Exposure Limits (WEL), officially adopted into policy in 2024, although not legally enforceable until 1 December 2026. These more onerous requirements will increase demand for commercial workplace ventilation, and we are already engaged with several new opportunities which will require more comprehensive and increased value solutions. As with our residential offer there are opportunities to enhance our commercial market reach by utilising products that are available within the Group and made available through our newly acquired brands and additional locations. The newly acquired business provides customers with a comprehensive applications selection tool. The 'fan selector programme' is one of the most advanced selection tools available in the market and is the go-to solution for M&E contractors and consultants in the market.

Across the region we have developed many new initiatives to enhance our position in 2026. A mixture of cost down initiatives and new product launches positions us well to capitalise on our enhanced platform and support our goal to further enhance gross and operating profit margins of the acquired activities.

Financial Review

Overview

I am pleased to report another year of strong financial performance for the Group. We performed well against our financial key performance indicators with strong total revenue and constant currency (cc) organic revenue growth, continued high margins and returns and excellent cash generation.

FY25's strong performance continues the Group's track record of delivering long-term compounding growth and returns for our shareholders. Compound annual growth in revenue, adjusted operating profit and adjusted basic earnings per share now stand at respectively 12.0%, 12.1% and 12.8% across our 11 years since listing.

Financial results

Group revenue grew 20.6% to £419.1 million (2024: £347.6 million), with organic growth at cc of 5.7% and a 16.2% contribution from the acquisition of Fantech, partly offset by an adverse 1.3% impact from movements in foreign exchange. All three regions grew revenue organically (cc), with UK up 9.5%, Continental Europe up 3.1% cc and Australasia up 0.6% cc. Further information on the performance and market drivers per region is given in the business reviews.

Gross margins decreased by 220bps to 49.1%, due primarily to a £7.1 million non-underlying acquisition fair value inventory adjustment (see next page). Excluding this non underlying item, gross margins were 50.8% (2024: 51.3%) with an organic improvement of 60bps offset by a dilutive impact from Fantech. Procurement initiatives, value engineering and a modest level of price increase all contributed to the organic improvement. Administration and distribution costs, shown in the table below, increased by £18.9 million, £15.1 million attributable to Fantech, with costs excluding Fantech up £3.8 million or 3.8% on the prior year.

Adjusted operating profit grew by 19.7% to £93.4 million (2024: £78.0 million) with adjusted operating margins of 22.3%, down from 22.5% in the prior year. The small reduction in adjusted operating margin was due to the dilution from the acquisition of Fantech, with organic margins (excluding Fantech) up 50bps versus the prior year. Reported operating profit declined by 4.5% to £67.3 million (2024: £70.4 million) due to acquisition related non-underlying costs.

Adjusted net finance costs of £9.1 million were up 40.4% compared with prior year (2024: £6.4 million) due to the increase in debt relating to the initial AUD$221 million (£107.4 million, net of cash acquired) consideration for Fantech, plus £30.4 million for the purchase of the final 24.35% of ClimaRad. The weighted average interest rates on gross debt in the year was 5.8% (2024: 6.8%).

Adjusted profit before tax was £83.9 million, up 18.7% versus prior year (2024: £70.7 million). Adjusted basic earnings per share grew by 18.2% to 33.1 pence (2024: 28.0 pence). Acquisition-related non-underlying costs (see below) meant that reported profit before tax was £54.5 million, down 3.7% (2024: £56.6 million). Reported basic earnings per share was 21.0 pence (2024: 21.6 pence).

Reported and adjusted results

The Group uses some Alternative Performance Measures to track and assess the underlying performance of the business, as set out in note 2 of the consolidated financial statements.

The adjustments relate substantially to acquisitions and are as follows:

- Amortisation of acquired inventory fair value adjustment £7.1 million (2025: £nil) in respect of Fantech.
- Amortisation of intangible assets acquired through business combinations £11.3 million (2024: £9.3 million), mainly due to the new intangible assets relating to Fantech.
- Costs of business combinations £3.1 million (2024: £0.2 million), up £2.9 million principally due to diligence and legal work relating to the acquisition of Fantech.
- Re-measurement of financial liabilities of £0.5 million (2024: £0.9 million) relating to ClimaRad.
- Fair value movements in contingent consideration of £4.7 million (2024: £1.9 million) relating to DVS (£2.6 million), ClimaRad (£2.0 million) and ERI (£0.1 million) where final trading performance within the earn-out periods was overall stronger than expected, resulting in a net increase in the final contingent consideration payable.
- Unwinding of discounting on future consideration of £3.2 million (2024: £6.6 million) of which £2.0 million related to ClimaRad, £0.4 million to ERI and £0.8 million to Fantech.

	Year ended 31 July 2025			Year ended 31 July 2024		
	Reported £m	Adjustments £m	Adjusted results £m	Reported £m	Adjustments £m	Adjusted results £m
Revenue	419.1	—	419.1	347.6	—	347.6
Gross profit	205.6	7.1	212.7	178.3	—	178.3
Administration and distribution costs excluding the costs listed below	(119.2)	—	(119.2)	(100.3)	—	(100.3)
Amortisation of intangible assets acquired through business combinations	(11.3)	11.3	—	(9.3)	9.3	—
Fair value movement in contingent consideration	(4.7)	4.7	—	1.9	(1.9)	—
Costs of business combinations	(3.1)	3.1	—	(0.2)	0.2	—
Operating profit	67.3	26.2	93.4	70.4	7.6	78.0
Re-measurement of financial liabilities	(0.5)	—	(0.5)	(0.9)	—	(0.9)
Unwinding of discounting on future consideration	(3.2)	3.2	—	(6.6)	6.6	—
Net gain on financial instruments at fair value	—	—	—	0.1	(0.1)	—
Other net finance costs	(9.1)	—	(9.1)	(6.4)	—	(6.4)
Profit before tax	54.5	29.4	83.9	56.6	14.1	70.7
Income tax	(13.0)	(5.3)	(18.3)	(13.8)	(1.6)	(15.4)
Profit after tax	41.5	24.1	65.6	42.8	12.5	55.3

Currency impacts

Aside from Sterling, the Group's key trading currencies for our non-UK businesses are the Euro, representing approximately 23% of Group revenues, Australian Dollar (18%), New Zealand Dollar (8%) and Swedish Krona (7%). We do not hedge the translational exchange impact arising from the conversion of the results of overseas subsidiaries, although we do denominate some of our borrowings in our non-Sterling trading currencies, which offsets some of the translation risk relating to net assets.

In FY25 we experienced a significant currency headwind of £4.5 million at a revenue level with a £0.7 million impact to adjusted operating profit. All of our principal non-Sterling currencies weakened relative to Sterling in the year, as shown in the below table.

	Average rate 2025	Average rate 2024	Movement
Euro	1.19	1.17	(1.8)%
Swedish Krona	13.37	13.40	0.3%
New Zealand Dollar	2.21	2.08	(5.8)%
Australian Dollar	2.01	1.92	(4.6)%

The Group had non-Sterling denominated borrowings as at 31 July 2025 of £144.7 million (2024: £49.8 million) of which:

- Euro: £66.0 million
- AUD$: £63.2 million
- SEK: £15.5 million

The Sterling value of these foreign currency denominated loans decreased by £3.2 million because of exchange rate movements (2024: decreased by £1.1 million).

Transactional foreign exchange exposures arise principally from our US Dollar denominated purchases of materials from our suppliers in the Far East. We aim to purchase a substantial proportion of our expected requirements approximately 12 months forward, and as such, we have forward currency contracts in place for approximately 80% of our forecast average forward requirements for the 2026 financial year.

Taxation

Our adjusted effective tax rate of 21.8% (2024: 21.8%) is in line with last year. The acquisition of Fantech, with Australasian tax rates at 30%, had an adverse impact on our adjusted effective tax rate, this was however, offset by reductions due to increased patent box benefits in the UK and adjustments in respect of prior periods.

We expect our medium-term adjusted effective tax rate to be in the range of 21% to 25% of the Group's adjusted profit before tax, depending on the business mix and the profile of acquisitions.

Our reported effective tax rate for the year was 23.8% (2024: 24.4%).

Excellent cash generation

Volution's high operating margins and asset light business model and operations drives a profile of strong cash generation. Underpinned by a working capital inflow of £4.5 million in the year (2024: inflow of £2.7 million), principally due to inventory optimisation, the Group delivered a strong adjusted operating cash flow of £104.5 million (2024: £85.8 million). Group cash conversion, defined as adjusted operating cash flow as a percentage of adjusted earnings before interest, tax and amortisation, was 109% (2024: 107%).

Capital expenditure of £8.4 million (2024: £7.1 million) included £2.2 million relating to the ERI expansion programme, £1.6 million relating to new product development and £1.1 million for Nordics metal capability.

A summary of the year's cash flow is shown in the tables below, with the principal outflows being in relation to business combinations (£145.7 million including acquisitions, contingent consideration, earn-outs and associated fees), tax paid (£20.1 million), dividends (£19.0 million) and capital expenditure (£8.4 million).

Net debt at 31 July 2025 was £165.7 million (2024: £57.6 million), and is set out in the table below. Leverage of net debt (excluding lease liabilities) to adjusted EBITDA was 1.2x at 31 July 2025 (2024: 0.4x), which coupled with our reliable high levels of cash conversion give us strong capability for future growth investment.

Value-adding acquisitions

Acquisition spend in the year net of cash acquired was £145.7 million (2024: £13.4 million). We completed the acquisition of Fantech (Australasia), for an initial consideration of AUD$221 million, (£107.4 million, net of cash acquired), on a debt-free cash-free basis, as well as purchasing the remaining 24.35% of ClimaRad (£30.4 million).

A deferred consideration element of AUD$60 million is payable in December 2025 in respect of the Fantech acquisition.

Movements in net debt position for the year ended 31 July

	2025 £m	2024 £m
Opening net debt 1 August	(57.6)	(89.3)
Movements from continuing business operations:		
Adjusted EBITDA	106.3	89.0
Movement in working capital	4.5	2.7
Share-based payments	2.1	1.2
Capital expenditure	(8.4)	(7.1)
Adjusted operating cash flow:	104.5	85.8
• Interest paid net of interest received	(7.6)	(5.0)
• Income tax paid	(20.1)	(16.8)
• Dividend paid	(19.0)	(16.4)
• Purchase of own shares	(2.3)	(2.7)
• Issue costs of new borrowings	(1.8)	—
• IFRS 16 payment of lease principle	(6.0)	(5.7)
• IFRS 16 (increase)/decrease in lease liabilities	(13.7)	5.1
Movements from business combinations:		
• Cash flow relating to business combination costs	(3.1)	(0.2)
• Business combination of subsidiaries, net of cash acquired	(107.4)	(8.5)
• Acquisition of remaining 24.35% of ClimaRad and repayment of vendor loan	(30.4)	—
• Payment of i-Vent Contingent consideration	—	(2.6)
• Payment of ERI Contingent consideration	(4.6)	(1.9)
• Business combination of subsidiaries, debt repaid	(0.2)	(0.2)
• FX on foreign currency loans/cash	3.6	0.8
Closing net debt 31 July	(165.7)	(57.6)

Reconciliation of bank debt to net debt

	2025 £m	2024 £m
Bank debt	(144.7)	(49.8)
Cash	18.7	18.2
Net debt (excluding lease liabilities)	(126.0)	(31.6)
Lease liabilities	(39.7)	(26.0)
Net debt	(165.7)	(57.6)

Reconciliation of reported to adjusted operating cash flow

	2025 £m	2024 £m
Net cash flow from operating activities	85.0	75.7
Net capital expenditure	(8.3)	(6.9)
UK and overseas tax paid	20.1	16.8
Cash flow relating to business combination	3.1	0.2
Payment of ERI contingent consideration	4.6	—
Adjusted operating cash flow	104.5	85.8

Funding facilities and liquidity

As at 31 July 2025, the Group had in place a £230 million multicurrency 'Sustainability Linked Revolving Credit Facility', together with an accordion of up to £70 million. £30 million of the £230 million facility matures in September 2027, with £200 million maturing in September 2028. A further option is in place to extend the £200 million by an additional year.

As at 31 July 2025, the Group had £85.3 million of undrawn, committed bank facilities (2024: £100.2 million) and £18.7 million of cash and cash equivalents (2024: £18.2 million).

Returns on Invested Capital (ROIC) remains >25% post Fantech

The Group's ROIC (pre-tax) for the financial year was 25.2% (2024: 27.8%), 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). The measure excludes the goodwill and intangible assets arising from the original transaction that created the Group when it was bought via a leveraged buy-out transaction by private equity house Towerbrook Capital Partners in 2012.

On a like-for-like basis our organic revenue growth of 5.7%cc coupled with strong operating profit growth and net inflow of working capital would have yielded a c240bps increase in ROIC to just over 30%, with then the impact of the Fantech acquisition bringing it down to 25.2%.

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

Recommended dividend

The Board has recommended a final dividend of 7.4 pence which, together with an interim dividend paid of 3.4 pence per share, gives a total dividend per share of 10.8 pence (2024: 9.0 pence), up 20.0% in total. The final dividend is subject to approval by shareholders at the Annual General Meeting on 10 December 2025 and, if approved, will be paid on 16 December 2025.

Employee Benefit Trust

During the year £3.0 million of non-recourse loans (2024: £2.7 million) were made to the Volution Employee Benefit Trust for the purpose of purchasing shares in Volution Group plc to meet the Company's obligations under its share incentive plans. The Volution Employee Benefit Trust acquired 515,000 shares at an average price of £5.83 per share in the period (2024: 770,000 shares at average price of £3.90) and 653,444 shares (2024: 1,019,886 shares) were released by the trustees with a value of £3,694,058 (2024: £3,942,724). The Volution Employee Benefit Trust has been consolidated into the results and the shares purchased have been treated as treasury shares deducted from shareholders' funds.

Andy O'Brien
Chief Financial Officer
8 October 2025

Directors' responsibilities in respect of the financial statements

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 profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and

- the Strategic report includes a fair review of the development and performance of the business and the position of the Company, and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face. We consider the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

The contents of this announcement, including the responsibility statement above, have been extracted from the annual report and accounts for the year ended 31 July 2025 which may be found at www.volutiongroupplc.com and will be despatched to shareholders on or around 22 October 2025. Accordingly, this responsibility statement makes reference to the financial statements of the Company and the group and to the relevant narrative appearing in that annual report and accounts rather than the contents of this announcement.

On behalf of the Board

Ronnie George
Chief Executive Officer

8 October 2025

Andy O'Brien
Chief Financial Officer

8 October 2025

Consolidated Statement of Comprehensive Income

For the year ended 31 July 2025

	Notes	2025 £000	2024 £000
Revenue from contracts with customers	3	**419,114**	347,611
Cost of sales		**(213,496)**	(169,344)
Gross profit		**205,618**	178,267
Administrative and distribution expenses		**(130,567)**	(109,545)
Operating profit before separately disclosed items		**75,051**	68,722
Costs of business combinations		**(3,138)**	(206)
Fair value movement in contingent consideration	17	**(4,702)**	1,845
Operating profit		**67,211**	70,361
Finance income	5	**306**	283
Finance costs	5	**(9,404)**	(6,605)
Re-measurement of financial liabilities	17	**(455)**	(870)
Unwinding of discounting on future consideration	17	**(3,176)**	(6,599)
Profit before taxation		**54,482**	56,570
Taxation	6	**(12,949)**	(13,773)
Profit for the year		**41,533**	42,797
Other comprehensive loss			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Exchange differences arising on translation of foreign operations		**(2,965)**	(6,151)
Gain on currency loans relating to the net investment in foreign operations		**3,210**	1,124
Other comprehensive loss for the year		**245**	(5,027)
Total comprehensive income for the year, net of tax		**41,778**	37,770
Earnings per share			
Basic earnings per share	7	**21.0p**	21.6p
Diluted earnings per share	7	**20.7p**	21.4p

Consolidated Statement of Financial Position

At 31 July 2025

	Notes	2025 £000	2024 £000
ASSETS			
Non-current assets			
Property, plant and equipment	8	**34,010**	30,193
Right-of-use assets	16	**39,949**	24,894
Intangible assets – goodwill	9	**235,785**	171,340
Intangible assets – others	11	**125,246**	76,902
Total non-current assets		**434,990**	303,329
Current assets			
Inventories	13	**71,294**	53,112
Trade and other receivables	14	**77,390**	55,239
Income tax assets		**–**	392
Cash and short-term deposits		**18,780**	18,243
Total current assets		**167,464**	126,986
Total assets		**602,454**	430,315
LIABILITIES			
Current liabilities			
Trade and other payables	15	**(71,739)**	(46,653)
Refund liabilities		**(12,806)**	(10,847)
Income tax liabilities		**(2,308)**	(3,940)
Other financial liabilities	17	**(31,597)**	(22,068)
Interest-bearing loans and borrowings	18	**(6,396)**	(14,363)
Provisions	19	**(2,133)**	(1,450)
Total current liabilities		**(126,979)**	(99,321)
Non-current liabilities			
Interest-bearing loans and borrowings	18	**(177,021)**	(71,630)
Other financial liabilities	17	**(1,500)**	–
Provisions	19	**(730)**	(819)
Deferred tax liabilities	21	**(26,236)**	(12,622)
Total non-current liabilities		**(205,487)**	(85,071)
Total liabilities		**(332,466)**	(184,392)
Net assets		**269,988**	245,923
Equity			
Share capital	20	**2,000**	2,000
Share premium	20	**11,527**	11,527
Treasury shares		**(2,999)**	(2,250)
Capital reserve		**93,855**	93,855
Share-based payment reserve		**6,436**	5,427
Foreign currency translation reserve		**(6,007)**	(6,252)
Retained earnings		**165,176**	141,616
Total equity		**269,988**	245,923

The consolidated financial statements of Volution Group plc (registered number: 09041571) were approved by the Board of Directors and authorised for issue on 8 October 2025.

On behalf of the Board

Ronnie George
Chief Executive Officer

Andy O'Brien
Chief Financial Officer

Consolidated Statement of Changes in Equity

For the year ended 31 July 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 1 August 2023	2,000	11,527	(2,390)	93,855	5,584	(1,225)	116,894	226,245
Profit for the year	–	–	–	–	–	–	42,797	42,797
Other comprehensive loss	–	–	–	–	–	(5,027)	–	(5,027)
Total comprehensive income	–	–	–	–	–	(5,027)	42,797	37,770
Purchase of own shares	–	–	(2,732)	–	–	–	–	(2,732)
Vesting of share options	–	–	2,872	–	(1,214)	–	(1,658)	–
Share-based payment including tax	–	–	–	–	1,057	–	–	1,057
Dividends paid (note 22)	–	–	–	–	–	–	(16,417)	(16,417)
At 31 July 2024	2,000	11,527	(2,250)	93,855	5,427	(6,252)	141,616	245,923
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**41,533**	**41,533**
Other comprehensive loss	**–**	**–**	**–**	**–**	**–**	**245**	**–**	**245**
Total comprehensive income	**–**	**–**	**–**	**–**	**–**	**245**	**41,533**	**41,778**
Correction to IFRS 16 lease transition*	**–**	**–**	**–**	**–**	**–**	**–**	**932**	**932**
Purchase of own shares	**–**	**–**	**(3,003)**	**–**	**–**	**–**	**–**	**(3,003)**
Vesting of share options	**–**	**–**	**2,254**	**–**	**(1,659)**	**–**	**100**	**695**
Share-based payment including tax	**–**	**–**	**–**	**–**	**2,668**	**–**	**–**	**2,668**
Dividends paid (note 22)	**–**	**–**	**–**	**–**	**–**	**–**	**(19,005)**	**(19,005)**
At 31 July 2025	**2,000**	**11,527**	**(2,999)**	**93,855**	**6,436**	**(6,007)**	**165,176**	**269,988**

* The IFRS 16 item above relates to the correction of an immaterial error identified in the value of lease liabilities and corresponding retained earnings adjustment recognised on transition to IFRS 16.

Consolidated Statement of Cash Flows

For the year ended 31 July 2025

	Notes	2025 £000	2024 £000
Operating activities			
Profit for the year after tax		**41,533**	42,797
Adjustments to reconcile profit for the year to net cash flow from operating activities:			
Income tax		**12,949**	13,773
Gain on disposal of property, plant and equipment and intangible assets – other		**(154)**	(184)
Amortisation of acquired inventory fair value adjustment		**7,048**	–
Fair value movement in contingent consideration	17	**4,702**	(1,845)
Re-measurement of financial liabilities	17	**455**	870
Unwinding of discounting on future consideration	17	**3,176**	6,599
Finance income	5	**(306)**	(283)
Finance costs	5	**9,404**	6,605
Share-based payment expense		**2,154**	1,200
Depreciation of property, plant and equipment	8	**4,652**	4,413
Depreciation of right-of-use assets	16	**6,070**	4,738
Amortisation of intangible assets	11	**13,540**	11,129
Working capital adjustments net of the effect of acquisitions:			
Increase in trade receivables and other assets		**(7,060)**	(2,776)
Decrease in inventories		**6,185**	5,976
Amortisation of acquired inventory fair value adjustment		**(7,048)**	–
Increase/(decrease) in trade and other payables		**11,985**	(670)
Increase in provisions		**389**	204
Cash generated by operations		**109,674**	92,546
UK income tax paid		**(5,500)**	(7,019)
Overseas income tax paid		**(14,619)**	(9,817)
Payment of ERI contingent consideration	12	**(4,580)**	–
Net cash flow generated from operating activities		**84,975**	75,710
Investing activities			
Purchase of intangible assets	11	**(2,056)**	(1,918)
Purchase of property, plant and equipment	8	**(6,568)**	(5,464)
Proceeds from disposal of property, plant and equipment and intangible assets – other		**338**	445
Business combination of subsidiaries, net of cash acquired	12	**(107,358)**	(8,498)
Payment of i-Vent contingent consideration	12	**–**	(2,566)
Payment of ERI deferred consideration	12	**–**	(1,874)
Interest received		**306**	283
Net cash flow used in investing activities		**(115,338)**	(19,592)
Financing activities			
Repayment of interest-bearing loans and borrowings		**(100,681)**	(56,734)
Repayment of VMI debt acquired		**(248)**	(237)
Repayment of ClimaRad vendor loan		**(9,463)**	–
Consideration paid for ClimaRad non-controlling interest	12	**(20,853)**	–
Proceeds from new borrowings		**198,828**	28,283
Issue costs of new borrowings		**(1,822)**	–
Interest paid		**(7,955)**	(5,321)
Payment of principal portion of lease liabilities		**(5,949)**	(5,672)
Dividends paid to equity holders of the parent	26	**(19,005)**	(16,417)
Purchase of own shares		**(2,308)**	(2,732)
Net cash flow generated from/(used in) financing activities		**30,544**	(58,830)
Net increase/(decrease) in cash and cash equivalents		**181**	(2,712)
Cash and cash equivalents at the start of the year		**18,243**	21,244
Effect of exchange rates on cash and cash equivalents		**356**	(289)
Cash and cash equivalents at the end of the year		**18,780**	18,243

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.

Notes to the Consolidated Financial Statements

For the year ended 31 July 2025

1. Accounting policies

Basis of preparation

The Group's consolidated financial statements have been prepared in accordance with UK-adopted international accounting standards (UK-adopted IAS) and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The consolidated financial statements have been prepared under the historical cost convention, except for business combinations, other financial liabilities, share based payments, and derivative financial instruments measured at fair value, as referred to in the respective accounting policies below. The consolidated financial statements are presented in GBP, being the functional currency of the parent company. All values are rounded to the nearest thousand (£000), except as otherwise indicated.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 July 2025. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Group re-assesses whether or not it controls an investee if there are changes to the facts and circumstances indicate that there are changes to one or more of the three elements of control. The financial statements of subsidiaries are prepared for the same reporting periods using consistent accounting policies. All intercompany transactions and balances, including unrealised profits arising from intra-group transactions, have been eliminated on consolidation.

Going concern

The financial position of the Group, its cash flows and liquidity position are set out in the financial statements. Furthermore, note 27 to the consolidated financial statements includes the Group's objectives and policies for managing its capital, its financial risk management objectives, details of its financial instruments and its exposure to credit and liquidity risk.

The financial statements have been prepared on a going concern basis. In adopting the going concern basis, the Directors have considered external factors, including potential scenarios arising from the political and macroeconomic uncertainty that has arisen post-Covid, the invasion of Ukraine early in 2022, from conflict in the Middle east, and from the Group's other principal risks set out of page 45. Under a severe but plausible downside scenario, the Group remains comfortably within its debt facilities and the attached financial covenants within the period of assessment to 31 January 2027. The Directors therefore believe, at the time of approving the financial statements, that the Company is well placed to manage its business risks successfully and remains a going concern. The key facts and assumptions in reaching this determination are summarised below.

Our financial position remains robust with the new debt facilities of £230 million, and an accordion of a further £70 million, reducing to a £200 million facility in October 2027 and maturing in September 2028.The financial covenants on these facilities are for leverage (net debt/adjusted EBITDA) of not more than 3x and for interest cover (adjusted EBITDA/net finance charges) of not less than 4x. As at 31 July 2025, leverage was 1.2 (31 July 2024: 0.4) and interest cover was 13.6 (31 July 2024: 14.8).

Our 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.

We have then applied a severe but plausible downside scenario, based on a more severe downturn than seen during the financial crisis and Covid pandemic, in order to model the potential concurrent impact of:

- a general economic slowdown reducing revenue by 15% compared with forecast, with a corresponding reduction in variable cost base;
- supply chain difficulties or input price increases reducing gross profit margin by 10%; and
- a 1% interest rate increase impacting cost of debt.

A reverse stress test scenario has also been modelled which shows a revenue contraction of c.26% against the base case with no mitigations would be required to breach covenants, which is considered extremely remote in likelihood of occurring. 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 the Group remains a going concern.

1. Accounting policies continued

Foreign currencies

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.

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.

The key judgement, apart from any involving estimations, that has the most significant effect on the amounts recognised in the financial statements is the identification of the Group's cash generating units (CGUs) and the grouping of those CGUs for goodwill impairment testing purposes. This judgement could have a significant impact on the carrying value of goodwill and other intangible assets in the financial statements. Hence, the Directors have concluded that this is a key judgement under the scope of paragraph 122 of IAS 1. Further details can be found in note 10 (impairment assessment of goodwill).

Valuation of Fantech acquisition intangibles

The material estimates relevant to the current financial year relate to inputs into the valuation of Fantech acquired customer relationships and trademark intangible assets. Reasonably possible changes to key estimates in the valuation of these assets would have a material impact on the carrying value of acquired intangible assets and hence the Directors have concluded that this is a material accounting estimate. Further details can be found in note 12 (business combinations).

The Directors have concluded that there are no additional major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Other judgements and estimates, which the Directors do not believe to be critical accounting judgements or key sources of estimation uncertainty under the scope of paragraph 122 or 125 of IAS1, but for which additional disclosures have been made in the relevant notes, include estimates and assumptions made related to: impairment assessment of goodwill (note 10), and assumptions relating to future performance of recent acquisitions in the valuation of various contingent financial liabilities (note 17).

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Separately disclosed items

The Group discloses some items on the face of the consolidated statement of comprehensive income by virtue of their nature, size or incidence to allow a better understanding of the underlying trading performance of the Group. These separately disclosed items include, but are not limited to, significant restructuring costs and significant business combination and related integration and earn-out costs.

Revenue from contracts with customers (note 3)

Sale of products

Revenue from the sale of products is recognised at the point in time when control of the asset is transferred to the buyer, usually on the delivery of the goods.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. warranties and volume rebates). In determining the transaction price for the sale of ventilation products, the Group considers the effects of variable consideration (if any).

Volume rebates

The Group provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained, other than with respect to volume rebates, based on its historical experience, business forecasts and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short timeframe.

1. Accounting policies continued

Volume rebates continued

At the reporting date, the Directors make estimates of the amount of rebate that will become payable by the Group under these agreements; to estimate the variable consideration for the expected future rebates, the Group applies the expected value method for contracts with more than one volume threshold. Where the respective customer has been engaged with the Group for a number of years, historical settlement trends are also used to assist in ensuring an appropriate estimate is recorded at the reporting date and that appropriate internal approvals and reviews take place before rebates are recorded.

The sales rebate provision is recognised within refund liabilities, rather than trade receivables, as a significant proportion of the agreements across the Group do not provide for credit notes to be raised against receivable balances. Rather, cash payment of the rebate amount due is expected. Furthermore, the majority of rebate agreements do not contain a clause which provides a legally enforceable right to offset invoiced amounts.

Installation services

The Group provides installation services that are bundled together with the sale of equipment to a customer.

Contracts for bundled sales of equipment and installation services are comprised of two performance obligations because the promises to transfer equipment and provide installation services are capable of being distinct and separately identifiable. Accordingly, the Group allocates the transaction price based on an estimate of the relative standalone selling prices of the equipment and the residual approach for installation services.

The Group recognises revenue from installation services at a point in time after the service has been performed; this is because installation of the ventilation equipment is generally over a small timeframe, usually around one to two days.

Contract balances

There are no contract assets or liabilities included within the statement of financial position, as invoicing closely aligns with point of revenue recognition.

Segmental analysis (note 4)

The method of identifying reporting segments is based on internal management reporting information that is regularly reviewed by the Chief Operating Decision-Maker, which is considered to be the Chief Executive Officer of the Group.

In identifying its operating segments, management follows the Group’s market sectors. These are UK, Continental Europe (Nordics and Central Europe) and Australasia.

The measure of revenue reported to the Chief Operating Decision-Maker to assess performance is total revenue for each operating segment. The measure of profit reported to the Chief Operating Decision-Maker to assess performance is adjusted operating profit (see note 24 for definition) for each operating segment. Gross profit and the analysis below segment profit is additional voluntary information and not ‘segment information’ prepared in accordance with IFRS 8.

Finance revenue and costs are not allocated to individual operating segments as the underlying instruments are managed on a Group basis.

Total assets and liabilities are not disclosed as this information is not provided by operating segment to the Chief Operating Decision-Maker on a regular basis.

Finance income and costs (note 5)

Net financing costs comprise interest income on funds invested, changes in the fair value of financial instruments and interest expense on borrowings. Interest income and expense is recognised as it accrues in the statement of comprehensive income using the effective interest method.

Income tax (note 6)

Current income tax assets and liabilities are measured at the amount expected to be recovered from, or payable to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted at the reporting date. The Group's deferred tax policy is disclosed separately later in this note.

Notes to the Consolidated Financial Statements continued

For the year ended 31 July 2025

1. Accounting policies continued

Property, plant and equipment (note 8)

Property, plant and equipment is stated at cost, net of accumulated depreciation and impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment; when significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. All other repair and maintenance costs are recognised in the statement of comprehensive income as incurred.

Depreciation is charged so as to write off the cost or valuation of assets, except freehold land, over their estimated useful lives using the straight line method.

Tangible assets arising from a business combination are recognised initially at fair value at the date of acquisition.

The estimated useful lives, residual values and depreciation methods are reviewed at each year-end, with the effect of any changes in estimates accounted for on a prospective basis.

The following useful lives are used in the calculation of depreciation:

Freehold buildings	–	30–50 years
Plant and machinery	–	5–10 years
Fixtures, fittings, tools, equipment and vehicles	–	4–10 years

Depreciation is charged to either cost of sales or administrative expenses based on how the asset is used within the business.

Goodwill (note 9)

Goodwill is initially recognised at cost, being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. During the measurement period (12 months from the date of acquisition) adjustments could be made to goodwill as a result of new information relating to events or circumstances relating to the acquisition date.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Impairment assessment of goodwill (note 10)

Goodwill is required to be tested annually for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount, where the recoverable amount is the higher of the asset's fair value less costs of disposal and value-in-use.

Goodwill acquired through business combinations has been allocated, for impairment testing purposes, to a group of cash generating units (CGUs). These grouped CGUs are: UK, Central Europe, Nordics and Australasia. This is also the level at which management is monitoring the value of goodwill for internal management purposes. The identification of the Group's CGUs used for impairment testing is considered a critical judgement within the scope of paragraph 122 of IAS1.

The Group's value-in-use calculation is based on a discounted cash flow model.

Intangible assets – other (note 11)

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the business combination date.

The fair value of patents, trademarks and customer base acquired and recognised as part of a business combination is determined using the relief-from-royalty method or multi-period excess earnings method.

Research and development

Research costs are expensed as incurred. Development expenditure on an individual project is recognised as an intangible asset when the Company can demonstrate: the technical feasibility of completing the intangible asset so that it will be available for use or sale; its intention to complete and its ability to use or sell the asset; how the asset will generate future economic benefits; the availability of resources to complete the asset; and the ability to reliably measure the expenditure during development.

Software costs

Software that is not integral to an item of property, plant or equipment is recognised separately as an intangible asset.

Notes to the Consolidated Financial Statements continued

For the year ended 31 July 2025

1. Accounting policies continued

Subsequent measurement of intangible assets

Intangible assets with a finite life are amortised on a straight line basis over their estimated useful lives as follows:

Development costs	10 years
Software costs	5–10 years
Customer base	5–10 years
Trademarks	10–25 years
Patents/technology	5–20 years

The estimated useful life and amortisation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Impairment of other non-current assets excluding goodwill

Assets that are subject to amortisation are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. At each reporting date, the Group completes an assessment of indicators of impairment impacting non-current assets excluding goodwill. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Business combinations (note 12)

Business combinations are accounted for using the acquisition method. The cost of the business combination is measured as the aggregate of the consideration transferred, measured at fair value on the date of the business combination. The business combination costs incurred are expensed.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the business combination date.

Contingent and/or deferred consideration (note 17) resulting from business combinations is accounted for at fair value at the acquisition date as part of the business combination, and it is subsequently re-measured to fair value at each reporting date, with changes in fair value recognised in profit or loss. The key estimates and assumptions used in determining the discounted cash flows take into consideration the probability of meeting each performance target and a discount factor.

Inventories (note 13)

Inventories are stated at the lower of cost and net realisable value.

The cost of work in progress and finished goods includes the cost of direct raw materials and labour and an appropriate portion of fixed and variable overhead expenses based on normal operating capacity but excludes borrowing costs. The cost of raw materials is purchase cost valued using a first-in, first-out basis.

Finished goods and work in progress inventories acquired as part of business combinations is valued at fair value less cost to sell. Fair value is estimated using a top down method, based on estimated product sales prices, costs to complete and estimated selling/disposal costs.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs to sell.

Provisions are made to write down slow-moving, excess and obsolete items to net realisable value, based on an assessment of technological and market developments and on an analysis of historical and projected usage with regard to quantities on hand.

Trade and other receivables (note 14)

Trade and other receivables are carried at original invoice or contract amount less any provisions for discounts and expected credit losses (ECLs).

The Group applies a simplified approach in calculating ECLs. Receivables are categorised by common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms, including number of days past receivable due date. The expected loss rates are calculated using the provision matrix approach. The provision matrix is determined based on historical observed default rates over the expected life of the receivables and is adjusted for forward-looking estimates.

Notes to the Consolidated Financial Statements continued

For the year ended 31 July 2025

1. Accounting policies continued

Trade payables and accruals (note 15)

Trade payables and accruals principally comprise of amounts outstanding for trade purchases and ongoing costs. These are recognised at the amounts expected to be paid.

Leases (note 16)

The Group leases a range of assets including property, plant and equipment and vehicles. The Group's lease liabilities are included in interest-bearing loans and borrowings on the statement of financial position.

At the commencement date of the lease, the Group measures lease liabilities at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. Leases are measured to the end of the lease term, including any extension options within Group control, unless it is considered reasonably certain that the lease will be exited at an earlier available break date.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date where the interest rate implicit in the lease is not readily determinable.

Right-of-use assets are measured based on the value of corresponding lease liability, plus any lease payments made at or before the commencement date, less any lease incentives received, any initial direct costs, and any provision for restoration costs.

The carrying amount of lease liabilities and right-of-use assets are re-measured if there is a modification or reassessment of lease terms, including a change in the contractual or assessed lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and the lease term.

Freehold buildings	–	up to 20 years
Plant and machinery	–	3–6 years
Fixtures, fittings, tools, equipment and vehicles	–	2–5 years

Depreciation charge is split between cost of sales and administrative expenses based on estimated split of property usage between production and sales and administrative functions.

The Group applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Derivative financial instruments (note 17)

The Group enters into derivative financial instruments to manage its exposure to foreign exchange rate risk. Instruments used are principally foreign exchange forward contracts. No derivative contracts have been designated as hedges for accounting purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at the reporting date. The resulting gain or loss is immediately recognised in the statement of comprehensive income.

Interest-bearing loans and borrowings (note 18)

Borrowings and other financial liabilities, including loans, are initially measured at fair value, net of transaction costs.

Borrowings and other financial liabilities are subsequently measured at amortised cost using the effective interest method. Finance cost includes the amortisation of initial transaction costs as well as any interest payable while the liability is outstanding.

Provisions for warranties and property dilapidations (note 19)

Provisions for warranties are made with reference to the warranty period, recent trading history and historical warranty claim information, and the view of management as to whether warranty claims are expected.

Dilapidation provisions relate to estimated contractual restoration costs expected to be paid on exit of the lease, discounted to present value.

Notes to the Consolidated Financial Statements continued

For the year ended 31 July 2025

1. Accounting policies continued

Deferred tax (note 21)

Deferred tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities and there is an intention to settle the balances on a net basis.

The carrying amount of deferred tax assets is reviewed at each reporting date.

Deferred tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, deferred tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity.

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws and the amount and timing of future taxable income.

Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

Dividends paid and proposed (note 22)

Dividends are recognised when they meet the criteria for recognition as a liability or when they are paid.

Share-based payments

Equity-settled transactions

The Group enters into equity-settled share-based payment transactions with its employees, in particular as part of the Volution Long-term Incentive Plan.

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using the valuation model and incorporates an assessment of relevant performance conditions. The cost is recognised in employee benefits expense, together with a corresponding increase in equity (share-based payment reserve), over the vesting period in which the service and performance conditions are fulfilled. The amount to be expensed over the vesting period is adjusted at each balance sheet date to reflect the number of awards for which conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the conditions at the vesting date. The impact of the revision of original estimates, if any, is recognised in the income statement with a corresponding adjustment to equity.

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. Treasury shares are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in share premium. Shares are transferred out of treasury share reserve upon vesting of awards under share incentive plans.

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 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.

Notes to the Consolidated Financial Statements continued

For the year ended 31 July 2025

1. Accounting policies continued

New standards or interpretations

The standards or interpretations listed below have become effective since 1 August 2024 for annual periods beginning on or after 1 January 2024 and had no material impact on these consolidated financial statements:

- Amendments to IAS 1 'Classification of liabilities as current or non-current';
- Amendments to IFRS 16 'Lease liability in a sale and leaseback';
- Amendments to IAS 1 'Non-current liabilities with covenants'; and
- Amendments to IAS 7 'Supplier finance arrangements'.

The segment analysis reporting disclosures in note 4 have been updated retrospectively following the July 2024 IFRIC agenda decision on IFRS 8 Segment reporting to include disclosure of material costs, being cost of sales, included within profit measures reported to the Chief Operating Decision-Maker.

At the date of authorisation of these consolidated financial statements, the Group has not early adopted the following new and revised IFRS Standards that have been issued but are not yet effective.

The following amendments become effective after 1 January 2027:

- Amendments to IFRS 18 'Presentation and disclosure in financial statements'.

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the consolidated financial statements of the Group in future periods.

2. Adjusted earnings

The Board and key management use some Alternative Performance Measures (APMs) 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 reported figure is shown below. For definitions of terms referred to see note 24.

	2025 £000	2024 £000
Profit after tax	**41,533**	42,797
Add back:		
Fair value movement in contingent consideration (note 17)	**4,702**	(1,845)
Cost of business combinations (note 12)	**3,138**	206
Unwinding of discounting on future consideration (note 17)	**3,176**	6,599
Amortisation of acquired inventory fair value adjustment (note 15)	**7,048**	-
Net loss/(gain) on financial instruments at fair value (note 5)	**19**	(144)
Amortisation of intangible assets acquired through business combinations (note 11)	**11,335**	9,322
Tax effect of the above	**(5,341)**	(1,664)
Adjusted profit after tax	**65,610**	55,271
Add back:		
Adjusted tax charge	**18,290**	15,437
Adjusted profit before tax	**83,900**	70,708
Add back:		
Interest payable on bank loans, lease liabilities and amortisation of financing costs (note 5)	**9,385**	6,605
Re-measurement of financial liabilities (note 17)	**455**	870
Finance income (note 5)	**(306)**	(139)
Adjusted operating profit	**93,434**	78,044
Add back:		
Depreciation of property, plant and equipment (note 8)	**4,652**	4,413
Depreciation of right-of-use assets (note 16)	**6,070**	4,738
Amortisation of development costs, software and patents (note 11)	**2,205**	1,807
Adjusted EBITDA	**106,361**	89,002

Notes to the Consolidated Financial Statements continued

For the year ended 31 July 2025

3. Revenue from contracts with customers

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

	2025 £000	2024 £000
Sale of goods	**413,989**	341,207
Installation services	**5,125**	6,404
Total revenue from contracts with customers	**419,114**	347,611

Market sectors	2025 £000	2024 £000
UK		
Residential	**115,196**	105,039
Commercial	**30,091**	28,158
Export	**15,691**	12,130
OEM	**15,132**	15,448
Total UK	**176,110**	160,775
Nordics	**45,984**	47,376
Central Europe	**90,638**	87,016
Total Continental Europe	**136,622**	134,392
Total Australasia[1]	**106,382**	52,444
Total revenue from contracts with customers	**419,114**	347,611

Refund liabilities	2025 £000	2024 £000
Arising from retrospective volume rebates	**12,268**	10,264
Arising from rights of return	**538**	583
Refund liabilities	**12,806**	10,847

Notes

1. Included in the Australasia revenue is £56,234,000 of inorganic revenue from the business combination of Fantech (2024: £7,801,000 of inorganic revenue from the business combination of DVS).

Of the total rebates, approximately £5.6 million (2024: £4.1 million) is non-coterminous with the year-end and is based on actual revenue recorded to 31 July 2025 and an estimate of the total revenue for the rebate period.

Geographic information

The Group operates in several geographical locations and sells on to external customers in all parts of the world. No individual country amounts to more than 5% of revenue, other than those noted below.

The following is an analysis of revenue from continuing operations by geographical destination:

Revenue from external customers by customer destination	2025 £000	2024 £000
United Kingdom	**155,073**	142,231
Germany	**18,942**	18,919
Netherlands	**32,703**	24,978
Sweden	**22,305**	26,134
Australia	**74,580**	25,048
New Zealand	**31,673**	27,698
Rest of the world	**83,838**	82,603
Total revenue from contracts with customers	**419,114**	347,611

Information about major customers

Annual revenue from no individual customer accounts for more than 10% of Group revenue in either the current or prior year.

Notes to the Consolidated Financial Statements continued

For the year ended 31 July 2025

4. Segmental analysis

The Group's reportable segments are described below. The segmental regional structure reflects the current internal reporting provided to the Chief Operating Decision-Maker (considered to be the CEO of the Group) on a regular basis.

The segmental results include an allocation of central head office costs, where the costs are attributable to a segment. Costs of running the parent company are reported separately as central costs.

Year ended 31 July 2025	UK £000	Continental Europe £000	Australasia £000	Eliminations/ central costs £000	Total £000
Revenue from contracts with external customers	176,110	136,622	106,382[1]	–	419,114
Cost of sales (excluding amortisation of acquired inventory fair value adjustment)	(82,959)	(66,459)	(57,030)	–	(206,448)
Adjusted segment EBITDA	50,783	36,814	25,259	(6,495)	106,361
Depreciation and amortisation of development costs, software and patents	(4,917)	(3,952)	(3,380)	(678)	(12,927)
Adjusted operating profit/(loss)	45,866	32,862	21,879	(7,173)	93,434
Amortisation of intangible assets acquired through business combinations	(1,882)	(5,587)	(3,866)	–	(11,335)
Amortisation of acquired inventory fair value adjustment	–	–	(7,048)	–	(7,048)
Fair value movement on contingent consideration				(4,702)	(4,702)
Business combination-related operating costs	–	–	–	(3,138)	(3,138)
Operating profit/(loss)	43,984	27,275	10,965	(15,013)	67,211
Unallocated expenses					
Net finance cost	–	–	–	(9,098)	(9,098)
Unwinding of discounting on future consideration	–	–	–	(3,176)	(3,176)
Re-measurement of financial liabilities	–	–	–	(455)	(455)
Profit/(loss) before tax	43,984	27,275	10,965	(27,742)	54,482

Year ended 31 July 2024	UK £000	Continental Europe £000	Australasia £000	Eliminations/ central costs £000	Total £000
Revenue from contracts with external customers	160,775	134,392	52,444[1]	–	347,611
Cost of sales	(78,672)	(65,932)	(24,740)	–	(169,344)
Adjusted segment EBITDA	45,161	35,859	13,458	(5,476)	89,002
Depreciation and amortisation of development costs, software and patents	(4,956)	(3,801)	(1,534)	(667)	(10,958)
Adjusted operating profit/(loss)	40,205	32,058	11,924	(6,143)	78,044
Amortisation of intangible assets acquired through business combinations	(5,634)	(2,895)	(793)	–	(9,322)
Fair value movement on contingent consideration	–	–	–	1,845	1,845
Business combination-related operating costs	–	–	–	(206)	(206)
Operating profit/(loss)	34,571	29,163	11,131	(4,504)	70,361
Unallocated expenses					
Net finance income/(cost)	–	–	24	(6,346)	(6,322)
Unwinding of discounting on future consideration	–	–	–	(6,599)	(6,599)
Re-measurement of financial liabilities	–	–	–	(870)	(870)
Profit/(loss) before tax	34,571	29,163	11,155	(18,319)	56,570

Note

1. Included in the Australasia revenue is £56,234,000 of inorganic revenue from the business combination of Fantech (2024: £7,801,000 of inorganic revenue from the business combination of DVS).

4. Segmental analysis continued

Non-current asset information

The non-current assets are disclosed below based on the Group's CGU groups:

Non-current assets excluding deferred tax	**2025 £000**	2024 £000
United Kingdom	**111,874**	112,515
Europe (excluding United Kingdom and Nordics)	**109,396**	109,560
Nordics	**30,181**	30,274
Australasia	**183,131**	50,980
Total	**434,582**	303,329

5. Finance income and costs

	2025 £000	2024 £000
Finance income		
Net gain on financial instruments at fair value	**–**	144
Interest receivable	**306**	139
Total finance income	**306**	283

	2025 £000	2024 £000
Finance costs		
Net loss on financial instruments at fair value	**(19)**	–
Interest payable on bank loans	**(7,373)**	(4,427)
Amortisation of finance arrangement costs	**(488)**	(692)
Lease interest	**(1,256)**	(763)
Other interest	**(268)**	(723)
Total finance costs	**(9,404)**	(6,605)
Net finance costs	**(9,098)**	(6,322)

6. Income tax

(a) Income tax charges against profit for the year

	2025 £000	2024 £000
Current income tax		
Current UK income tax expense	**6,623**	5,571
Current foreign income tax expense	**11,719**	10,278
Tax credit relating to the prior year	**(803)**	(80)
Total current tax	**17,539**	15,769
Deferred tax		
Origination and reversal of temporary differences	**(5,044)**	(2,224)
Effect of changes in the tax rate	**(134)**	58
Tax charge relating to the prior year	**588**	170
Total deferred tax	**(4,590)**	(1,996)
Net tax charge reported in the consolidated statement of comprehensive income	**12,949**	13,773

(b) Income tax recognised in equity for the year

	2025 £000	2024 £000
(Increase)/decrease in deferred tax asset on share-based payments	**(514)**	380
Translation differences	**121**	(212)
Net tax (credit)/charge reported in equity	**(393)**	168

(c) Reconciliation of total tax

	2025 £000	2024 £000
Profit before tax	**54,482**	56,570
Profit before tax multiplied by the standard rate of corporation tax in the UK of 25.00% (2024: 25.00%)	**13,621**	14,143
Adjustment in respect of previous years	**(215)**	89
Expenses not deductible for tax purposes	**781**	2,738
Effect of changes in the tax rate	**(134)**	58
Effect of overseas tax rates	**875**	(931)
Patent-related tax relief	**(930)**	(719)
Share exercise	**(1,163)**	(1,407)
Other	**114**	(198)
Net tax charge reported in the consolidated statement of comprehensive income	**12,949**	13,773

Our reported effective tax rate for the period was 23.8% (2024: 24.4%). Our underlying effective tax rate, on adjusted profit before tax, was 21.8% (2024: 21.8%).

The effect of overseas tax rates relates to the Group's profits from subsidiaries which are subject to tax jurisdictions with a blended lower average rate of tax compared to the standard rate of corporation tax in the UK.

We expect our medium-term reported effective tax rate to be in the range of 29% to 35% of the Group's reported profit before tax and our underlying effective tax rate to be in the range of 22% to 25% of the Group's adjusted profit before tax.

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 €750 million 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.

Notes to the Consolidated Financial Statements continued

For the year ended 31 July 2025

7. Earnings per share (EPS)

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

	2025 £000	2024 £000
Statutory profit attributable to ordinary equity holders	**41,533**	42,797
Adjusted profit attributable to ordinary equity holders	**65,610**	55,271

	Number	Number
Weighted average number of ordinary shares for basic earnings per share	**197,962,762**	197,739,417
Effect of dilution from:		
Share options	**2,712,502**	2,143,783
Weighted average number of ordinary shares for diluted earnings per share	**200,675,264**	199,883,200

Earnings per share		
Basic	**21.0p**	21.6p
Diluted	**20.7p**	21.4p
Adjusted earnings per share		
Basic	**33.1p**	28.0p
Diluted	**32.7p**	27.6p

The weighted average number of ordinary shares has increased as a result of a reduction in the treasury shares held by the Volution Employee Benefit Trust (EBT) during the year. The shares are excluded when calculating the reported and adjusted EPS.

Adjusted profit attributable to ordinary equity holders has been reconciled in note 2, Adjusted earnings. See note 24, Glossary of terms, for an explanation of the adjusted basic and diluted earnings per share calculation.

8. Property, plant and equipment

2025	Freehold land and buildings £000	Plant and machinery £000	Fixtures, fittings, tools, equipment and vehicles £000	Total £000
Cost				
At 1 August 2023	18,009	19,440	14,080	51,529
On business combinations	31	88	66	185
Additions	423	1,561	3,424	5,408
Disposals	(12)	(242)	(1,283)	(1,537)
Net foreign currency exchange differences	(164)	(137)	(183)	(484)
At 31 July 2024	18,287	20,710	16,104	55,101
On business combinations	**–**	**794**	**627**	**1,421**
Additions	**1,220**	**1,995**	**3,353**	**6,568**
Transfer from leased assets	**–**	**–**	**504**	**504**
Disposals	**(78)**	**(839)**	**(2,294)**	**(3,211)**
Net foreign currency exchange differences	**367**	**192**	**329**	**888**
At 31 July 2025	**19,796**	**22,852**	**18,623**	**61,271**
Accumulated depreciation				
At 1 August 2023	5,436	7,859	8,786	22,081
Charge for the year	526	1,906	1,981	4,413
Disposals	(12)	(241)	(1,107)	(1,360)
Net foreign currency exchange differences	(44)	(22)	(160)	(226)
At 31 July 2024	5,906	9,502	9,500	24,908
Charge for the year	**555**	**1,934**	**2,163**	**4,652**
Transfer from leased assets	**–**	**–**	**224**	**224**
Disposals	**(78)**	**(778)**	**(2,171)**	**(3,027)**
Net foreign currency exchange differences	**110**	**209**	**185**	**504**
At 31 July 2025	**6,493**	**10,867**	**9,901**	**27,261**
Net book value				
At 31 July 2024	12,381	11,208	6,604	30,193
At 31 July 2025	**13,303**	**11,985**	**8,722**	**34,010**

9. Intangible assets – goodwill

Goodwill	£000
Cost and net book value	
At 1 August 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	**66,621**
Net foreign currency exchange differences	**(2,176)**
At 31 July 2025	**235,785**

Notes to the Consolidated Financial Statements continued

For the year ended 31 July 2025

10. Impairment assessment of goodwill

31 July 2025	UK £000	Nordics £000	Central Europe £000	Australasia £000
Carrying value of goodwill	**61,000**	**18,985**	**64,277**	**91,523**
CGU value-in-use headroom[1]	**332,851**	**115,035**	**104,391**	**44,889**

31 July 2024	UK £000	Nordics £000	Central Europe £000	Australasia £000
Carrying value of goodwill	61,000	18,151	62,827	29,362
CGU value-in-use headroom[1]	249,557	49,409	66,028	45,101

Note:

1. Headroom is shown at the date of impairment testing, and is calculated by comparing the value-in-use of a group of CGUs to the carrying amount of its asset, which includes the net book value of fixed assets (tangible and intangible), goodwill and operating working capital (current assets and liabilities).

Impairment review

Under IAS 36 'Impairment of assets', the Group is required to complete an impairment review of goodwill at least annually. The recoverable amounts for each CGU group are based on value-in-use, which has been derived from discounted cash flow (DCF) calculations.

The value-in-use headroom for each CGU group has been set out above; in all CGUs it was concluded that the carrying amount was in excess of the value-in-use and all CGUs had positive headroom.

When assessing for impairment of goodwill, we have considered the impact of climate change, particularly in the context of the risks and opportunities identified in the TCFD disclosure in the Annual Report. We have not identified any material short-term and medium-term impacts from climate change that would impact the carrying value of goodwill. Over the long term, the risks and opportunities are more uncertain and we will continue to assess these risks at each reporting period.

Assumptions in the value-in-use calculation

- The calculation of value-in-use for all CGUs is most sensitive to the following assumptions:
- cash flow projections based on financial budgets approved by the Board covering the next financial period;
- cash flows beyond the budget period are extrapolated over years 2–5 using specific growth rates. Growth rates for each of the CGU groups are based on historical growth rates, market expectations and the stated Group strategic goals;
- long-term growth rates of 2% (2024: 2%) for all CGUs have been applied to the period beyond which budgets and forecasts do not exist, based on historical macroeconomic performance and projections for the geographies in which the CGUs operate; and
- discount rates are calculated based on the CGU weighted average cost of capital and reflects the current market assessment of the risks specific to each operation. The pre-tax discount rates used for each CGU are:
  - UK 13.5% (2024: 13.5%);
  - Nordics: 11.3% (2024: 12.2%);
  - Central Europe: 13.4% (2024: 12.4%); and
  - Australasia: 14.3% (2024: 15.0%).

Australasia headroom has decreased as a proportion of the carrying value of Australasia goodwill due to the sizeable acquisition of Fantech, where assets and liabilities acquired were measured at fair value at the date of acquisition (note 12). Therefore, carrying value of Fantech net assets as at 31 July 2025 remains reasonably equivalent to their fair value.

We have tested the sensitivity of our headroom calculations in relation to the above assumptions, including severe performance downside scenarios aligned with the Group going concern assessment, and the Group does not consider that reasonably possible changes in these assumptions could cause the carrying value of the CGUs to materially exceed their recoverable value.

11. Intangible assets – other

2025	Development costs £000	Software costs £000	Customer base £000	Trademarks £000	Patents/ technology £000	Other £000	Total £000
Cost							
At 1 August 2023 as previously stated	12,732	10,277	160,841	55,260	3,417	1,163	243,690
Reclassification of brought forward balances*	–	184	1,301	2,488	80	(207)	3,846
At 1 August 2023 reclassified	12,732	10,461	162,142	57,748	3,497	956	247,536
Additions	1,578	318	–	–	–	–	1,896
On business combinations	–	35	1,667	2,309	–	–	4,011
Disposals	(21)	(75)	(84)	–	–	–	(180)
Net foreign currency exchange differences	(288)	176	(1,544)	(554)	(61)	–	(2,271)
At 31 July 2024 reclassified	14,001	10,915	162,181	59,503	3,436	956	250,992
Additions	**1,619**	**437**	**–**	**–**	**–**	**–**	**2,056**
On business combinations	**–**	**74**	**41,058**	**21,603**	**–**	**–**	**62,735**
Disposals	**(49)**	**(756)**	**–**	**–**	**–**	**(956)**	**(1,761)**
Net foreign currency exchange differences	**264**	**(98)**	**(668)**	**(518)**	**60**	**–**	**(960)**
At 31 July 2025	**15,835**	**10,572**	**202,571**	**80,588**	**3,496**	**–**	**313,062**
Accumulated amortisation							
At 1 August 2023 as previously stated	3,266	7,158	118,929	27,132	2,179	1,163	159,827
Reclassification of brought forward balances*	–	159	7,656	(4,086)	324	(207)	3,846
At 1 August 2023 reclassified	3,266	7,317	126,585	23,046	2,503	956	163,673
Charge for the year	847	1,035	6,333	2,718	196	–	11,129
Disposals	(21)	(75)	–	–	–	–	(96)
Net foreign currency exchange differences	(186)	8	(17)	(361)	(60)	–	(616)
At 31 July 2024 reclassified	3,906	8,285	132,901	25,403	2,639	956	174,090
Charge for the year	**1,145**	**1,060**	**7,424**	**3,712**	**199**	**–**	**13,540**
Disposals	**(49)**	**(756)**	**–**	**–**	**–**	**(956)**	**(1,761)**
Net foreign currency exchange differences	**420**	**120**	**1,130**	**310**	**(33)**	**–**	**1,947**
At 31 July 2025	**5,422**	**8,709**	**141,455**	**29,425**	**2,805**	**–**	**187,816**
Net book value							
At 31 July 2024 reclassified	10,095	2,630	29,280	34,100	797	–	76,902
At 31 July 2025	**10,413**	**1,863**	**61,116**	**51,163**	**691**	**–**	**125,246**

* The brought forward balances have been reclassified between asset categories to correct a historical misallocation of movements. There is no impact on total intangible asset value brought forward or on the prior year income statement.

11. Intangible assets – other continued

The Group has the following individually material intangible assets with definite useful lives:

	Carrying amount 2025 £000	Remaining amortisation period 2025 Years
Customer base		
Simx Limited	4,481	8
ClimaRad BV	6,694	3
ERI	8,021	6
Fantech	37,249	14
Trademark		
Volution Holdings Limited and its subsidiaries	14,327	12
Fantech	19,959	24

12. Business combinations

Business combinations in the year ended 31 July 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$281 million (£142.3 million), with initial consideration of AUD$221 million (£112.7million) on a debt-free, cash-free basis, with further non-contingent consideration of AUD$60 million (£29.6 million) payable 12 months after the completion date.

Transaction costs relating to professional fees associated with the business combination in the period ending 31 January 2025 were £2,376,000 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 recognised 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 fair value of the net assets acquired is set out below:

	Book value £000	Fair value adjustments £000	Fair value £000
Intangible assets	1,127	61,608	62,735
Property, plant and equipment	1,421	–	1,421
Right of use assets	11,654	1,065	12,719
Inventory	19,648	5,078	24,726
Trade and other receivables	15,462	–	15,462
Trade and other payables	(13,406)	–	(13,406)
Lease liabilities	(14,362)	1,448	(12,914)
Income tax	(684)	–	(684)
Provisions	(186)	–	(186)
Deferred tax	1,069	(20,601)	(19,532)
Cash and cash equivalents	5,370	–	5,370
Total identifiable net assets	27,113	48,598	75,711
Goodwill on the business combination			66,621
Discharged by:			
Cash consideration			112,728
Deferred consideration			29,604

12. Business combinations continued

Goodwill of £66,621,000 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 tradenames and customer relationships was identified and included in intangible assets.

Assumptions in the intangibles valuation calculation

The valuation of Fantech acquired intangible assets involve a number of estimates and assumptions. Customer relationships was valued using the multi-period excess earnings method and tradename using a relief from royalty method. These estimates are inherently uncertain and changes in these assumptions could materially impact the carrying values of intangible assets, goodwill and amortisation expenses.

Key inputs where reasonably possible changes would materially impact the valuation of Fantech intangibles are:

- Discount rate 13.2%;
- Royalty rate (tradename only) between 0.5% and 4%;
- Attrition rate (customer relationships only) 6.7%; and
- Contributory asset charges (customer relationships only) 4.5%.

An increase of 1% to the discount rate would reduce intangibles valuation by £3.6 million; a decrease of 1% would increase the valuation by £4.0 million.

A change of 1% in royalty rate would change the valuation of trademarks by £6.1 million.

An increase of 1% to the attrition rate would decrease the customer relationships asset valuation by £4.5 million; a decrease of 1% would increase the value by £4.9 million.

An increase of 1% to the contributory asset charges would decrease the customer relationships asset valuation by £4.8 million; a decrease of 1% would increase the value by £4.3 million.

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 for inventory included an additional obsolescence provision of £1,970,000 and an unrealised profit uplift of £7,048,000. The fair value uplift has been released to gross profit over a period of four months from the date of acquisition, reflecting the expected period of sale of the uplifted inventory.

Fantech generated revenue of £64,042,000 and generated a profit after tax of £4,980,000 in the period from acquisition to 31 July 2025.

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.

Business combinations in the year ended 31 July 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 at the time of acquisition 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$9 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 acquisition date EBITDA estimates for each period for which contingent consideration is measured was 10% higher than expected, contingent consideration would remain £nil at acquisition. Subsequent valuations of contingent consideration do not impact acquisition accounting; refer to note 17 for further detail as to the year-end fair value assessment.

Transaction costs relating to professional fees associated with the business combination in the year ending 31 July 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.

12. Business combinations continued

Business combinations in the year ended 31 July 2024 continued

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.

DVS generated revenue of £7,801,000 and generated a profit after tax of £280,000 in the period from acquisition to 31 July 2024. If the combination had taken place at 1 August 2023, the Group's revenue and profit before tax would have been materially the same as reported, as the acquisition took place on 4 August 2023.

Business combination cash outflows

Cash outflows arising from completed acquisitions are as follows:

	2025 £000	2024 £000
Fantech		
Cash consideration	**112,728**	–
Less cash acquired with the business	**(5,370)**	–
ClimaRad		
Contingent consideration	**20,853**	–
DVS		
Cash consideration	**–**	8,498
I-Vent		
Contingent consideration	**–**	2,566
ERI		
Deferred payment	**–**	1,874
Contingent consideration	**4,580**	–
Total	**132,791**	12,938

Cash outflows arising from cost of business combinations are as follows:

	2025 £000	2024 £000
Fantech	**2,376**	–
ClimaRad	**56**	–
VMI	**–**	35
I-Vent	**–**	45
DVS	**–**	31
Other potential or aborted business combinations	**706**	95
Total	**3,138**	206

Notes to the Consolidated Financial Statements continued

For the year ended 31 July 2025

13. Inventories

	2025 £000	2024 £000
Raw materials and consumables	**25,316**	25,231
Work in progress	**2,406**	2,257
Finished goods and goods for resale	**43,572**	25,624
	71,294	53,112

During 2025, £1,460,000 (2024: £1,320,000) was recognised as cost of sales for inventories written off in the year.

Inventories are stated net of an allowance for excess, obsolete or slow-moving items which totalled £8,633,000 (2024: £5,855,000). This provision was split amongst the three categories: £5,697,000 (2024: £3,363,000) for raw materials and consumables; £178,000 (2024: £195,000) for work in progress; and £2,758,000 (2024: £2,297,000) for finished goods and goods for resale.

14. Trade and other receivables

	2025 £000	2024 £000
Trade receivables	**68,620**	45,694
Allowance for expected credit loss	**(400)**	(514)
	68,220	45,180
Other debtors	**2,078**	5,532
Prepayments	**7,092**	4,527
Total	**77,390**	55,239

Movement in the allowance for expected credit losses is set out below:

	2025 £000	2024 £000
At the start of the year	**(514)**	(521)
On business combinations	**(55)**	–
Credit/(charge) for the year	**154**	(22)
Amounts utilised	**20**	32
Foreign currency adjustment	**(5)**	(3)
At the end of the year	**(400)**	(514)

Net trade receivables are aged as follows:

	2025 £000	2024 £000
Current	**58,150**	41,711
Past due		
Overdue 0–30 days	**7,985**	2,123
Overdue 31–60 days	**1,151**	465
Overdue 61–90 days	**240**	74
Overdue more than 90 days	**694**	807
Total	**68,220**	45,180

The credit quality of trade receivables that are neither past due nor impaired is assessed by reference to external credit ratings where available; otherwise, historical information relating to counterparty default rates are used. The Group continually assesses the recoverability of trade receivables and the level of provisioning required.

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

14. Trade and other receivables continued

Gross trade receivables are denominated in the following currencies:

	2025 £000	2024 £000
Sterling	**27,994**	24,466
US Dollar	**1,227**	926
Euro	**12,091**	9,216
Swedish Krona	**3,289**	2,830
New Zealand Dollar	**4,635**	2,720
Australian Dollar	**18,103**	4,029
Other	**1,281**	1,507
Total	**68,620**	45,694

15. Trade and other payables

	2025 £000	2024 £000
Trade payables	**39,821**	21,224
Social security and staff welfare costs	**2,031**	2,030
Sales tax payable	**5,797**	4,940
Accrued expenses	**24,090**	18,459
Total	**71,739**	46,653

Trade payables are non-interest bearing and are normally settled on 60-day terms.

The presentation of sales tax payable has been updated in the current year, having been included within accrued expenses in the previous financial statements.

Notes to the Consolidated Financial Statements continued
For the year ended 31 July 2025

16. Leases

Right-of-use assets	**Land and buildings £000**	**Plant and machinery £000**	**Fixtures, fittings, tools, equipment and vehicles £000**	**Total £000**
Cost				
At 1 August 2023	36,741	66	4,683	41,490
Additions	897	–	776	1,673
Modifications and other	(790)	–	–	(790)
Expiration and disposal of leases	(869)	(29)	(535)	(1,433)
Net foreign currency exchange differences	(893)	(6)	(259)	(1,158)
At 31 July 2024	35,086	31	4,665	39,782
Additions	**1,665**	**77**	**1,075**	**2,817**
On business combinations	**12,052**	**264**	**403**	**12,719**
Modifications and other	**6,619**	**–**	**2**	**6,621**
Expiration and disposal of leases	**(5,251)**	**(7)**	**(341)**	**(5,599)**
Transferred to owned assets	**–**	**–**	**(504)**	**(504)**
Net foreign currency exchange differences	**(586)**	**(15)**	**36**	**(565)**
At 31 July 2025	**49,585**	**350**	**5,336**	**55,271**
Accumulated depreciation				
At 1 August 2023	9,737	31	1,820	11,588
Charge for the period	3,881	13	844	4,738
Expiration and disposal of leases	(869)	(29)	(535)	(1,433)
Net foreign currency exchange differences	(33)	(2)	30	(5)
At 31 July 2024	12,716	13	2,159	14,888
Charge for the period	5,001	51	1,018	6,070
Expiration and disposal of leases	(4,897)	(7)	(293)	(5,197)
Transferred to owned assets	–	–	(224)	(224)
Net foreign currency exchange differences	(185)	1	(31)	(215)
At 31 July 2025	12,635	58	2,629	15,322
Net book value				
At 31 July 2024	22,370	18	2,506	24,894
At 31 July 2025	36,950	292	2,707	39,949

Notes to the Consolidated Financial Statements continued

For the year ended 31 July 2025

16. Leases continued

Lease liabilities 2025	**Land and buildings £000**	**Plant and machinery £000**	**Fixtures, fittings, tools, equipment and vehicles £000**	**Total £000**
At 1 August 2023	29,174	33	2,001	31,208
Additions	897	–	776	1,673
Modifications and other	(790)	–	–	(790)
Interest expense	721	2	40	763
Lease payments	(4,516)	(15)	(1,141)	(5,672)
Foreign exchange movements	(859)	(4)	(290)	(1,153)
At 31 July 2024	24,627	16	1,386	26,029
Additions	1,665	77	1,075	2,817
On business combinations	12,052	277	585	12,914
Modifications and other	4,531	–	2	4,533
Disposal	(295)	–	–	(295)
Interest expense	1,134	16	106	1,256
Lease payments	(5,826)	(93)	(1,286)	(7,205)
Foreign exchange movements	(418)	(13)	87	(344)
At 31 July 2025	37,470	280	1,955	39,705
Analysis				
Current	3,522	8	1,228	4,758
Non-current	21,105	8	158	21,271
At 31 July 2024	24,627	16	1,386	26,029
Current	5,321	97	978	6,396
Non-current	32,149	183	977	33,309
At 31 July 2025	37,470	280	1,955	39,705

The following are amounts recognised in the statement of comprehensive income:

	2025 £000	2024 £000
Right-of-use asset depreciation charged to cost of sales	**3,593**	2,904
Right-of-use asset depreciation charged to administrative expenses	**2,477**	1,834
Interest expense	**1,256**	763

17. Other financial liabilities

2025	Foreign exchange forward contracts £000	Deferred consideration Fantech £000	Contingent consideration DVS £000	Contingent consideration ClimaRad BV £000	Contingent consideration ERI £000	Total £000
At 1 August 2024	192	–	–	16,346	5,530	22,068
Additional liabilities	–	29,604	–	–	–	29,604
Re-measurement of financial liabilities	–	–	–	455	–	455
Fair value movement	–	–	2,572	2,023	107	4,702
Unwinding of discount	–	749	–	1,998	429	3,176
Consideration paid	–	–	–	(20,853)	(4,580)	(25,433)
Fair value adjustment	19	–	–	–	–	19
Foreign exchange	4	(1,543)	–	31	14	(1,494)
At 31 July 2025	**215**	**28,810**	**2,572**	**–**	**1,500**	**33,097**
Analysis						
Current	215	28,810	2,572	–	–	31,597
Non-current	–	–	–	–	1,500	1,500
Total	**215**	**28,810**	**2,572**	**–**	**1,500**	**33,097**

2024	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 liabilities	–	870	–	–	870
Re-measurement of contingent consideration	–	6,599	(1,529)	(316)	4,754
Consideration paid	–	–	(2,566)	(1,874)	(4,440)
Fair Value adjustment	(138)	–	–	–	(138)
Foreign exchange	–	–	(20)	–	(20)
At 31 July 2024	192	16,346	–	5,530	22,068
Analysis					
Current	192	16,346	–	5,530	22,068
Non-current	–	–	–	–	–
At 31 July 2024	192	16,346	–	5,530	22,068

Consideration liabilities

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. The assessed contingent liability is discounted to present value using the discount rates for the relevant CGU (note 10).

Fantech

The deferred consideration liability of £28,692,000, being AUD$60,000,000 (2024: nil) in relation to the current year acquisition has been updated since the acquisition date value to reflect the unwinding of the discount amount to present value and changes in foreign exchange rates between acquisition and year-end. This amount is due to be paid in December 2025.

Notes to the Consolidated Financial Statements continued

For the year ended 31 July 2025

17. Other financial liabilities continued

DVS

The fair value of DVS contingent consideration at 31 July 2025 was assessed as £2,572,000, NZ$5.8 million (2024: £nil), being the estimated payment for the earnout period for the year ending 31 March 2026. Contingent consideration for this period ranges from NZ$0 to NZ$9 million based on an EBITDA range of NZ$3.5 million – NZ$4.0 million. The expected payout has increased due to much improved forecast EBITDA performance in the latter half of this financial year, which is expected to be maintained throughout the remaining earnout period and beyond. The maximum present value of DVS contingent consideration is £4,000,000 and therefore there can be no material variation to the value of the year-end liability as a result of fluctuations in EBITDA performance.

ERI

The contingent consideration at 31 July 2024 was assessed as £5,530,000, with a range from €0 to €12,400,000, based on EBITDA performance from €4,500,000 to €8,500,000 for year ended 31 December 2024. This earnout was settled in the year.

In December 2024, the original contingent consideration from the acquisition of ERI was 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, a liability of £1,500,000 has been recognised based on estimated EBITDA performance in the assessment period, discounted to present value. The maximum present value of ERI contingent consideration is £4,400,000 and therefore there can be no material variation to the value of the year-end liability as a result of fluctuations in EBITDA performance.

I-Vent

On 22 June 2023, the Group acquired the entire share capital of I-Vent. The share purchase agreement included contingent cash consideration based on the estimated future performance for three years post-acquisition for a combined total of up to €15,000,000. The contingent consideration at 31 July 2025 related to the acquisition of I-Vent remains at £nil (2024: £nil). The performance target for the year ended 31 December 2024 was not met in the year. The Group continues to expect that performance in the final assessment year to fall below the earnout threshold. The year 3 contingent consideration range is from €0 to €7,000,000 for the year ending 31 December 2025, based on EBITDA performance from €5,280,000 to €7,500,000. There would be no material variation to the value of the liability should EBITDA performance vary by 10%.

ClimaRad

On 17 December 2020, the Group acquired 75% of the issued share capital of ClimaRad Holding B.V. and subsidiaries (ClimaRad). Total consideration for the purchase of 75% of the issued share capital was €41,100,000 (£37,100,000) with a commitment to purchase the remaining 24.35% on or before 28 February 2025. The future consideration for the purchase of the remaining 24.35% was set at 24.35% of 13 times the EBITDA of ClimaRad for the financial year ended 31 December 2024, plus the non-controlling interest share of profits earned in the periods up to and including 31 December 2024, less interest and principal on the Vendor loan already paid, subject to a cap of €100 million.

The contingent consideration and purchase of the remaining 24.35% was settled in the year, with actual results being above the previous year estimate. Therefore, the liability is nil as at 31 July 2025 (2024: £16,346,000 liability based on estimated EBITDA performance, discounted to present value).

Foreign exchange forward contract liabilities

The foreign exchange forward contracts are carried at their fair value with the gain or loss being recognised in the Group's consolidated statement of comprehensive income.

Notes to the Consolidated Financial Statements continued

For the year ended 31 July 2025

18. Interest-bearing loans and borrowings

	2025		2024	
	Current £000	**Non-current £000**	Current £000	Non-current £000
Unsecured – at amortised cost				
Borrowings under the revolving credit facility (maturing 9 September 2027)	**–**	**144,730**	–	49,794
Cost of arranging bank loan	**–**	**(1,335)**	–	–
	–	**143,395**	–	49,794
Lease liabilities (note 16)	**6,396**	**33,309**	4,758	21,271
Other loans	**–**	**317**	–	565
ClimaRad vendor loan	**–**	**–**	9,605	–
Total	**6,396**	**177,021**	14,363	71,630

Revolving credit facility – at 31 July 2025

Currency	**Amount outstanding £000**	**Termination date**	**Repayment frequency**	**Rate %**
GBP	**–**	**9 September 2027**	**One payment**	**SONIA + margin%**
Euro	**65,997**	**9 September 2027**	**One payment**	**EURIBOR + margin%**
Australian Dollar	**63,248**	**9 September 2027**	**One payment**	**AUD-BBSY + margin%**
Swedish Krona	**15,485**	**9 September 2027**	**One payment**	**STIBOR + margin%**
Total	**144,730**			

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 year ended 31 July 2025, Group leverage was 1.2:1 and therefore the margin will remain at 1.50% from the rate at 31 January 2025. (31 July 2024: Group leverage was below 1.0:1 with the margin at 1.25%).

The Group remained comfortably within its banking covenants, which are tested semi-annually. As at 31 July 2025, the multiple of EBITDA to net finance charges was 13.6 (31 July 2024: 14.8), against a covenant minimum ratio of 4.0, and the multiple of net borrowings to EBITDA (leverage) was 1.2 (31 July 2024: 0.4), against a covenant maximum ratio of 3.0.

On 10 September 2024, the Group refinanced its bank debt. The old facility was repaid in full. The Group now has in place a £230 million multi-currency 'Sustainability Linked Revolving Credit Facility', together with an accordion of up to £70 million. The facility was due to mature in September 2027, with the option to extend for up to two additional years. In August 2025, the Group took the option to extend its multi-currency 'Sustainability Linked Revolving Credit Facility', together with an accordion of up to £70 million, by a period of 12 months, revising the maturity date to September 2028 and the maximum facility to £200 million.

At 31 July 2025, the Group had £85,270,000 (2024: £100,200,000) of its multi-currency revolving credit facility unutilised, plus an unutilised accordion of up to £70,000,000.

Notes to the Consolidated Financial Statements continued

For the year ended 31 July 2025

18. Interest-bearing loans and borrowings continued

Changes in liabilities arising from financing activities

	1 August 2024 £000	Cash flows £000	Foreign exchange movement £000	New/ other £000	Interest payable £000	31 July 2025 £000
Non-current interest-bearing loans and borrowings (excluding lease liabilities)	**49,794**	**90,094**	**(3,211)**	**(455)**	**7,173**	**143,395**
Debt related to the business combination of VMI	**565**	**(248)**	**–**	**–**	**–**	**317**
Lease liabilities	**26,029**	**(7,205)**	**(344)**	**19,969**	**1,256**	**39,705**
ClimaRad vendor loan	**9,605**	**(9,663)**	**(142)**	**–**	**200**	**–**
Total liabilities from financing activities	**85,993**	**72,978**	**(3,697)**	**19,514**	**8,629**	**183,417**

The ClimaRad vendor loan was repaid in full in December 2024.

	1 August 2023 £000	Cash flows £000	Foreign exchange movement £000	New/ other £000	Interest £000	31 July 2024 £000
Non-current interest-bearing loans and borrowings (excluding lease liabilities)	79,369	(28,451)	(1,124)	–	–	49,794
Debt related to the business combination of VMI	802	(237)	–	–	–	565
Lease liabilities	31,208	(5,672)	(1,153)	883	763	26,029
ClimaRad vendor loan	9,771	–	(166)	–	–	9,605
Total liabilities from financing activities	121,150	(34,360)	(2,443)	883	763	85,993

The ClimaRad vendor loan was at 5.0% fixed rate of interest.

Notes to the Consolidated Financial Statements continued

For the year ended 31 July 2025

19. Provisions

2025	**Product warranties £000**	**Property dilapidations £000**	**Total £000**
At 1 August 2024	**1,796**	**473**	**2,269**
On business combinations	**186**	**–**	**186**
Arising during the year	**1,684**	**256**	**1,940**
Utilised	**(1,511)**	**–**	**(1,511)**
Foreign currency adjustment	**(22)**	**1**	**(21)**
At 31 July 2025	**2,133**	**730**	**2,863**

Analysis			
Current	**1,752**	**381**	**2,133**
Non-current	**381**	**349**	**730**
Total	**2,133**	**730**	**2,863**

2024	Product warranties £000	Property dilapidations £000	Total £000
At 1 August 2023	1,625	467	2,092
Arising during the year	1,869	6	1,875
Utilised	(1,674)	–	(1,674)
Foreign currency adjustment	(24)	–	(24)
At 31 July 2024	1,796	473	2,269

Analysis			
Current	1,400	50	1,450
Non-current	396	423	819
Total	1,796	473	2,269

Product warranties

A provision is recognised for warranty costs expected to be incurred in the following 12 months on products sold during the year and in prior years. Product warranties are typically one to two years; however, based on management's knowledge of the products, claims in relation to warranties after more than 12 months are rare and highly immaterial.

20. Authorised and issued share capital and reserves

	Number of ordinary shares issued and fully paid	Ordinary shares £000	Share premium £000
At 31 July 2024 and 31 July 2025	**200,000,000**	**2,000**	**11,527**

The 200,000,000 authorised ordinary shares of £0.01p each.

At 31 July 2025, a total of 2,012,770 (2024: 2,151,214) ordinary shares in Volution Group plc 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 year, 515,000 ordinary shares in Volution Group plc were purchased by the trustees (2024: 700,000) and 653,444 (2024: 1,019,886) were released by the trustees at £3,694,058 (2024: £3,942,724). The market value of the shares at 31 July 2025 was £13,485,559 (2024: £11,767,140).

The Volution EBT has agreed to waive its rights to dividends.

21. Deferred tax liabilities

2025	1 August 2024 £000	Charged/ (credited) to income £000	Credited to equity £000	Translation difference £000	On business combinations £000	31 July 2025 £000
Temporary differences						
Depreciation in advance of capital allowances	**2,832**	**258**	**–**	**–**	**–**	**3,090**
Fair value movements of derivative financial instruments	**(71)**	**–**	**–**	**–**	**–**	**(71)**
Development costs, customer base, trademark and patents	**14,228**	**(2,381)**	**–**	**(950)**	**18,821**	**29,718**
Unutilised tax losses	**(28)**	**28**	**–**	**–**	**–**	**–**
Other temporary differences	**(1,316)**	**(1,743)**	**–**	**136**	**711**	**(2,212)**
Share-based payments	**(3,023)**	**(752)**	**(514)**	**–**	**–**	**(4,289)**
Deferred tax liabilities	**12,622**	**(4,590)**	**(514)**	**(814)**	**19,532**	**26,236**

2024	1 August 2023 £000	Charged/ (credited) to income £000	Charge to equity £000	Translation difference £000	On business combinations £000	31 July 2024 £000
Temporary differences						
Depreciation in advance of capital allowances	2,896	(64)	–	–	–	2,832
Fair value movements of derivative financial instruments	(123)	52	–	–	–	(71)
Development costs, customer base, trademark and patents	15,147	(1,816)	–	(216)	1,113	14,228
Unutilised tax losses	(1)	(27)	–	–	–	(28)
Other temporary differences	(1,275)	(45)	–	4	–	(1,316)
Share-based payments	(3,307)	(96)	380	–	–	(3,023)
Deferred tax liabilities	13,337	(1,996)	380	(212)	1,113	12,622

At 31 July 2025, the Group had not recognised a deferred tax asset in respect of gross tax losses of £5,195,000 (2024: £5,195,000) relating to management expenses, capital losses of £4,098,000 (2024: £4,098,000) arising in UK subsidiaries and overseas gross tax losses of £nil (2024: £nil), as there is insufficient evidence that the losses will be utilised. These losses are available to be carried indefinitely.

At 31 July 2025, the Group had no deferred tax liability (2024: £nil) to recognise for taxes that would be payable on the remittance of certain of the Group's overseas subsidiaries' unremitted earnings. Deferred tax liabilities have not been recognised as the Group has determined that there are no undistributed profits in overseas subsidiaries where an additional tax charge would arise on distribution.

22. Dividends paid and proposed

	2025 £000	2024 £000
Cash dividends on ordinary shares declared and paid		
Interim dividend for 2025: 3.40 pence per share (2024: 2.80 pence)	**6,727**	5,538
Proposed dividends on ordinary shares		
Final dividend for 2025: 7.40 pence per share (2024: 6.20 pence)	**14,651**	12,278

An interim dividend payment of £6,727,000 is included in the consolidated statement of cash flows (2024: £5,538,000).

A final dividend payment of £12,278,000 is included in the consolidated statement of cash flows relating to 2024 (2024: £10,879,000 relating to 2023).

Total dividend payments of £19,005,000 is included in the consolidated statement of cash flows (2024: £16,417,00).

The proposed final dividend on ordinary shares is subject to approval at the Annual General Meeting and is not recognised as a liability at 31 July 2025.

There are no income tax consequences attached to the payment of dividends in either 2025 or 2024 by the Group to its shareholders.

23. 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. A breakdown of transactions between the Group and its related parties is disclosed below.

No related party loan note balances exist at 31 July 2025 or 31 July 2024.

There were no material transactions or balances between the Company and its key management personnel or members of their close family other than the compensation shown below. At the end of the period, key management personnel did not owe the Company any amounts.

The Companies Act 2006 and the Directors' Remuneration Report Regulations 2013 require certain disclosures of Directors' remuneration. The details of the Directors' total remuneration are provided in the Directors' Remuneration Report.

Compensation of key management personnel

	2025 £000	2024 £000
Short-term employee benefits	**4,802**	4,888
Share-based payment charge	**1,018**	904
Total	**5,820**	5,792

Key management personnel is defined as the CEO, the CFO and the 10 (2024: 15) individuals who report directly to the CEO. Due to the internal senior management restructure the CEO has less direct reports as there are now three senior regional leads compared with 8 in the prior year.

The Group also incurred fees and expenses of £468,000 (2024: £414,000) in respect of Claire Tiney, Amanda Mellor, Nigel Lingwood, Margaret Amos, Jonathan Davis, Celia Baxter and Emmanuelle Dubu for their services as Non-Executive Directors.

24. 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.

Adjusted EBITA: adjusted operating profit before amortisation.

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.

Adjusted operating profit: operating profit before exceptional operating costs, fair value movement on contingent consideration and amortisation of assets acquired through business combinations.

Adjusted profit after tax: profit after tax before exceptional operating costs, fair value movement on contingent consideration, unwinding of discounting on contingent consideration exceptional write-off of unamortised loan issue costs upon refinancing, net gains, or losses on financial instruments at fair value, amortisation of assets acquired through business combinations and the tax effect on these items.

Adjusted profit before tax: profit before tax before exceptional operating costs, fair value movement on contingent consideration, unwinding of discounting on contingent consideration, exceptional write-off of unamortised loan issue costs upon refinancing, net gains, or losses on financial instruments at fair value and amortisation of assets acquired through business combinations.

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

CAGR: compound annual growth rate.

Cash conversion: 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 year ended 31 July 2025 at the average exchange rate for the year ended 31 July 2024. In addition, we have converted the UK operating companies' sale and purchase transactions in the year ended 31 July 2024, which were denominated in foreign currencies, at the average exchange rates for the year ended 31 July 2023.

EBITA: profit before net finance costs, tax and amortisation.

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).