

# ENABLING TECHNOLOGY FOR CRITICAL APPLICATIONS



**discoverIE** 

**discoverIE Group plc**

Annual Report and Accounts  
for the year ended 31 March 2026

Company number: 02008246

# Enabling technology for critical applications – greener, more connected and secure.

Technology is reshaping how we generate power, move, communicate and protect critical infrastructure. As these systems become more electrified, intelligent and interconnected, the demand for highly specialised, performance-critical electronics continues to grow.

At the heart of this transformation are components that are small in scale but critical in function – engineered into systems at an early stage and relied upon for their full lifecycle.

## This is where discoverIE operates

We design and manufacture highly customised, application-specific electronics for industrial markets. Our solutions are embedded within renewable energy systems, electrified transport, medical devices and secure communications infrastructure – applications where reliability, performance and long-term continuity are essential.



### Our purpose:

To create innovative electronics that help improve the world and people's lives.



### Our vision:

Our vision is to be a leading innovator in electronics, internationally.



### Our mission:

To design and manufacture innovative electronics that help our customers create ever better technical solutions around the world. We aim to achieve this through a motivated, entrepreneurial and empowered workforce that adheres to the highest ethical and quality standards.



▶ Scan the QR code to read our 2025 **Impact Report**



▶ Scan the QR code to read our 2026 **Net-Zero Report**

We are the partner of choice for our markets, designing and building customised, niche solutions to empower global industry.

## Our value proposition

▶ Read more on **page 6**

## How we grow enduring value

▶ Read more on **page 10**

## Aligned to structural growth markets

▶ Read more on **page 18**

## Delivering a strong strategic performance

▶ Read more on **page 24**

## Shaped through sustainability ambition

▶ Read more on **page 42**

## Highlights Financials

### Group revenue

<b>FY26</b>	<b>£443.3m</b>
FY25	£422.9m
FY24	£437.0m
FY23	£448.9m
FY22	£379.2m

### Adjusted operating profit<sup>1</sup>

<b>FY26</b>	<b>£61.0m</b>
FY25	£60.5m
FY24	£57.2m
FY23	£51.8m
FY22	£41.4m

### Adjusted EPS<sup>1</sup>

<b>FY26</b>	<b>40.3p</b>
FY25	38.7p
FY24	36.8p
FY23	35.2p
FY22	29.4p

### Reported operating profit

<b>FY26</b>	<b>£45.2m</b>
FY25	£42.4m
FY24	£31.2m
FY23	£34.6m
FY22	£20.9m

### Full year dividend per share

<b>FY26</b>	<b>13.0p</b>
FY25	12.5p
FY24	12.0p
FY23	11.45p
FY22	10.8p

## Key strategic indicators

### Adjusted operating margin<sup>1</sup>

<b>FY26</b>	<b>13.8%</b>
FY25	14.3%
FY24	13.1%
FY23	11.5%
FY22	10.9%

### Adjusted operating cash flow<sup>1</sup>

<b>FY26</b>	<b>£55.5m</b>
FY25	£62.3m
FY24	£59.2m
FY23	£48.6m
FY22	£33.1m

### Free cash flow<sup>1</sup>

<b>FY26</b>	<b>£36.6m</b>
FY25	£40.4m
FY24	£37.0m
FY23	£33.0m
FY22	£21.8m

### Return on capital employed<sup>1</sup>

<b>FY26</b>	<b>15.2%</b>
FY25	15.8%
FY24	15.7%
FY23	15.9%
FY22	14.7%

### Carbon emission reductions<sup>2</sup>

<b>CY25</b>	<b>68%</b>
CY24	59%
CY23	47%
CY22	35%

<sup>1</sup> "Adjusted operating profit", "Adjusted earnings per share ("EPS")", "Adjusted operating margin", "Adjusted operating cash flow", "Free cash flow" and "Return on capital employed" are non-IFRS financial measures defined in note 6 of the Group consolidated Financial Statements.

<sup>2</sup> Carbon emissions are measured on a calendar year basis, e.g. CY2022 shown under FY2022/23. Our target is for an absolute Scope 1 & 2 carbon emissions reduction of 65% by CY2025 from a CY2021 base, a 90% Scope 1 & 2 reduction by CY2030 and net-zero across the value chain by CY2040.

## Strategic Report

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# CHAIRMAN'S STATEMENT



**The Group continues to demonstrate the resilience and quality of its business model, underpinned by a clear strategy, consistent capital allocation, and strong execution. This provides a strong foundation for delivering sustainable long-term value for shareholders.”**

**Bruce Thompson**  
Chairman

This year's results reflect a robust performance despite market challenges. A return to organic sales growth together with acquisition contributions have helped deliver further growth in operating profits and earnings per share. Once again, the high quality, resilient nature of the Group's earnings, along with its capital-light model, has delivered excellent cash flow.

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#### Group revenue

**£443.3m**

(FY 2024/25: £422.9m)

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#### Adjusted operating profit

**£61.0m**

(FY 2024/25: £60.5m)

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#### Adjusted EPS

**40.3p**

(FY 2024/25: 38.7p)

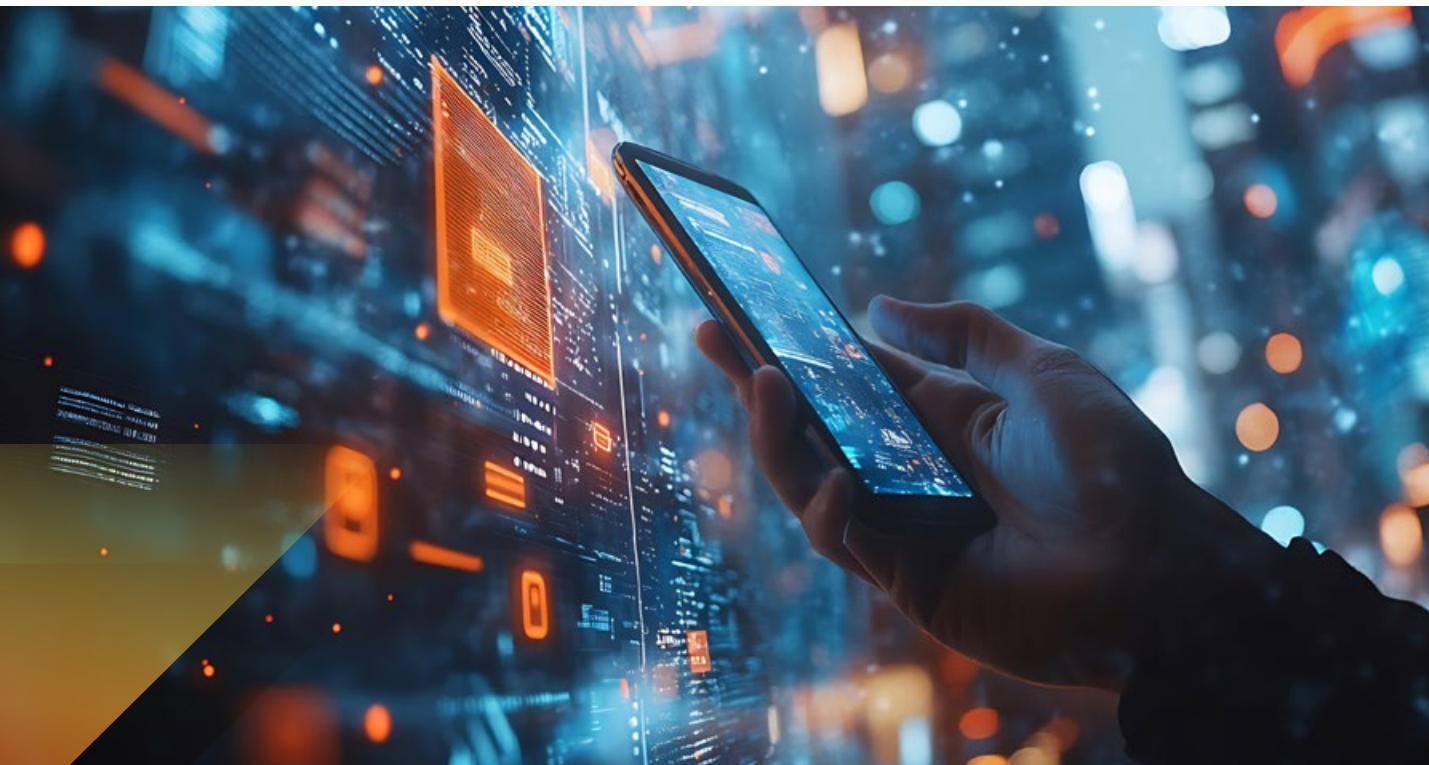
The Group has seen a return to organic sales and orders growth with an improving trend through the year. In response to this positive momentum, the Group has invested in additional operating, sales and engineering capacity, building additional agility and supporting future growth. The Group continued to make excellent progress operationally, generating efficiencies that partly come from organising the businesses into clusters, thereby sharing resources and know-how. These productivity gains have been supplemented with further good progress on the acquisition front.

#### Strategy

The Group's strategy remains consistent and underpins a track record of delivering compounding growth for more than fifteen years. The strategy delivers very resilient and growing profitability, avoiding sharp cyclical movements and maintaining earnings growth by virtue of its flexible production cost base.

The Group designs and manufactures high-quality components, created to meet customers' unique requirements, which generate secure, long-term revenues. Our international, decentralised business model retains an entrepreneurial mindset close to its customers, reacting quickly to their needs with an efficient supply chain. Manufacturing is localised in response to opportunities and trading conditions.

To deliver consistent, long-term growth, the Group focuses on structurally growing markets where there is an essential need for our products from major international original



equipment manufacturers (“OEMs”). Last year, security and defence markets, where demand is accelerating globally, were added to the Group’s target markets. This has increased the Group’s total addressable market to over \$30bn, providing significant opportunities for growth.

Acquisitions are a key element of the Group’s compounding growth strategy. Since 2011, the Group has acquired 30 specialised electronic design and manufacturing businesses which have enhanced value and operating margins and have been integrated to achieve efficiencies and drive growth. discoverIE has a disciplined approach to acquisitions and has many opportunities to grow inorganically in a highly fragmented market.

The Group’s capital-light model generates strong cash flows which management reinvests into accelerating the strategy and delivering further value creation for Shareholders.

## Acquisitions

In the last six months, the Group completed two acquisitions and announced a third, for a total consideration of £95m, all of which are accretive to both adjusted earnings and operating margins.

Trival Antene d.o.o. (“Trival”), a Slovenian-based designer and manufacturer of communication antennae and masts for defence applications was acquired in April 2026 and Keymat Technology Ltd trading under the name Storm Interface (“Storm”), was acquired in December 2025. The businesses and ongoing management teams are settling into the Group operating clusters as integration takes place and we expect to generate new commercial opportunities for growth as part of the larger Group. We welcome the employees of these businesses into the Group and look forward to working with them.

Additionally, in May we announced the acquisition, subject to regulatory approval, of 3Gmetalworx (“3G”), a North American designer and manufacturer of electromagnetic shielding and thermal management products, further strengthening the Group’s presence in the region and the aerospace & defence market.

## Dividend and capital allocation

The Board is recommending a 4% (0.35 pence) increase in the final dividend to 8.95 pence per share, giving a 4% increase in the full year dividend per share to 13.0 pence (FY 2024/25: 12.5 pence) and an adjusted earnings cover of 3.1 times (FY 2024/25: 3.1 times). The final dividend is payable on 31 July 2026 to Shareholders registered on 26 June 2026 and the final date for Dividend Reinvestment Plan (“DRIP”) elections will be 10 July 2026.

The Board believes in maintaining a progressive dividend policy along with a long-term dividend cover of over three times earnings on an adjusted basis. This approach, along with the continued development of the Group, will enable funding of both dividend growth and a higher level of investment in acquisitions from internally generated resources.

Share buybacks will be considered if the Group has surplus cash. Currently, the fragmented international market, in which we operate, provides ample opportunity for accretive acquisitions with excellent growth prospects and the potential for high returns, as our recent acquisitions illustrate. As such, our capital is currently deployed in this direction. It is reviewed periodically.

# CHAIRMAN'S STATEMENT CONTINUED

## Full-year dividend per share

# 13.0p

(FY 2024/25: 12.5p)

## Total shareholder return

# 267%

(FY 2015/16 - FY 2025/26)

## Board effectiveness

A regular external review of effectiveness is helpful in maintaining a high-performing Board. This year, a review confirmed that the Board and its Committees operate effectively, with Directors demonstrating strong commitment and constructive challenge. Whilst all Directors viewed the Board as continuing to function well and to a high level, there are always opportunities for us to improve. The actions identified through this review inform the way we shape the Board agendas, ensuring it remains responsive to the needs of the Group and its stakeholders.

## Employees and culture

On behalf of the Board, I would like to thank everybody at discoverIE for their sustained dedication, hard work, initiative and support.

The Group comprises approximately 4,600 employees in 21 countries delivering essential components around the world. By adopting an entrepreneurial and decentralised operating environment, together with rigorous planning, controls and investment, the Group has created an ambitious and successful culture.

We aim to maintain a culture across the Group that:

- is entrepreneurial
- is performance driven
- enables decision-making close to the customer through a decentralised structure
- enables open, constructive communication with a willingness to listen
- treats everybody equally and recognises the importance of diversity
- is honest, reliable, trusting and non-political

## Sustainability and positive impact

In May 2025, the Group's greenhouse gas ("GHG") emissions reduction targets were validated and approved by the Science Based Targets initiative ("SBTi"). The Group is committed to achieving net-zero GHG emissions across its value chain by 2040, supported by a clear transition plan.

The Group continues to make good progress on implementing its net-zero plan. Over the past four years, it has reduced Scope 1 and 2 carbon emissions by 68% versus the CY2021 baseline, exceeding its CY2025 target of 65% and paving the way to achieve net-zero Scope 1 and 2 emissions by 2030. The Group also advanced towards its CY 2030 goal of 100% clean electricity, sourcing 85% of electricity from zero-emission sources in CY2025. A summary on our progress to date, and future carbon emission reduction plans, can be found in our updated 'Road to Net-Zero Emissions 2026' publication, which can be found on our website at [www.discoverieplc.com/sustainability](http://www.discoverieplc.com/sustainability).

During the year, the Group reviewed its ESG strategy to ensure continued alignment with evolving regulatory requirements and the Group's strategic priorities. Following this review, the Group reaffirmed its focus on Planet, People, and Products. Please see this year's Sustainability Report on pages 42 to 73 for more details.

The Group remains committed to being a socially responsible employer, upholding the highest ethical standards, maintaining strong employee relations, and increasing diversity at all levels of the business. Building on the adoption of a revised Group Health and Safety Policy, and an increased focus on safety over the last two years, the reported number of lost time incidents fell by 35% year-on-year, and the lost time incident frequency rate reduced by one third compared to FY 2024/25.

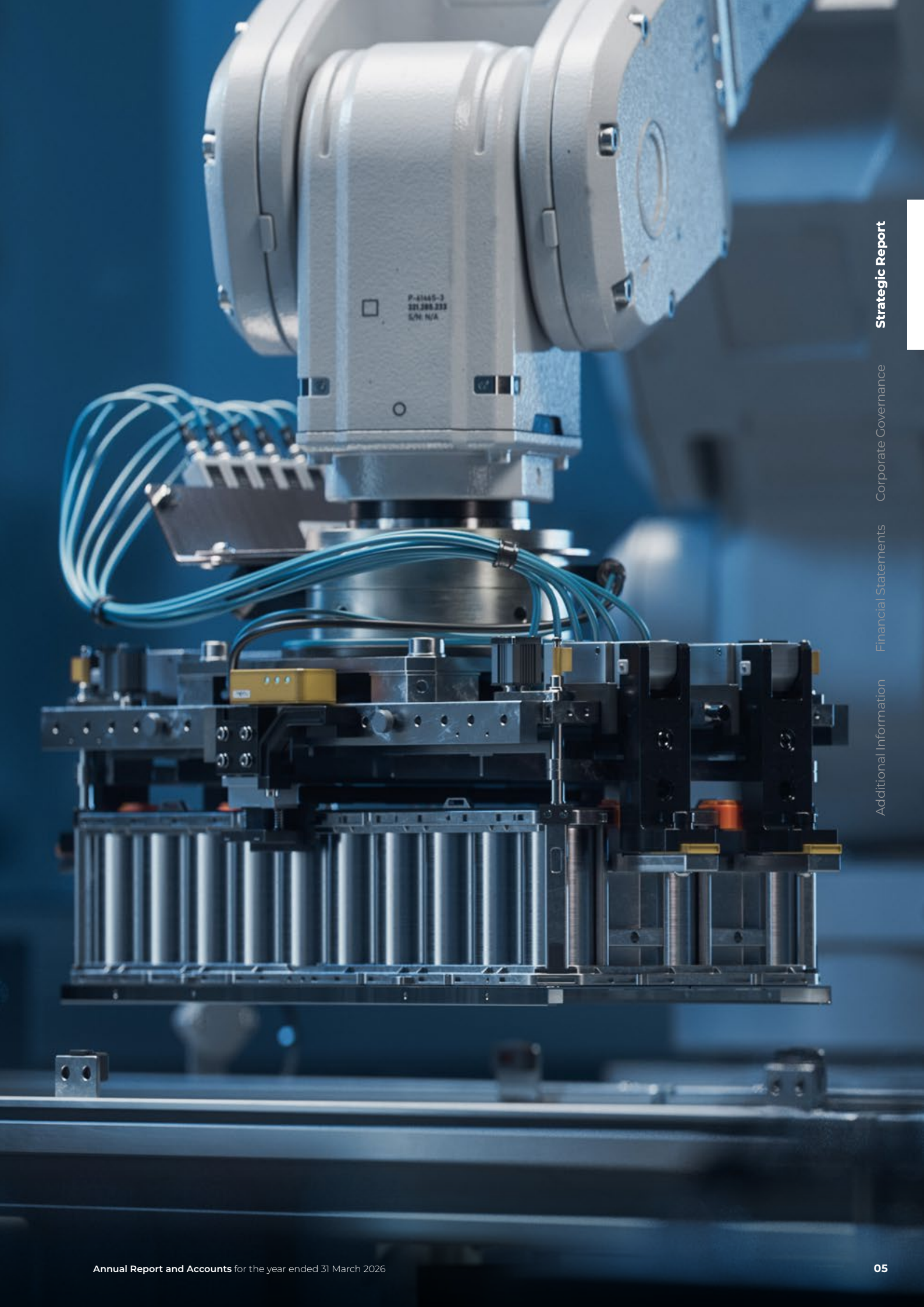
## Summary

The Group is building a high quality electronics compounding business that continues to deliver good results through all stages of the economic cycle. Confidence in the Group's ability to sustain this is supported by a strong pipeline of organic and inorganic opportunities in attractive markets, further supporting our compounding growth profile.

The market remains highly fragmented, with significant scope to build further capability and extend geographic reach through disciplined, accretive acquisitions. The Board is excited by the opportunities and retains a high-quality workforce, delivering essential products for our customers, growing long-term profits and earnings for our Shareholders, and contributing to the creation of a sustainable environment.

The Group is well positioned for the future.

**Bruce Thompson**  
Chairman



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# OUR VALUE PROPOSITION

## The trusted technical partner for our customers

discoverIE's competitive advantage is rooted in deep engineering expertise, application knowledge and the ability to co-develop specialised solutions for highly demanding environments.

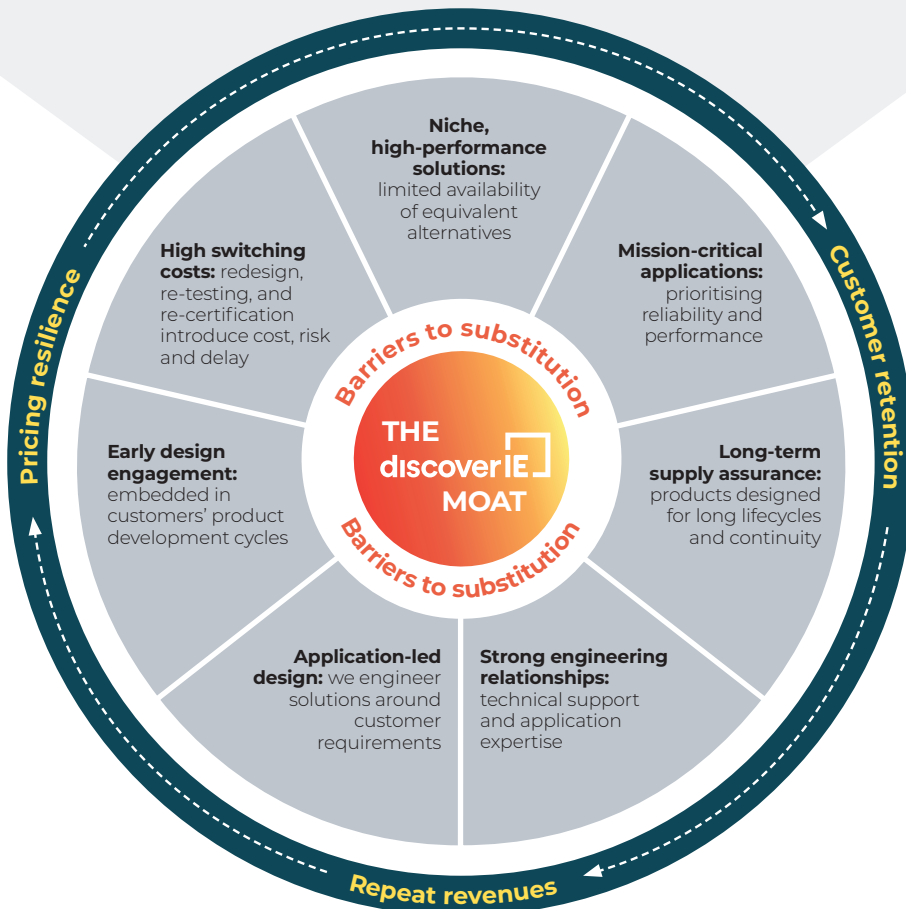
We operate in the custom industrial electronics market, which is highly fragmented, with many small and subscale local operators focused on narrow technology niches. What differentiates discoverIE is our breadth and depth of engineering capability, which enables us to engage with customers at the earliest stages of their product development.

By working closely with customers during the design phase, we develop critical components optimised for performance, reliability, regulatory requirements and specific operating environments.

Once designed in, our products become an integral part of customers' systems. Replacing them would require redesign, re-testing and re-certification, introducing cost, delay and operational risk that customers seek to avoid.

Just as importantly, customers operating in regulated and mission-critical markets particularly value our technical capability, compliance expertise, and long-term supply commitment. Combined with consistent quality and long product lifecycles, this reinforces discoverIE's position as a trusted technical partner and supports high customer retention, repeat revenues and pricing resilience.

Our business model benefits from several structural barriers that limit substitution and support long-term customer relationships.



# OUR INVESTMENT PROPOSITION

## Quality compounding growth for our investors

### An electronics compounder – why invest in discoverIE

discoverIE is an electronics compounder, creating long-term shareholder value by owning and developing highly differentiated, engineering-led businesses with strong market positions and repeat revenues. Our customised, application-specific components are designed into customers' systems, resulting in high barriers to entry, low substitution risk and strong customer retention. Strong cash generation, disciplined capital allocation, and reinvestment in organic growth and value-enhancing acquisitions enable the Group to compound earnings and returns over time.

- 1 Cognitive Market Research: Industrial Electronics Market Report 2025.
- 2 Continuing operations only, i.e. excluding the disposals of Acal BFI and Vertec SA in 2022 and the Santon solar business in 2024.
- 3 Compound Annual Growth Rate.
- 4 Free cash flow conversion is defined as net cash flow before dividend payments, net proceeds from equity fund raising, acquisition costs and business disposal proceeds divided by adjusted profit after tax.
- 5 Return on capital employed and return on tangible capital employed are defined in note 6 of the Group consolidated Financial Statements.

### Structural growth markets

Increasing electronics content and the electrification of products and processes continue to drive long-term demand for electronic components. We focus on five structurally attractive end markets that are aligned to global megatrends and the UN Sustainable Development Goals. Further detail on these megatrends is set out on pages 18 to 23.

### High barriers to entry and substitution

Our products are highly customised, application-specific and designed into customers' systems at an early stage. These mission-critical components are technically complex and regulated, and whilst a small part of total system cost, replacing them would require costly redesign, re-testing and re-certification, which introduce cost, risk and delay. This is why we are often the single source for the majority of the products we provide. Combined with long product lifecycles, deep engineering expertise and long-standing customer relationships, this results in very low substitution risk and strong customer retention.

### Strong financials

discoverIE has a proven track record of delivering sustainable, profitable growth and continuous margin improvement. A robust balance sheet, with gearing broadly in line with the Group's stated range of 1.5x – 2.0x, together with excellent cash generation, underpins financial flexibility and supports further value-enhancing acquisitions. Learn more about our financial performance on pages 34 to 37.

### Proven strategy for growth

Our strategy is to deliver organic growth well ahead of GDP through the economic cycle by focusing on structural growth markets and an expanding, differentiated product offering. This is complemented by earnings- and margin-enhancing acquisitions, underpinned by a disciplined capital allocation framework. We have a proven track record of delivering against our strategic and financial objectives. Learn more about our Strategy on pages 10 to 15.

### Disciplined capital allocation

We apply a disciplined and consistent capital allocation framework focused on maximising long-term Shareholder value. Capital is allocated to support organic investment, complemented by value-enhancing acquisitions that strengthen our technical capabilities and market positions. A strong balance sheet underpins this approach, whilst progressive dividends reflect confidence in the Group's cash generation and long-term outlook.

### Projected growth of industrial electronics market<sup>1</sup>

**5.6% p.a.**

**Target markets:** Renewable energy, Transportation, Medical, Security and Industrial & Connectivity represent 79% of Group sales in FY 2025/26

### Longest customer relationship

**30+ years**

Long-standing customer relationships and stable, repeat revenue

### Adjusted operating profit growth<sup>2</sup> of

**15% CAGR<sup>3</sup>**  
from FY2021–FY2026

### Free cash flow conversion<sup>4</sup> of

**101%**  
on average from FY2021–FY2026

### Revenue growth of

**8% CAGR**  
from FY2021–FY2026

### Return on capital employed<sup>5</sup> of

**15.3%**  
on average from FY2021–FY2026

### Return on tangible capital employed<sup>5</sup> of

**50.6%**  
on average from FY2024–FY2026

# GROUP AT A GLANCE

**discoverIE is an international specialist electronics group, designing and manufacturing customised, application-specific components for industrial use.**

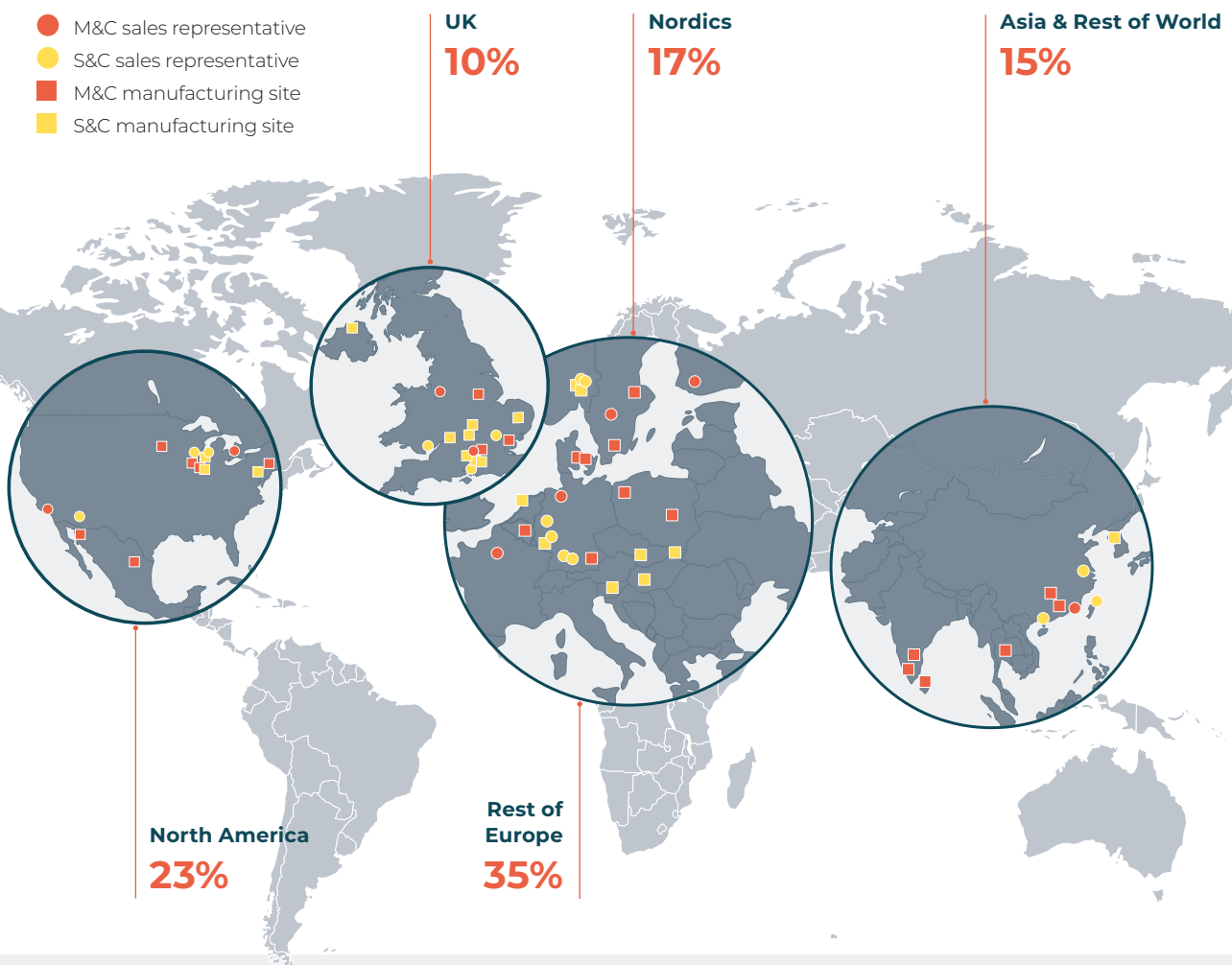
Through a global network of engineering-led businesses, we deliver differentiated, mission-critical solutions to original equipment manufacturer (“OEM”) customers worldwide.

Deep technical expertise, close customer collaboration and a global manufacturing footprint enable us to deliver ever better, reliable solutions that meet customers’ specific needs.



## Revenue by geography (%)

- M&C sales representative
- S&C sales representative
- M&C manufacturing site
- S&C manufacturing site



## 1 Sensing and Connectivity (“S&C”)

- Electronics for wireless transmission, fibre optic and cable connection, electromagnetic shielding, and sensing components for measuring movement, temperature, pressure, position, force and load
- Consists of two operating units, which are divided into four technology clusters and four standalone businesses
- Operates across ten countries with 18 manufacturing sites

### Sensing

- Variohm Eurosensor
- Burster
- CPI
- Limitor
- Magnasphere
- Phoenix America
- Positek

### Optical filter & Connectors

- Foss
- IKN

### Enclosures & Cabling

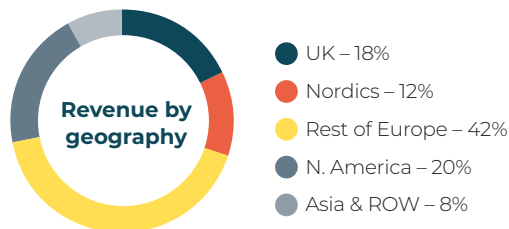
- CDT
- Contour Stortech

### RF & Wireless

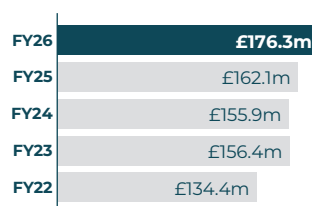
- 2J Antennas
- Antenova
- Trival Antene

### Standalone

- Hivolt Capacitors
- MTC
- Santon
- Silvertel



### Revenue growth<sup>1</sup>



<sup>1</sup> Silvertel was transferred from M&C to S&C and Sens-Tech was transferred from S&C to M&C in FY26. Figures for all years have been restated.

## 2 Magnetics and Controls (“M&C”)

- Electronics for power conversion and switching, X-ray detection, signal conditioning, monitoring, human-machine interface (“HMI”) controls and embedded computing
- Consists of two operating units, which are divided into three technology clusters and two standalone businesses
- Operates across 16 countries with 23 manufacturing sites

### Magnetics

- Noratel
- Shape
- Myrra
- Flux

### Embedded computing

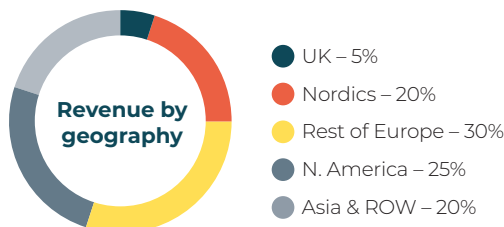
- Hectronic
- Beacon
- EmbeddedWorks
- Diamond Technology

### HMI

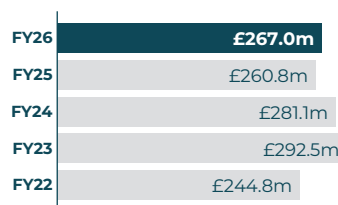
- Cursor Controls
- Storm Interface

### Standalone

- Sens-Tech
- Vertec



### Revenue growth<sup>1</sup>



<sup>1</sup> Silvertel was transferred from M&C to S&C and Sens-Tech was transferred from S&C to M&C in FY26. Figures for all years have been restated.



▶ Scan the QR code to learn more about our businesses.

# OUR STRATEGY



**The strength of our decentralised, engineering-led model lies in its ability to combine local agility with Group scale, enabling our businesses to deliver differentiated solutions and respond to customers' needs quickly while driving operational efficiencies. It positions us well to deliver sustained organic and acquisition-led growth in structurally attractive markets."**

**Nick Jefferies**  
Group Chief Executive

## Our strategic context

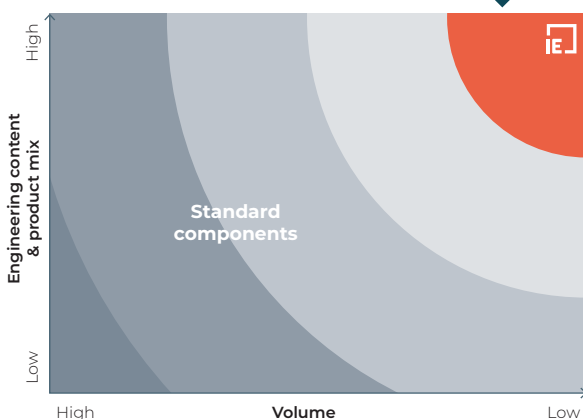
The global market for non-semiconductor-related electronic components is valued at approximately \$300 billion<sup>1</sup>. Within this, we operate in a niche segment: custom-designed industrial electronics. The total serviceable available market of industrial electronic components is estimated at around \$30 billion<sup>1</sup> and is growing steadily at 5–6% per year<sup>1</sup>.

This market is dominated by custom-made components. The low-volume, high-mix nature of these products offers limited advantage to companies focused on standard components. As a result, the market remains highly fragmented, with many small, subscale local operators and relatively few large-scale players. This fragmentation represents significant opportunities for discoverIE to grow, both organically and through acquisitions.

### Non-semiconductor-related electronic components market estimated at \$300bn

**Total serviceable available market for industrial electronic components: c.\$30bn p.a.**

- Highly fragmented
- Many small, subscale operators
- Differentiated, application-specific products
- Typically custom-designed
- Quality and performance over price
- Typically ordered in small batches



## Our strategic aim

Our goal is to grow our presence in custom electronics by focusing on markets with sustained, long-term growth. These markets are underpinned by megatrends, such as digitalisation, decarbonisation, heightened security requirements, and the increasing electronic content of industrial systems. These are the sectors where our products are essential and demand is rising.

Our strategy aligns our portfolio of businesses with these market dynamics. By leveraging efficiencies and synergies across our business clusters, we unlock greater value and accelerate growth.

We will deliver this strategy through a motivated, entrepreneurial and empowered workforce, operating to the highest ethical and quality standards.

## Our strategic priorities

Our strategy centres on growing organically and through acquisitions, whilst generating efficiencies and reducing environmental impact. This approach has remained more or less the same and has proven to be effective over the years. We remain committed to it, with a clear focus on the four core strategic priorities:

<sup>1</sup> Company's estimates



**Grow sales well ahead of GDP**



**Acquire highly differentiated businesses**



**Generate efficiencies**



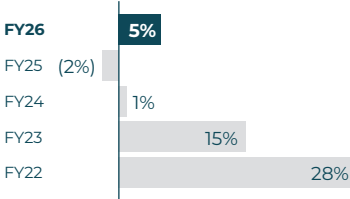
**Reduce environmental impact**

► Read more about our strategic pillars on **pages 12 to 13**

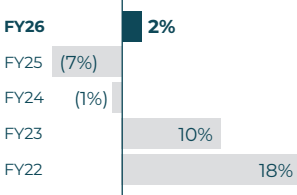
# KEY STRATEGIC INDICATORS

## A Sales growth

Target **Well ahead of GDP CER**



### Organic



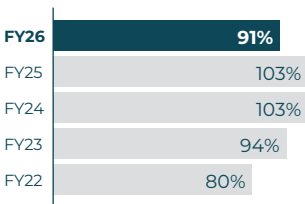
### Commentary

Sales growth resumed as customers' order patterns and inventory levels normalised. Over the last decade, sales have grown by c.5% CAGR organically.

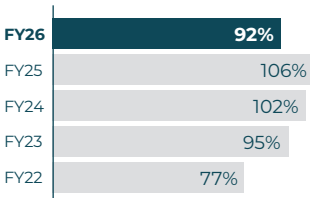
## D Cash conversion

Target **>85%**

### Adjusted operating cash flow conversion



### Free cash flow conversion

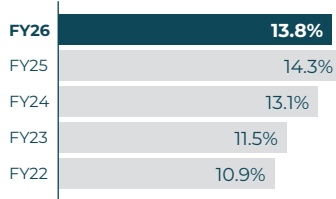


### Commentary

In the past 10 years, both adjusted operating cash and free cash conversions have been consistently strong, averaging around 100% through-cycle, reflecting low capital expenditure requirements and efficient working capital.

## B Adjusted operating margin

Target **17%**

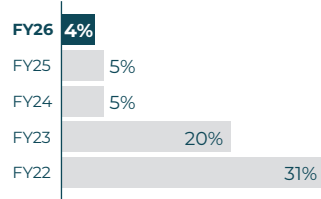


### Commentary

Adjusted operating margin was 0.5 ppts lower than last year due to increased investment in engineering and sales capacity and additional manufacturing capacity to support future growth. Since FY14, adjusted operating margin has increased by 10 ppts with approximately half coming from organic improvement and half from higher margin acquisitions.

## C Adjusted earnings per share growth

Target **>10%**

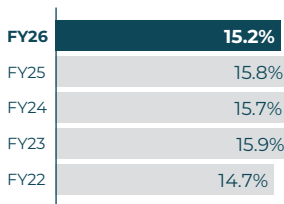


### Commentary

Following a return to organic sales growth and with operational investment to support future growth, adjusted operating profit for the year increased by 1% at constant exchange rates ("CER"), with adjusted EPS increasing by 4%. In total, the Group has grown its adjusted EPS by 14% CAGR over the past 10 years.

## E Return on capital employed

Target **>15%**

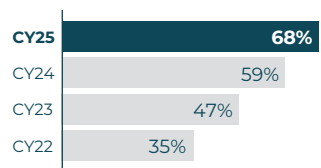


### Commentary

ROCE for the year was slightly below last year but above our target. The rate of Group ROCE improvement is tempered by acquisitions in the short term, but is expected to benefit from their contribution over the longer term as their additional growth compounds. We acquire businesses with long-term growth prospects that are expected to generate high returns over time. For example, the businesses acquired up to FY 2017/18 generated 28% ROCE this year. We expect this to continue and for acquisitions made more recently to grow similarly.

## F Carbon emissions reduction

Target **65%**



### Commentary

Our medium-term target was a 65% absolute reduction in Scope 1 and 2 emissions in CY2025 versus the CY2021 baseline. In CY2025, we exceeded this target, reducing Scope 1 and 2 emissions by 68%, paving the way to net-zero Scope 1 and 2 emissions by CY2030. This reduction was achieved primarily by switching to clean or renewable electricity. 85% of our electricity consumption now comes from renewable or clean sources.

# OUR STRATEGY CONTINUED

## Key strategic indicators

- A Sales growth
- B Adjusted operating margin
- C Adjusted EPS growth
- D Cash conversion
- E Return on capital employed
- F Carbon emissions reduction

### Grow sales well ahead of GDP

We aim to grow sales well ahead of GDP through the economic cycle by focusing on sustainable, structural growth markets, namely renewable energy, transportation, medical, security, and industrial & connectivity – each of which is projected to grow faster than global GDP. Learn more about the growth drivers for these markets on pages 22 to 23.

Being in the right markets is only part of the equation. We drive sales growth by focusing on two areas: product innovation and commercial discipline. On the innovation front, we direct our engineering time towards developing differentiated products built on commercially proven technologies to maximise return on investment. Our commercial discipline is reflected in how we manage our design pipeline. We are selective, focusing on design opportunities that demand unique, value-added solutions and that offer long-term profitable revenue potential. These quality design wins translate into consistent, high-margin growth over time.

#### Progress to date

The industrial sector experienced a prolonged and steep destocking period between 2023 and 2025 as the pandemic-induced inventory surpluses unwind. Although destocking in most of the end markets ended in the second half of 2025, demand recovery has been slow due to the uncertainty around the US tariffs introduced in April 2025. In FY 2025/26, Group sales increased by 5% CER and 2% organically. Despite the temporary headwinds, our through-cycle organic growth in the past ten years, averaging 4% per annum, remains well ahead of the GDP growth rate in our core markets of developed economies.

#### Organic sales growth



Link to KSI



Link to Risk



### Acquire high-quality businesses

Acquisition is an essential part of our growth strategy. The niche, customised electronic components market is highly fragmented, offering opportunities for consolidation and value creation.

We target businesses that embody the core characteristics we define as the discoverIE DNA. These include:

- Design & manufacture of electronic components, modules or systems
- Differentiated, value-added products and solutions
- Supplying original equipment manufacturers
- Long-life products with repeat revenues
- Operating in markets with excellent growth prospects
- Strong cash generation and capital-light business models
- Ambitious, capable management with entrepreneurial spirit

We have a well-established approach to acquisitions and portfolio management. By taking a long-term approach to creating compounding organic growth in acquired businesses, as well as actively managing the overall portfolio, the Group consistently generates substantial value.

#### Progress to date

Since our first design and manufacture acquisition in 2011, we have invested over £550m in 30 acquisitions, over a quarter of which have taken place in the past three years alone. Group sales have grown from £10m in FY 2009/10 to £443m today. Our strong track record in acquisitions stems both from identifying the right businesses and our ability to enhance their performance over time. This is evident in the consistent return on capital employed. Between FY 2020/21 and FY 2025/26, the Group delivered on average 15.3% ROCE.

#### Acquisition geography



Link to KSI



Link to Risk



## Risks

- 1 Market, geopolitical and trade environment
- 2 Business acquisition under-performance
- 3 Climate-related risks
- 4 Cyber security and digital resilience
- 5 Customer demand, key customer and end-market risk
- 6 Supply chain resilience
- 7 Technology, innovation and product relevance
- 8 Major business disruption
- 9 Loss of key personnel
- 10 Product quality and liability
- 11 Financial Controls and Reporting
- 12 Liquidity and financing
- 13 Foreign currency
- 14 Legal, regulatory, and compliance

## Generate efficiencies

We achieve efficiencies in three areas: pricing, manufacturing and operating leverage.

**Pricing for value** – Our value-based pricing strategy is built on the product differentiation and substantial value we provide. Whether developing bespoke solutions for unique applications or improving existing ones for broader use, our technical expertise and know-how enable customers to achieve their desired outcomes. This value add is increasingly reflected in our rising contribution margins.

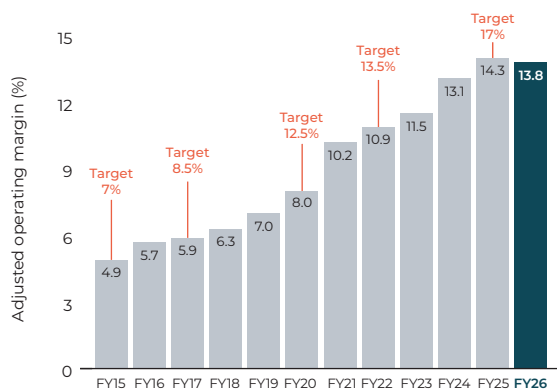
**Manufacturing efficiencies** – Many of our acquisitions bring manufacturing capabilities into the Group. With over 40 production facilities worldwide, we continuously optimise our manufacturing footprint. This includes consolidating sites and sharing capacity in similar locations, relocating production to achieve cost or volume efficiencies, or to position manufacturing closer to customers to improve responsiveness and cost-effectiveness.

**Operating leverage** – As the Group grows, we maintain a disciplined approach to cost management through phased investment and strategic resource allocation. Our clustering model also makes it easier to identify synergies. Learn more about clustering on pages 16 and 17. As scale increases, our drop-through rate will continue to rise, reflecting strong operating leverage.

### Progress to date

In FY 2025/26, following two years of no growth amidst industrial destocking, we resumed investment to support anticipated growth following the end of destocking, leading to higher operational costs. Adjusted operating margin was 0.5ppts lower compared to the previous year. Prior to that, we delivered 15 years of consecutive growth in our operating margin, increasing from break-even in FY 2009/10 to 14.3% in FY 2024/25. These gains were driven primarily by organic improvement. In the past ten years, we have consistently met or exceeded our adjusted operating margin targets, which have been raised five times during the same period.

### Adjusted operating margin



Link to KSI



Link to Risk



## Reduce environmental impact

We received approval for our near and long-term science-based emissions reduction targets from the SBTi in May 2025:

- discoverIE Group plc commits to reduce absolute Scope 1 and 2 GHG emissions by 90% by 2030 from a 2021 base year.
- discoverIE Group plc commits to reach net-zero greenhouse gas emissions across the value chain by 2040.

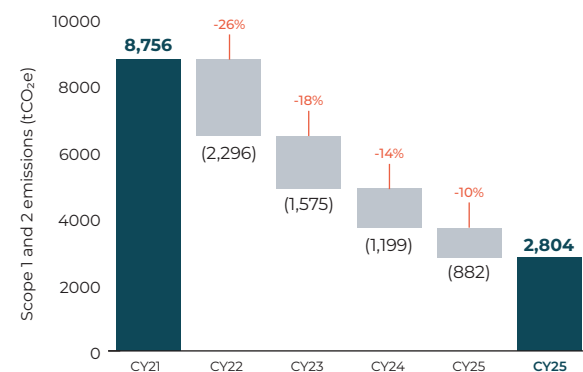
Our Scope 1 and 2 net-zero strategy focuses on four primary sources of emissions within the Group: electricity, natural gas, company vehicles, and refrigerants. We had a medium-term target to reduce absolute emissions by 65% by the end of CY2025 compared to the CY2021 baseline. An updated transition plan has been published for our emissions across the value chain for Scopes 1, 2 and 3.

### Progress to date

Five years into our net-zero plan, we exceeded our medium-term target by reducing Scope 1 and 2 emissions by 68% in CY2025 versus the CY2021 baseline. This reduction was driven primarily by switching to clean or renewable electricity, including installing solar panels at sites where economically feasible, implementing energy-efficiency measures, and deploying heat pumps where appropriate. 85% of our electricity consumption now comes from renewable or clean sources.

We are also accelerating the transition of our vehicle fleet away from fossil fuels. Over half (58%) of our company cars are now electric or hybrid. Natural gas is now our largest emissions source, representing 35% of total CY2025 emissions. In March 2025, we approved a plan to replace gas heating in Poland, one of our largest natural gas-consuming sites. We are also evaluating further measures to reduce emissions from natural gas and refrigerants.

### Scope 1 and 2 emissions reduction



Link to KSI



Link to Risk



## Case Study

### Driving organic growth through technology collaboration

**A marine electronics customer was looking to upgrade its fish finder module. It required a compact, saltwater-proof and vibration-resistant design. Additionally, the new module needed to be software-compatible with the company's existing system.**

**The customer managed multiple vendors for each of the hardware and software separately because there was no supplier that had both the hardware and software capabilities to meet the requirements. This approach created development inefficiencies and integration risk.**

By leveraging capabilities across the Group, Cursor Controls and Hectronic combined their expertise to deliver an integrated solution. Cursor Controls provided the rugged human-machine interface hardware, whilst Hectronic developed a customised embedded computing sub-system.

The result was a robust joystick controller module meeting global certification requirements, simplifying development and improving system reliability.

This project demonstrates our strategy of driving organic growth through cross-business collaboration, increasing customer value by combining specialist technologies and strengthening long-term customer relationships.

“

**Our key competencies complement each other very well. We are also pleased that Hectronic and Cursor Controls operate similarly and share the same type of mindset. Communication between the two companies has been almost like between two departments.”**

**Jason Roberts**  
Head of Engineering  
Cursor Controls



## Case Study



### Storm Interface

**Strengthening specialist human-machine interface capability in regulated and industrial markets**

**Acquired in December 2025, Storm Interface ("Storm"), also known as "Keymat Technology", is a specialist designer and manufacturer of secure, rugged human-machine interface ("HMI") devices for use in demanding and often unattended environments. The acquisition is aligned with our strategy to grow our presence in regulated and industrial applications.**

Storm's products are typically designed into long-life systems such as self-service kiosks, access control and industrial control panels, where reliability, durability and compliance are critical. A key differentiator of Storm is its portfolio of assistive technology products, designed to support inclusive access for users with visual or mobility impairments. Selected products are recognised under the Royal National Institute of Blind People's "RNIB Tried and Tested" programme.

Increasing regulatory requirements, including the European Accessibility Act ("EAA") and the Americans with Disabilities Act ("ADA"), are driving sustained demand for compliant input devices across public and commercial infrastructure, underpinning long-term growth.

Storm now forms part of the Human-Machine Interface ("HMI") cluster, alongside Cursor Controls, within the Controls operating unit. The acquisition demonstrates our disciplined approach to M&A, acquiring a niche, value-added business with strong differentiation, long product lifecycles and clear opportunities for organic growth.

## Case Study



### Trival Antene

**Increasing exposure to the security and defence market**

**Trival Antene ("Trival") is the Group's first defence-related acquisition since announcing our entry into the security market in September 2024 and represents an initial step in increasing the Group's exposure to the security and defence markets against a backdrop of rising geopolitical tensions.**

Founded in 1965 and headquartered in Mengeš, Slovenia, Trival designs and manufactures communications antennas and portable mast solutions for defence and professional communications applications. Its products are primarily used in land-based defence applications including handheld, manpack, mobile and fixed radio communication systems.

The acquisition aligns with our strategy as it:

- Supports the Group's expansion into the security and defence market
- Increases exposure to structural growth driven by defence modernisation and geopolitical uncertainty
- Builds on existing RF and wireless capabilities within the Group
- Supplies mission-critical components with high technical barriers to entry



Trival sells into over 70 countries, with an established international customer base and proven sales channels, from which other Group businesses can also benefit.

Completed on 1 April 2026, Trival is being integrated into the RF & Wireless cluster within the Connectivity operating unit, which enhances the Group's antenna and RF offering across industrial, security and defence applications.

# OUR BUSINESS MODEL: HOW WE CREATE ENDURING VALUE

Our business model is simple. We design and manufacture niche, customised electronic components for industrial original equipment manufacturers (“OEMs”) operating in growth markets.

1 Our resources and key enablers	2 Our core activities	3 Sustainable approach
<p><b>Our people</b> Many of our c.4,600 colleagues' worldwide are long-serving, providing continuity, deep technical expertise and trusted customer relationships. This stability underpins long-term relationships and repeat business. We encourage local employment and talent development so teams have a deep understanding of the markets and customers they serve.</p> <p><b>Our expertise</b> For over three decades, we have built deep expertise and technical know-how in specialist electronics. Teams of electronic, mechanical and software engineers have strong knowledge of core technologies and experience across a wide range of applications and end markets. This breadth and depth enable close customer collaboration and the development of innovative, reliable solutions.</p> <p><b>Our intellectual property</b> We retain intellectual property rights for products designed and developed for customers. In addition, we have proprietary technologies applied across many customised products, creating barriers to entry and enhancing customer value.</p> <p><b>Our manufacturing capability</b> We operate 41 manufacturing facilities in 18 countries, including China, Hungary, India, Mexico, Poland, Slovakia, Slovenia, Sri Lanka, Thailand, the UK and the USA. This global footprint enables consistent, reliable production close to customers.</p> <p><b>Our financial strength</b> Our robust balance sheet and strong cash generation provide financial flexibility and resilience. It enables us to continue investing in our people, technologies and operational capabilities, whilst supporting expansion into new geographies and markets.</p>	<p>Our core activity is the design and manufacture of specialist electronic components for industrial applications. Our strength lies in the deep understanding of our customers' design and system challenges, which enables us to engineer customised solutions tailored to specific requirements. We also provide a reliable and consistent supply of products throughout the lifecycle of the end system.</p> <p><b>Design and customise</b> Our engineers work closely with our customers, primarily OEMs, to develop better solutions to solve complex technical challenges. This often requires adapting standard products or designing new, bespoke solutions that are optimised for the customer's application, performance requirements and operating environment.</p> <p><b>Manufacture and testing</b> Manufacturing bespoke and low-volume, high-complexity products requires a flexible and technically capable production model. Our technical know-how and in-house manufacturing capabilities give us control over the production process, ensuring both quality and reliability. Products are subject to rigorous testing, often exceeding standard requirements, to meet demanding industrial and regulatory standards.</p> <p><b>Deliver globally</b> With manufacturing facilities in the Americas, Europe and Asia, we are able to manufacture close to our customers, reducing logistics risk and shortening delivery lead times. This global footprint supports resilient supply chains and enables us to provide customers with a dependable supply of products throughout the lifetime of the end system design.</p>	<p>The demand for energy-efficient, sustainable technologies continues to rise, and we are well positioned to capitalise on the value creation opportunities this shift presents. However, growth is not our only goal. As a company, we recognise our broader responsibility to help shape not just a more connected and intelligent world, but a more sustainable one.</p> <p>Sustainability is embedded throughout discoverIE. We focus on markets that align with the UN Sustainable Development Goals, and we design durable, energy-efficient products that minimise servicing or replacement needs. We understand that sustainability is a collective effort. By collaborating with our customers on their sustainability journeys, we help them meet their sustainability goals, whilst working to achieve our own.</p> <div style="display: flex; flex-direction: column; gap: 10px;"> <div data-bbox="1034 1283 1350 1400">  <p><b>Our Planet</b> Creating a positive impact on our environment</p> </div> <div data-bbox="1034 1435 1318 1552">  <p><b>Our People</b> Keeping our people safe and happy</p> </div> <div data-bbox="1034 1588 1342 1704">  <p><b>Our Products</b> Ensuring product reliability and sustainability</p> </div> </div> <p>► Read more about our Sustainability priorities and progress on <b>pages 42 to 73</b></p> <p><small><sup>1</sup> Including all full-time and part-time employees, contractors and agency labour.</small></p>

<p><b>Guided by our values</b></p> <p>These are the fundamental beliefs and principles that guide our decision making:</p>	 <p><b>Integrity</b></p> <p>We act with honesty and openness, treating our partners and stakeholders fairly</p>	 <p><b>Quality</b></p> <p>We strive for excellence and make continuous improvements that deliver superior value to our customers</p>
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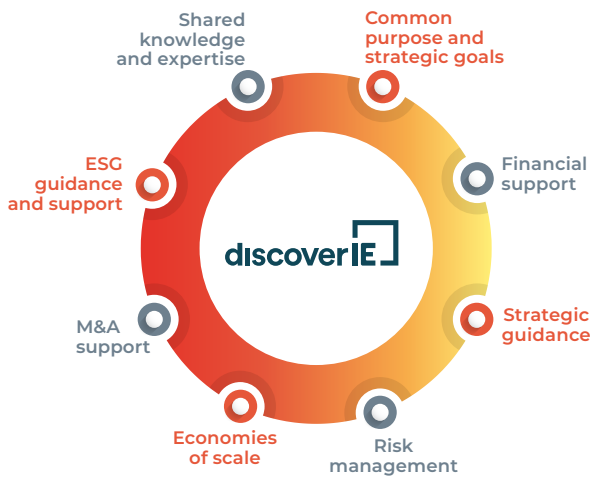
We add value by providing our customers with an end-to-end solution for critical components. By acting as an extension of our customers' engineering teams, we help them create ever-better solutions and guarantee a reliable, long-term supply of the components. This business model is resilient, proven by the Group's robust and consistent financial track record.

## 4 How we do it differently

### A decentralised model

We operate a decentralised operating model. Our portfolio of over 30 operating businesses, each specialising in distinct technologies, is grouped into two divisions – Magnetics & Controls and Sensing & Connectivity – each with two operating units. Supported by Group central resources, each business operates independently under its own brand and management team within a clearly defined control framework aligned with discoverIE's shared vision and strategic goals. This decentralised approach empowers local leadership teams, fostering a strong sense of ownership, accountability and entrepreneurial decision-making close to customers and markets.

### Collaboration through clustering



To encourage collaboration and knowledge-sharing, businesses with complementary or related technologies within each operating unit are grouped into clusters. These clusters are led by the leadership teams of the largest operating businesses, minimising layers of management and avoiding unnecessary bureaucracy. This flat structure supports faster decision-making and greater agility, enabling businesses to respond effectively to changing customer needs and market conditions.

Together, decentralisation and clustering allow our operating businesses to combine the benefits of autonomy and agility with the advantages of scale, collaboration and shared expertise across the Group.

### Group support and governance

Group head office functions, including finance, legal, M&A, IT, HR, communications and sustainability, provide support to enable our businesses to grow and operate efficiently. The Group's Risk and Internal Audit function ensures compliance and effective controls, as well as robust risk management across the Group.

## The value we create

### Customers

Quality, reliability and efficiency. 100% on-time, in-full delivery target

### Suppliers

Reliable partnerships and shared knowledge

### Employees

Empowering and collaborative culture, and a healthy and safe environment

**12%**  
Voluntary employee turnover

### Shareholders

Attractive returns and growth opportunities

**267%**  
Ten-year total shareholder return

### Communities

Contribution to local employment, tax revenue, community engagement and decarbonisation

**£25.8m**  
tax and social security contributions in FY 2025/26

**68%**  
reduction in Scope 1 and 2 carbon emissions since CY2021



### Empowerment

We inspire growth and innovation by providing an entrepreneurial environment



### Collaboration

We work together, trust and respect each other



### Positive impact

We care about the environment and societies we live in and commit to making a positive impact

# MARKET OVERVIEW

## Megatrends drive structural growth

Megatrends such as electrification, digitalisation and urbanisation have been major drivers of growth in electronic components, and will continue to create significant opportunities in the decades ahead.

### Electrification

The global transition toward a low-carbon economy is accelerating demand for renewable energy, energy storage, and smart energy management systems. Governments and businesses around the world are setting ambitious targets and implementing comprehensive plans to reduce carbon emissions, including phasing out fossil fuels through the electrification of transport networks and industrial processes. Electrification is not only essential for achieving net-zero emissions, but also a major driver of efficiency and productivity. This megatrend is poised to reshape many industries, such as transportation, manufacturing and construction. For example, the electrification of transportation is creating entirely new markets, such as electric vehicles and the infrastructure that supports them, and existing modes of transport, such as railways and shipping, are being converted to allow them to run on electricity.

### Digitalisation

Advances in AI, 5G and fibre connectivity, cloud computing and edge processing are accelerating digital transformation across industry, infrastructure and healthcare. As connected devices generate more

data, organisations are investing in networks, sensors and secure computing to enable real-time monitoring, automation, predictive maintenance and better decision-making. These trends are driving sustained demand for electronic components that deliver performance, reliability and connectivity at scale.

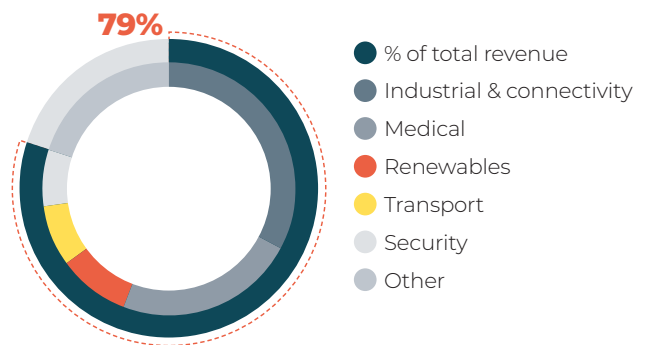
### Urbanisation

Urbanisation is a major growth driver for security, transportation, and communication technologies. As cities grow denser, the need to protect people, infrastructure, and public spaces drives demand for advanced surveillance, access control and threat detection systems. Meanwhile, rising populations require more efficient and sustainable mobility solutions, accelerating investment in public transport, electric vehicles, and smart traffic systems. To support this urban complexity, high-speed communication networks – including 5G, fibre optics, and IoT infrastructure – are essential for real-time connectivity, automation, and the functioning of smart city ecosystems.



## Revenue from target markets

(% of total revenue)



These megatrends present significant opportunities for discoverIE to deliver innovative solutions to meet the growing demand for a more sustainable, digitally connected, and secure future.

## Our target markets

Our products are critical components in a wide range of industrial applications. We focus on markets that demonstrate sustainable, long-term growth, driven by global megatrends. For more than a decade, we have maintained a strategic focus on markets with sustainable, long-term growth prospects, specifically renewable energy, transportation, medical and industrial & connectivity. In September 2024, we added security, a market that has seen particularly strong demand in recent years, which is expected to continue as the world is becoming more volatile. All of our target markets are aligned with the UN Sustainable Development Goals (“SDGs”).

In FY 2025/26, 79% of Group revenue was generated from these target markets. The diversification across these markets, each with varying cycles and different economic drivers, helps to smooth out overall cyclicity and provides a more resilient growth profile for the Group. During the ten years up to FY 2025/26, the Group grew revenue by 9% CAGR at Constant Exchange Rates (“CER”) and 4% organically through the economic cycle, reflecting the resilience and strength of these structural growth markets.



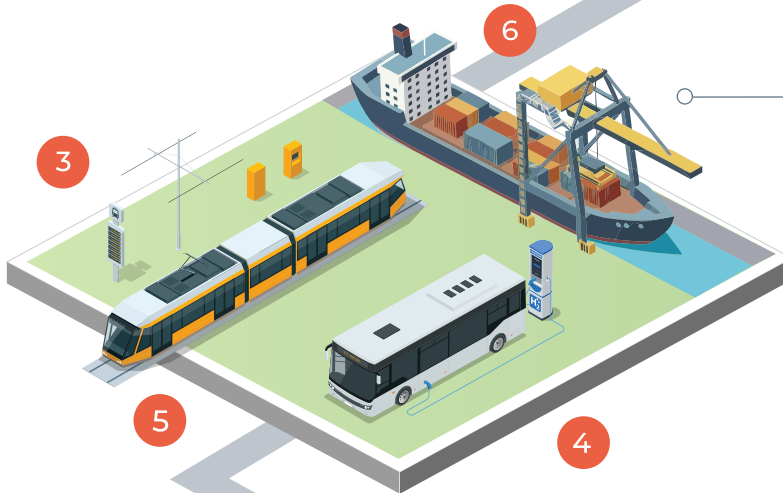
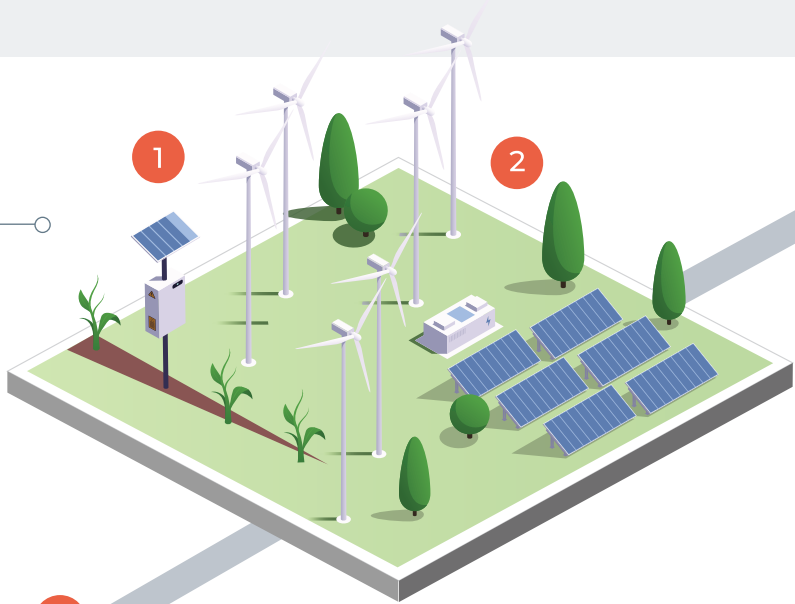
# MARKET OVERVIEW CONTINUED



## Renewable energy

### Our solutions:

- ① **Liquid-cooled power reactors** for wind systems
- ② **LiDAR scanner** for analysing wind speed and direction for wind farm set-up



## Transportation

### Our solutions:

- ③ **DC line reactors, master controllers** and **battery isolation switches** for electric trains
- ④ **Pressure transmitter** for hydrogen-fuelled e-buses
- ⑤ **Force sensors** for metro train brake systems
- ⑥ **Three-phase isolation transformer** for voltage buck/boost for electric ships



## Medical

### Our solutions:

- ⑦ **Wireless system-on-module embedded computer** for a groundbreaking vision assistance device
- ⑧ **Data collection and automation system** for dental equipment company making personalised orthodontic solutions
- ⑨ **Anti-vibration, waterproof trackball module** for ultrasound scanners
- ⑩ **HMI modules and load and position sensors** for controlling robotic arms in immersive surgery





## Security

### Our solutions:

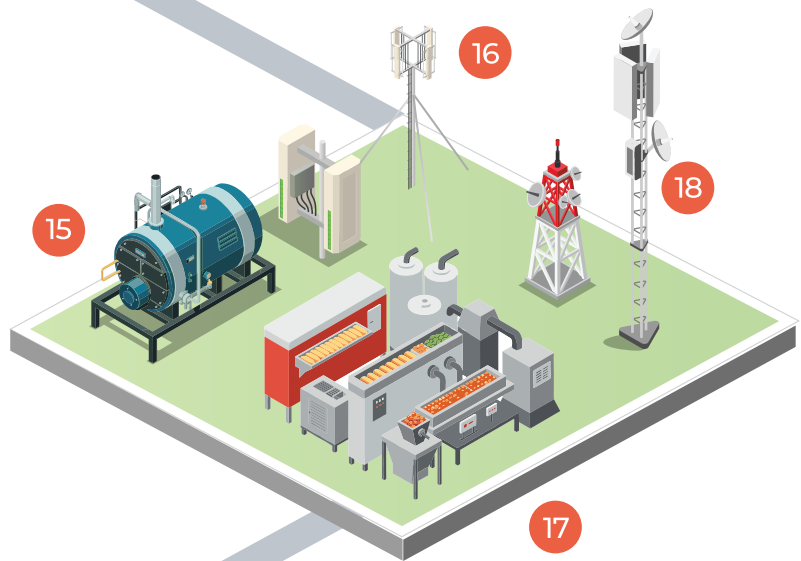
- 11 **Waterproof switches** for cabin tilt, door control, transmission and winch operations in defence vehicles
- 12 **Fibre optic deployable coils** for non-radio frequency guidance of drones
- 13 **Magnetic security switches** for controlling access to critical infrastructure, e.g. data centres
- 14 **X-ray detector and signal processor** for airport security scanner



## Industrial

### Our solutions:

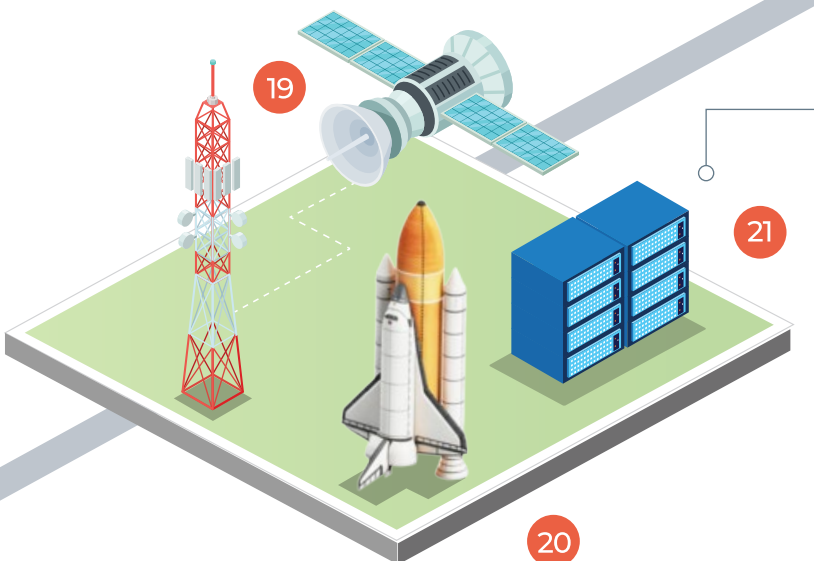
- 15 **Temperature sensors** for monitoring industrial heat processes and steam pipes and valves
- 16 **Power-over-Ethernet modules** for powering security, sensors, and communication infrastructure applications
- 17 **X-ray detectors and processors** for detecting contaminants in food processing
- 18 **Industrial antennas** for data transmission between machines and control station



## Connectivity

### Our solutions:

- 19 **Hi-reliability power transformer** in satellites for communication, geo-positioning and geospatial intelligence
- 20 **Fibre optic connector** for space rockets
- 21 **EMC shielding** for racks and enclosures to reduce electromagnetic interference in data centres



# MARKET OVERVIEW CONTINUED



## Renewable energy

**Electrification is accelerating the build-out of wind, solar and other renewables, alongside grid-scale battery storage to balance intermittent generation; the IEA estimates half of the world's electricity will come from renewables and nuclear by 2030<sup>1</sup>.**

Meanwhile, utilities are upgrading transmission and distribution networks to connect new generation and growing electrified loads, improve resilience, and add digital monitoring and control. This increases demand for high-efficiency power electronics, sensing and protection across inverters, converters, substations and balance-of-plant equipment.

### Key statistics:

- **Half of the world's electricity** expected to come from renewables and nuclear by 2030<sup>1</sup>
- Renewable generation forecasted to rise at an annual rate of **8% per year through to 2030<sup>2</sup>**



## Transportation

**Electrification is accelerating across commercial mobility, from depot and on-site EV charging to e-buses and e-trucks, whilst electric ships and port shore-power infrastructure are scaling to reduce emissions in coastal and short-sea routes.**

Urbanisation is reinforcing this shift by increasing demand for efficient mass transit and cleaner cities, accelerating investment in electrified public transport and supporting infrastructure. Established rail networks continue to electrify, and around three-quarters of passenger rail activity already takes place on electric trains. Together, these trends increase demand for rugged power conversion and distribution, traction and auxiliary power systems, high-current interconnect, and safety-critical sensing, and connectivity across vehicles, chargers and port/wayside infrastructure.

### Key statistics:

- **7.6% CAGR growth** in public transportation market 2024–2030<sup>3</sup>
- **68% of the world's population** will live in urban areas by 2050<sup>4</sup>



## Medical

**Digitalisation is enabling more care outside hospitals via remote patient monitoring and remote diagnostics, whilst immersive and robotic-assisted surgery is improving precision and outcomes.**

The smart medical devices market is projected to grow at 12.8% CAGR from 2025 to 2030 (Grand View Research), supported by ageing populations that are increasing overall healthcare demand and adding pressure on clinical capacity. These applications require medical-grade, miniaturised electronics, including precision sensors, low-noise analogue front ends, microcontrollers, wireless modules, isolation/protection and high-reliability power management.

### Key statistics:

- **12.8% CAGR growth** in smart medical devices market 2025–2030<sup>5</sup>



## Security

**As cities grow, the risk and impact of disruption to people and critical infrastructure increases.**

This is accelerating deployment of surveillance, access control and threat detection with more processing at the edge for faster response. Increasing geopolitical uncertainties also drives defence modernisation. All of these propel demand for imaging and environmental sensors, embedded computers, secure connectivity, rugged interconnect/enclosures, and robust power management and protection.

### Key statistics:

- The global public safety and security market projected to grow at a **8.2% CAGR in 2025–2034<sup>6</sup>**
- EU spending on defence equipment rose by **39% in 2024** and projected to exceed €100 billion in 2025<sup>7</sup>



## Industrial

**Electrification and digitalisation are reshaping industries as businesses electrify equipment and deploy automation to improve efficiency, quality and uptime.**

AI and the Industrial Internet of Things (“IIoT”) are digitising factories through connected machines, sensors and software-driven control. The Industry 4.0 market is forecast to grow at around 16.3% CAGR (2026–2034) (Fortune Business Insights), driven by automation, analytics and connected operations. This drives demand for industrial sensors (temperature/pressure/position), signal conditioning and high-resolution analogue-to-digital converters (“ADCs”), embedded controllers, industrial Ethernet/fieldbus transceivers, isolated power and gate drivers, and rugged power conversion.

### Key statistics:

- Industry 4.0 market forecasted to grow at around **16.3% CAGR in 2026–2034<sup>8</sup>**
- Industrial electrification market expected to grow at a **7.9% CAGR in 2026–2030<sup>9</sup>**



## Connectivity

**Digitalisation depends on resilient, high-bandwidth networks (fibre, 5G and private wireless) and the cloud/data centre infrastructure that processes and stores data.**

Advancement and commercialisation of space technologies drive growth in Low Earth Orbit (“LEO”) satellite constellations, which is extending high-speed, low-latency connectivity to harder-to-serve locations. This drives demand for RF and power components including antennas and RF front-end modules, high-reliability high-speed connectors/cable assemblies, magnetics, EMC/EMI filtering, thermal solutions, and high-efficiency power supplies and protection.

### Key statistics:

- **Over \$45 billion** was invested in the space sector in 2025, up 80% year-on-year<sup>10</sup>
- **70,000 LEO satellites** expected to be launched in the next five years<sup>11</sup>

<sup>1</sup> International Energy Agency: Electricity 2026 Report; February 2026 (<https://www.iea.org/reports/electricity-2026>)

<sup>2</sup> International Energy Agency: Electricity 2026 Report; February 2026 (<https://www.iea.org/reports/electricity-2026>)

<sup>3</sup> Grand View Research: Global public transportation market ([www.grandviewresearch.com/horizon/outlook/public-transportation-market-size/global](http://www.grandviewresearch.com/horizon/outlook/public-transportation-market-size/global))

<sup>4</sup> The United Nations: <https://www.un.org/uk/desa/68-world-population-projected-live-urban-areas-2050-says-un>

<sup>5</sup> Grand View Research: Smart medical devices market ([www.grandviewresearch.com/industry-analysis/smart-medical-devices-market](http://www.grandviewresearch.com/industry-analysis/smart-medical-devices-market))

<sup>6</sup> Fortune Business Insights: Public safety and security market (<https://www.fortunebusinessinsights.com/public-safety-and-security-market-106177>)

<sup>7</sup> European Council (<https://www.consilium.europa.eu/en/policies/defence-numbers/>)

<sup>8</sup> Fortune Business Insights: Industry 4.0 market (<https://www.fortunebusinessinsights.com/industry-4-0-market-102375>)

<sup>9</sup> Research and Markets: Industrial electrification market report 2026 ([https://www.researchandmarkets.com/reports/6231302/industrial-electrification-market-report?srsid=AfmBOoo-hliNoFeza9EtGRUCIqOBau2zr1NoF1psGIZPF609D3\\_nFmq\\_](https://www.researchandmarkets.com/reports/6231302/industrial-electrification-market-report?srsid=AfmBOoo-hliNoFeza9EtGRUCIqOBau2zr1NoF1psGIZPF609D3_nFmq_))

<sup>10</sup> Space Capital: Space IQ space investment quarterly (<https://spacecapital.docsend.com/view/q77fv4weiw4qp4vu>)

<sup>11</sup> Goldman Sachs: The global satellite market is forecast to become seven times bigger, March 2025 (<https://www.goldmansachs.com/insights/articles/the-global-satellite-market-is-forecast-to-become-seven-times-bigger>)

# STRATEGIC AND OPERATIONAL REVIEW



**We have returned to organic growth and built momentum through the year, supported by a strong pipeline of design wins and disciplined acquisitions. With improving demand and continued investment in our capabilities, we are well positioned to accelerate growth in our chosen markets.”**

**Nick Jefferies**  
Group Chief Executive

## Good performance in challenging conditions

The Group designs and manufactures essential, customised, high value-add, technically complex electronic products, enabling our customers to create better equipment. During the year, we made further progress towards our key strategic indicator targets, despite the disruption created by trade tariffs and destocking at certain customers in our Controls operating unit.

After 18 months of widespread industrial market destocking, the Group returned to organic sales growth across most market sectors, with Europe leading regional growth, increasing by 3% organically and including strong growth in Germany.

Overall, sales in the year increased by 5% CER and by 2% organically with improving organic trends through the year culminating in 5% organic growth in the final quarter.

Orders increased by 9% in the year and by 5% organically with North America up by 10% organically and Asia up 24% partially offset by Europe which was flat. Demand increased through the year with organic growth in the final quarter of 14%, with a book-to-bill ratio also improving through the year increasing from 0.99 in H1 to 1.03 in H2.

The Group's order book at 31 March 2026 was £165m, 5% higher than at 30 September 2025 and 2% higher than last year end. This represents c.4.5 months of annualised second half sales and provides good visibility of growth for the new financial year.

The Group has a strong bank of design wins, forming the basis of the Group's through-cycle organic growth. During the year, new opportunities and design wins were ahead of last year, building on the bank of previously registered wins that are commencing production.

Adjusted operating profit grew 1% and included additional investments in production capacity in Asia, and engineering and sales capacity in the US and Europe to support future growth. Interest and tax costs also reduced leading to adjusted EPS growth of 4%.

Our capital-light model once again led to strong free cash conversion for the year of 92%, driven by tight working capital control and low capital expenditure requirements of c.1.5% of sales.

### **Limited direct impact from US tariffs and Middle East conflict**

Our flexible manufacturing model has limited the direct impact of US tariffs as we have been able to increase local market production at our US facilities and reduce imports from elsewhere around the Group. We expect this trend to continue and have the capacity to achieve this. Additionally, where tariffs are incurred on products made by the Group and shipped to the US, these are passed on.

During the year, 22% of Group sales were in the US of which just over half were manufactured locally in one of our seven US production sites. Imports of materials from China into the US for local manufacturing currently amount to c.£4m p.a, any tariffs on which we are mitigating through passing on cost increases or re-sourcing. The Group is well placed to optimise production location according to evolving supply chain and customer requirements.

The Group has no direct trading exposure to the Middle East conflict, with no operations in the region and negligible revenue derived from customers based there. We are mindful of the potential for wider cost inflation and operational disruption as a result of the conflict, but the Group has a strong record in managing pricing and supply chains dynamically and leaves us able to respond to any



challenges effectively. The Group's total oil and gas usage is less than 0.1% of Group sales and whilst we are seeing instances of increased freight costs, in such cases they are being passed on.

Our customer order patterns remained consistent through the year, with over 90% of orders scheduled for delivery within a twelve month period, similarly split between near term demand (c.4 months) and longer term (6-12 months). We suspect however, that tightening global supply chains may drive some customers to place firm orders to secure supply.

### Earnings growth and strong cashflow

This year saw a return to organic sales growth, augmented by further contributions from acquisitions. Group sales for the year increased by 5% CER to £443.3m with continuing robust gross margins. Reflecting additional investment in our operations to support future growth, adjusted operating profits increased by 1% to £61.0m. Adjusted operating margin of 13.8% was 0.4ppts CER lower than last year with the additional growth investment partly funded by further cost efficiencies. With this investment and with the benefit from recent higher margin acquisitions, we remain well on track for our 17% margin target by FY2029/30. Reduced finance costs through lower average net debt balances and reducing interest rates resulted in adjusted profit before tax increasing by 4% to £51.9m, with adjusted earnings per share increasing by 4% to 40.3p (FY 2024/25: 38.7p).

After the inclusion of acquisition-related costs of £15.8m (mainly amortisation of intangibles), profit before tax for the year on a reported basis increased by 13% to £36.1m (FY 2024/25: £32.0m) with fully diluted earnings per share increasing by 18% to 29.4p (FY 2024/25: 25.0p).

### Design wins

# £385m

(FY 2024/25: £355m)

### Order intake

# £447.8m

(FY 2024/25: £411.9m)

### Order book

# £165m

(FY 2024/25: £161m)



# STRATEGIC AND OPERATIONAL REVIEW CONTINUED



Strong free cash flow of £36.6m was generated in the year representing 92% of adjusted earnings, comfortably ahead of our 85% target; conversion rates have averaged around 100% for the last decade. Net debt (excluding IFRS16) at 31 March 2026 was £13.8m lower at £80.5m (31 March 2025: £94.3m), reducing gearing to 1.2x. With the recently completed acquisition of Trival and the announced acquisition of 3C, proforma gearing at 31 March 2026 was 2.2x which is forecast to reduce to 1.8x by the end of this new financial year, comfortably within our target range.

## Dividend and capital allocation

The Board is recommending a 4% (0.35 pence) increase in the final dividend to 8.95 pence per share, giving a 4% increase in the full year dividend per share to 13.0 pence (FY 2024/25: 12.5 pence) and an adjusted earnings cover of 3.1 times (FY 2024/25: 3.1 times). The final dividend is payable on 31 July 2026 to Shareholders registered on 26 June 2026 and the final date for Dividend Reinvestment Plan ("DRIP") elections will be 10 July 2026.

The Board believes in maintaining a progressive dividend policy along with a long-term dividend cover of over three times earnings on an adjusted basis. This approach, along with the continued development of the Group, will enable funding of both dividend growth and a higher level of investment in acquisitions from internally generated resources.

Share buybacks will be considered if the Group has surplus cash. Currently, the fragmented international market in which we operate provides ample opportunities for accretive acquisitions with excellent growth prospects and the potential for high returns as our recent acquisitions illustrate. As such our capital is currently deployed in this direction, with this policy reviewed periodically.

## Adjusted PBT

**£51.9m**

(FY 2024/25: £50.1m)

## Free cash flow

**£36.6m**

(FY 2024/25: £40.4m)

## Proven growth strategy

The Group of today has been built by acquiring and growing carefully selected specialist component design & manufacturing businesses over the past 15 years, organised into clusters to derive operational efficiencies. Through this combination of organic growth, operational efficiencies and acquisitions, the Group is building a growth compounding, international electronics specialist.

We have a disciplined approach to capital allocation and see significant scope for further expansion, with a pipeline of investment opportunities continually in development. The Group operates in a c.\$30bn fragmented market with many smaller players presenting numerous consolidation opportunities.

The Group's strategy comprises five elements:

1. **Structurally growing markets:** Grow well ahead of GDP over the economic cycle by focusing on specialist technologies in high quality markets with long-term growth. By targeting five growth markets, we aim to create consistent, compounding growth with low customer concentration and less cyclical variability.
2. **Acquire highly differentiated businesses:** Acquire businesses operating in electronic market niches with strongly differentiated products, attractive growth prospects and strong operating margins, either as new platforms or as bolt-ons to existing clusters.
3. **Operating margin enhancement:** Generate operational efficiencies and improve operating margins through clustering of businesses and increasing product differentiation.
4. **Strong cash generation driving disciplined capital allocation:** Generate strong cash flows and long-term sustainable returns from a capital-light business model, re-investing free cashflow after dividends into organic growth opportunities and further acquisitions.
5. **Minimising environmental impact:** Reduce our carbon emissions to achieve net-zero (Scope 1 & 2) by 2030.

The Group's competitive advantage is rooted in deep engineering expertise, application knowledge, and early design engagement, which enable us to co-develop specialised solutions that are embedded within customers' systems. This creates significant barriers to substitution as replacing components would require redesign, re-testing and re-certification, introducing cost, complexity, delay and operational risk that customers seek to avoid. Barriers to entry are reinforced by the Group's breadth of technical capability, niche high performance offerings, and strong application knowledge in demanding and regulated markets. Combined with long term supply assurance and strong engineering relationships, these factors support high customer retention, revenue recurrence and pricing resilience, which underpin the Group's durable and sustainable business model.

## Five target markets to drive long-term growth

Our five target markets (industrial automation & connectivity, medical, renewable energy, security and the electrification of transportation), are attractive and technology-rich sectors underpinned by long term, structural growth drivers. In total, the five target markets account for around 80% of sales.

Our focus on these target markets over the last decade has driven the Group's through-cycle growth well ahead of GDP, attracting higher margins and greater resilience than other markets, and created numerous acquisition opportunities. We expect this to continue.

## Compelling products for today's markets

The Group has a product and manufacturing footprint that is well suited to today's technology requirements.

- **Essential products:** the Group's specialist products are essential for customers' applications and amount to only a small proportion of their overall system cost. This leads to repeating revenues over a long period with robust gross margins.
- **Wide and flexible manufacturing:** a decentralised model with manufacturing sites and commercial operations around the world, able to support customers locally and internationally. For example, once our new facility in Bangalore is open, it will have the capacity for several of our Group companies to operate in India.
- **Low energy intensity operations:** the large majority of the Group's energy exposure is electricity and energy costs which represent less than 0.5% of Group revenues, limiting the Group's exposure to energy price rises and operational disruptions. The cost of oil and gas represents less than 0.1% of Group revenues. Through the installation of solar panels at several of our sites as part of our project to reduce carbon emissions, 85% of our electricity usage is now from renewable sources.

## Continued progress on key strategic indicators

For more than 10 years, the Group's strategic and financial progress has been measured through key strategic indicators ("KSIs"). Targets are periodically reviewed and increased. For example, the adjusted operating margin target was most recently reviewed in June 2025 and a new five-year target of 17% was set.

# STRATEGIC AND OPERATIONAL REVIEW CONTINUED

For tracking purposes, the KSIs in the table below remain as reported at the time rather than adjusted for disposals. Targets are for the medium-term unless stated, defined as being around five years. This year's performance relative to last year is discussed below.

Key Strategic Indicators	FY18 <sup>1</sup>	FY19 <sup>1</sup>	FY20 <sup>1</sup>	FY21	FY22	FY23	FY24	FY25	FY26	Targets
1. Increased adjusted operating margin	6.3%	7.0%	8.0%	10.2%	10.9%	11.5%	13.1%	14.3%	<b>13.8%</b>	17% <sup>2</sup>
2. Sales growth:										
CER	11%	14%	8%	-1%	28%	15%	1%	-2%	<b>5%</b>	Well ahead of GDP thru cycle
Organic	11%	10%	5%	-4%	18%	10%	-1%	-7%	<b>2%</b>	
3. Adjusted EPS growth	16%	22%	11%	-8%	31%	20%	5%	5%	<b>4%</b>	>10%
4. Adjusted operating cash conversion <sup>3</sup>	85%	93%	106%	128%	80%	94%	103%	103%	<b>91%</b>	>85% of adjusted operating profit
5. Free cash conversion <sup>3</sup>	78%	94%	104%	136%	77%	95%	102%	106%	<b>92%</b>	>85% of adjusted earnings
6. ROCE <sup>3</sup>	13.7%	15.4%	16.0%	14.5%	14.7%	15.9%	15.7%	15.8%	<b>15.2%</b>	>15%
7. Carbon emissions reduction <sup>4</sup>						35%	47%	59%	<b>68%</b>	Net-zero <sup>5</sup>

<sup>1</sup> Results for FY 2017/18 to FY 2019/20 are for total operations before disposals as reported at the time.

<sup>2</sup> By FY 2029/30.

<sup>3</sup> Defined in note 6 of the Group consolidated Financial Statements.

<sup>4</sup> Carbon emissions are measured on a calendar year basis (e.g. CY2022 shown as FY 2022/23) with emission reduction shown since CY2021.

<sup>5</sup> Net-zero Scope 1 and 2 by CY2030 and net-zero with Scope 3 by 2040.

The Group made further progress on its KSIs during the year:

- Adjusted operating margin was 13.8%, a reduction of 0.4ppts CER on last year. This reduction followed increased operational investment during the year in engineering and sales capacity in the US and Europe, and additional manufacturing capacity in Asia to support future growth. On an annualised basis and including recent high margin acquisitions, the adjusted operating margin is ahead of last year and accordingly, we remain on track for our 17% margin target by FY2029/30. Since FY14, adjusted operating margin has increased by 10ppts with approximately half coming from organic growth and efficiencies, and half from higher margin acquisitions. Going forward, acquisitions are expected to account for around two-thirds of margin improvement.
- Sales increased this year by 5% CER and by 2% organically as customers' inventories returned to appropriate levels and normal ordering patterns resumed. Sales improved through the year culminating in 5% organic growth in the final quarter. The average full year organic growth in three of our four operating units was 5%. This was partly offset by the Controls operating unit where certain customers had continued to destock during the year. The trend in Controls also improved through the year with final quarter organic sales back into growth. We remain focused on achieving strong through-cycle organic growth which is supported by our pipeline of design wins. Over the last decade, sales have grown by c.5% CAGR organically.

- Following a return to organic sales growth and with operational investment to support future growth, adjusted operating profit for the year increased by 1% CER, with adjusted EPS increasing by 4%. In total, the Group has grown its adjusted EPS by 14% CAGR over the last 10 years.
- Adjusted operating cash flow and free cash flow conversion rates of 91% and 92% continue to be comfortably ahead of our 85% targets. Over the last 10 years, both adjusted operating cash conversion and free cash conversion have been consistently strong, averaging around 100% through-cycle, reflecting low capital expenditure requirements and efficient working capital.
- ROCE for the year of 15.2% was above our target although slightly below last year (FY 2024/25: 15.8%). The rate of Group ROCE improvement is tempered by acquisitions in the short term, but is expected to benefit from their contribution over the longer term as their additional growth compounds. We acquire businesses with long-term growth prospects that we expect will generate high returns over time. For example, our acquisitions made up to FY 2017/18 generated a collective ROCE of 28% this year. We expect this to continue growing and for acquisitions made more recently to grow similarly.
- Scope 1 & 2 carbon emissions reduced further during the year and in CY 2025 were 68% lower on an absolute basis than in CY 2021, 3ppts better than the 65% reduction target for CY 2025 that we set 4 years ago. Our next target is to achieve net-zero (Scope 1 & 2) by CY 2030.



## Divisional results

The divisional results for the Group for the year ended 31 March 2026 are set out and reviewed below.

During the first half this year, the Sens-Tech business was reclassified from S&C to M&C and our Silvertel business was reclassified from M&C to S&C, so as to better align operational similarities. Comparatives have been restated accordingly.

	FY 2025/26			FY 2024/25 <sup>3</sup>			Reported revenue growth	CER revenue growth	Organic revenue growth
	Revenue £m	Adjusted operating profit <sup>1</sup> £m	Margin <sup>2</sup>	Revenue £m	Adjusted operating profit <sup>1</sup> £m	Margin			
M&C <sup>3</sup> (CER)	267.0	41.7	15.6%	260.8	42.7	16.4%	+2%	+2%	+2%
S&C <sup>3</sup> (CER)	176.3	31.4	17.8%	162.5	29.4	18.1%	+9%	+8%	+2%
Unallocated		(12.1)			(11.8)				
Total (CER)	443.3	61.0	13.8%	423.3	60.3	14.2%		+5%	+2%
FX				(0.4)	0.2				
Total	443.3	61.0	13.8%	422.9	60.5	14.3%	+5%		

<sup>1</sup> Adjusted operating profit excludes acquisition and disposal-related costs

<sup>2</sup> Margin refers to adjusted operating margin

<sup>3</sup> Two businesses were transferred between M&C and S&C so prior year divisional results have been restated (see note 5 of the Group consolidated Financial Statements). There was no impact to the Group results.

# STRATEGIC AND OPERATIONAL REVIEW CONTINUED

## Magnetics & Controls Division (“M&C”)

The M&C division designs, manufactures and supplies highly differentiated magnetic and power components, and embedded computing and interface controls for industrial applications. This division operates across 16 countries through two operating units, Magnetics and Controls. The Magnetics operating unit (“Magnetics”) comprises our magnetic cluster of Noratel, Shape, Myrra and Flux. The Controls operating unit (“Controls”) comprises our cluster of embedded computing and interface controls businesses (Beacon, Hectronic and DTI), our human-machine interface (“HMI”) cluster (Cursor Controls and Storm) and two business platforms (Sens-Tech & Vertec). Almost all products are manufactured in-house, with the division’s principal facilities being in China, India, Mexico, Poland, Sri Lanka, Thailand, the UK and the US. Geographically, 5% of sales by destination are in the UK, 50% in the rest of Europe, 25% in North America and 20% in Asia. During the year, Flux, our high-reliability magnetics business, expanded its manufacturing capacity in Thailand, while Noratel, our power magnetics business, commenced construction of a new, larger facility in Bangalore to replace its existing facility (due to complete in the first half of the new financial year).

In December 2025, the Group completed the acquisition of Keymat Technology Ltd, a UK-based designer and manufacturer of differentiated assistive HMI products, into the division, to sit alongside our existing Cursor Controls business. Keymat trades under the name Storm Interface (“Storm”).

Orders in the year increased by 12% CER and by 11% organically to £274.8m (FY 2024/25: £246.0m CER) with a book-to-bill ratio of 1.03 driven by strong order growth in both Magnetics and Controls.

Sales increased by 2% CER and organically, with good growth in Magnetics being partly offset by destocking in Controls which has now worked through with sales in Controls returning to growth in the final quarter. By territory, Europe (including the UK) and Asia grew by 3% offset by North America down 2%.

With little FX impact this year, reported divisional revenue also increased by 2% to £267.0m (FY 2024/25: £260.8m reported). Adjusted operating profit of £41.7m was £1.0m (-2%) lower than last year at CER and £1.3m (-3%) lower on a reported basis (FY 2024/25: £43.0m) reflecting good organic sales growth in the lower margin Magnetics unit offset by sales reductions in the higher margin Controls unit. This mix effect also impacted adjusted operating margin which at 15.6% was 0.8ppts lower at CER than last year and 0.9ppts lower on a reported basis (FY 2024/25: 16.5%).

## Sensing & Connectivity Division (“S&C”)

The S&C division designs, manufactures and supplies highly differentiated sensing and connectivity components for industrial applications. This division operates across ten countries through two operating units, Sensing and Connectivity. The Sensing operating unit (“Sensing”) comprises our sensing cluster of Variohm, Burster,

CPI, Limitor, Magnasphere, Phoenix and Positek. The Connectivity operating unit (“Connectivity”) comprises the RF & Wireless cluster (2J, Antenova and Trival from April 2026), the Components cluster (Contour, Stortech and CDT), the Fibre Communications cluster (Foss and IKN) and four business platforms (MTC, Santon, Silvertel and Hivolt). Almost all products are manufactured in-house, with the division’s principal facilities being in Hungary, the Netherlands, Norway, Slovakia, the UK and the US. Geographically, 18% of sales by destination are in the UK, 54% in the rest of Europe, 20% in North America and 8% in Asia.

During the year, we completed the merger of two of our UK Components businesses, Contour and Stortech, into one site. Additionally, our MTC electromagnetic shielding business expanded its manufacturing capacity in South Korea. Since the year-end, the Group has completed the acquisition of Trival Antene d.o.o. (“Trival”), a Slovenian-based designer and manufacturer of communication antennas for defence applications, into the Connectivity operating unit, and announced the acquisition of 3G.

Divisional orders in the year reduced by 4% organically to £173.0m against a strong prior year comparator, with a return to growth in the second half (H1: -10%; H2: +2%). Including the Burster acquisition last year, orders were up 4% CER with a book-to-bill ratio for the year of 0.98 with good improvement in the second half (H1: 0.92; H2: 1.04). The reduction in orders came mainly in Transportation and Medical (following strong growth last year) partly offset by other markets which were broadly flat.

Divisional sales increased by 2% organically, with sales in North America increasing by 4%, Europe (including the UK) increasing by 2% and Asia broadly flat.

Combined with a 6% sales contribution from the Burster acquisition, overall divisional sales increased by 8% CER. With little Sterling translation impact this year, reported divisional revenue increased by 9% to £176.3m (FY 2024/25: £162.1m reported and £162.5m at CER).

Adjusted operating profit of £31.4m was £2.0m (+7%) higher than last year at CER and £2.1m (+7%) higher on a reported basis (FY 2024/25: £29.3m). The adjusted operating margin of 17.8% was 0.3ppts lower than last year (FY 2024/25: 18.1%).

## Strong bank of design wins will drive future recurring revenues

The Group has a strong bank of design wins, forming the basis of the Group’s through-cycle organic growth. During the year, new opportunities and design wins were ahead of last year, building on the bank of previously registered wins that are commencing production. Over the last eighteen months, conversion of design wins into revenue was delayed in some areas due to customers’ inventory destocking activities. This has now generally completed and we are starting to see new revenue and growth.

New project design activity remains at a high level, being broad-based and across all our markets. The total pipeline of ongoing projects continues to be very strong.

## Acquisitions

The market is highly fragmented with many opportunities to acquire. Currently, the Group's pipeline consists of around 250 potential targets, of which a number are in the active outreach phase and live deal negotiation at any time.

The businesses we acquire are typically led by entrepreneurs who wish to remain with the business for a period following acquisition. We encourage this as it enables integration and helps retain a dynamic, decentralised and entrepreneurial culture.

We acquire high-quality businesses with good growth prospects and attractive operating margins. We invest in these businesses for growth and operational performance development. According to the circumstances, we add value in some or all of the following areas:

### Strategy and operations:

- Creating a long-term strategy for growth with operational leverage
- Grouping businesses into clusters
- Generating operational efficiencies
- Internationalising sales channels
- Accelerating organic growth by focusing sales development onto target market areas and expanding the customer base, including through cross-selling
- Developing the product range

### People:

- Investing in management capability
- Enabling peer networking and collaboration
- Increasing diversity
- Succession planning

### Investment:

- Capital investment in manufacturing and infrastructure
- Internationalising operations
- Expansion through further acquisitions
- Upgrading systems, including IT

### Controls and support:

- Implementing robust financial measurement, KPIs and controls
- Finance and related support, such as treasury, banking, legal, tax and insurance
- Risk management and internal audit

### Sustainability:

- Aligning sustainability strategies with those of the Group
- Creating carbon emission reduction plans
- Inclusion in the Group's SBTi-aligned net-zero carbon emission reduction programme
- Providing training and development

The Group has acquired 30 design and manufacturing businesses over the last 15 years, with the Group's continuing revenues increasing to £443m in FY 2025/26 from £10m in FY 2009/10. By taking a long-term approach to generating compounding growth, the Group has generated substantial value. The Group's consistent returns reflect an evolving balance between the strong and growing ROCE of those businesses acquired earlier supporting the lower initial ROCE of those acquired more recently as they grow into delivery of their targets. With plans in place in each business, as growth returns following the end of the extended industry destocking, we fully expect returns in all businesses to increase.

In December 2025, the Group acquired Keymat Technology Ltd trading under the name Storm Interface ("Storm"), a UK-based designer and manufacturer of differentiated assistive HMI electronic products, primarily tactile and audible content navigation devices for the visually impaired, for sale in the UK, EU and US. The need for such products is driven by the roll out of legislation in Europe, UK and North America that requires assistive interfaces in consumer facing electronic equipment. Storm was acquired into the Controls operating unit in our M&C division alongside our existing Cursor Controls business, for an initial cash consideration of £5.5m on a debt free, cash free basis together with an earn-out of up to £2.2m payable subject to Storm's performance up to 31 March 2026. A full pay out is expected to be made.

In April 2026, following receipt of regulatory approvals, the Group completed the acquisition of Trival Antene d.o.o. ("Trival"), a Slovenian-based designer and manufacturer of communication antennas and masts for defence applications, for an initial cash consideration of €45.5m (£39.9m) on a debt free, cash free basis, before expenses. In addition, deferred consideration of up to €1.65m (£1.45m) will be payable subject to certain conditions twelve months from completion and an earn-out of up to €5.5m (£4.8m) will be payable subject to Trival achieving certain growth and performance conditions in the period up to 31 March 2028.

Trival's antennas are used in land-based defence applications such as handheld, mobile and fixed radio communications systems and are sold internationally into c.70 countries. Trival has a strong track record of revenue growth and is accretive to both adjusted earnings and adjusted operating margin. Trival has become part of our Connectivity operating unit within the S&C division alongside our two RF businesses, 2J and Antenova.

Since the year end, we have announced the acquisition, subject to regulatory approval, of 90% of 3Cmetalworx ("3C"), a North American designer and manufacturer of electromagnetic shielding and thermal management products, for a cash consideration of \$67.5m (£49.6m) on a debt free, cash free basis. Ongoing management will continue to hold 10% of 3C. These management shares will be subject to a put / call option exercisable between the third and fifth anniversary of the date of completion. Once exercised, the Group will own 100% of the business.

# STRATEGIC AND OPERATIONAL REVIEW CONTINUED

3G, under its ongoing management, will join our Connectivity operating unit within the S&C division and will work alongside MTC, our existing European shielding business. Other businesses in the Group will also benefit from access to 3G's extensive customer base and sales channels. 3G will be accretive to both adjusted earnings and adjusted operating margin from completion.

## Sustainability and social responsibility

The Group creates innovative electronics for a variety of applications, with a strategic focus on end markets that are aligned to the UN Sustainable Development Goals ("UN SDGs"). More information on how we work with customers and suppliers to support the UN SDGs is available in the Group's latest Impact Report and on our website at [www.discoverIEplc.com](http://www.discoverIEplc.com).

In May 2025, the Group's greenhouse gas ("GHG") emissions reductions targets were validated by the Science Based Targets initiative ("SBTi"). The Group is committed to achieving net-zero GHG emissions across Scope 1 and 2 by 2030, and throughout the value chain by 2040. We have updated our Road to Net-Zero strategy document this year to explain in more detail how we plan to achieve this. During FY 2025/26, the Group disclosed its environmental impact on water through the Carbon Disclosure Project ("CDP") for the first time, achieving a C score, while retaining its B score for climate disclosure.

During the year, the Group also reviewed its ESG strategy to ensure alignment with emerging regulatory requirements and its strategic priorities. Following this review, the Group reaffirmed its focus on Planet, People, and Products.

During the year, we made excellent progress in a number of key areas:

- **Scope 1 & 2 emissions:** Scope 1 & 2 carbon emissions for CY 2025 reduced by 68% against the externally verified CY 2021 baseline, exceeding its CY 2025 reduction target of 65% and paving the way for our goal of achieving net-zero Scope 1 & 2 emissions by 2030.
- **Environmental targets:** 74% of Group revenue is now generated from businesses certified to ISO 14001, and 58% of the Group's car fleet is now electric or hybrid. During the year, solar panels were installed at the Group's Hungary facility, further advancing the Group's self-generation capacity and enhancing energy security. The Group now sources 85% of its electricity from zero-emission sources and remains on track to achieve its 100% target by CY 2030. Natural gas is now the Group's largest remaining emissions source, representing 35% of CY 2025 emissions. Plans to replace gas heating at the Group's largest emitting site in Poland have been approved, with completion expected in the second half of the new financial year.

- **Health & Safety:** 72% of the Group's workforce is covered by ISO 45001 occupational health & safety standards similar to last year. The number of reported lost time incidents reduced by 35% to 15 (FY 2024/25: 23), with a lower lost time incident frequency rate of 0.16 (FY 2024/25: 0.25). This improvement reflects the impact of the Group's continuing focus on health & safety.
- **Cyber security and AI governance:** The Group has implemented an AI Governance Framework to ensure responsible and secure deployment of generative AI, with a strong emphasis on data privacy, ethical use, and regulatory compliance. Cyber security awareness training has been, and will continue to be, rolled out across the Group to strengthen defences against cyber threats.
- **Diversity & inclusion:** In May 2025, the Group hosted its inaugural Women in Engineering & Operations seminar, with over 30 female colleagues attending to share experiences and promote gender diversity.
- **Learning & development:** A group-wide Engineering & Technical Sales Forum was held in October 2025, bringing together over 70 engineers for a three-day event that included a visit to certain UK operations. The forum strengthened understanding of the Group's technologies, products and capabilities, and supported greater collaborations across the business. To support the development of future engineering talent, the Group is participating in the University of Surrey's iTEK programme, which allows a selected group of third-year and postgraduate students to solve real-world technical challenges presented by the businesses. Engagement with the Group's online learning & development platform launched in 2024 continued to increase, with participant numbers more than doubling and learning hours increasing by 125% year-on-year.

### Emissions reduction

68%

(from CY 2021)

### Zero emission energy

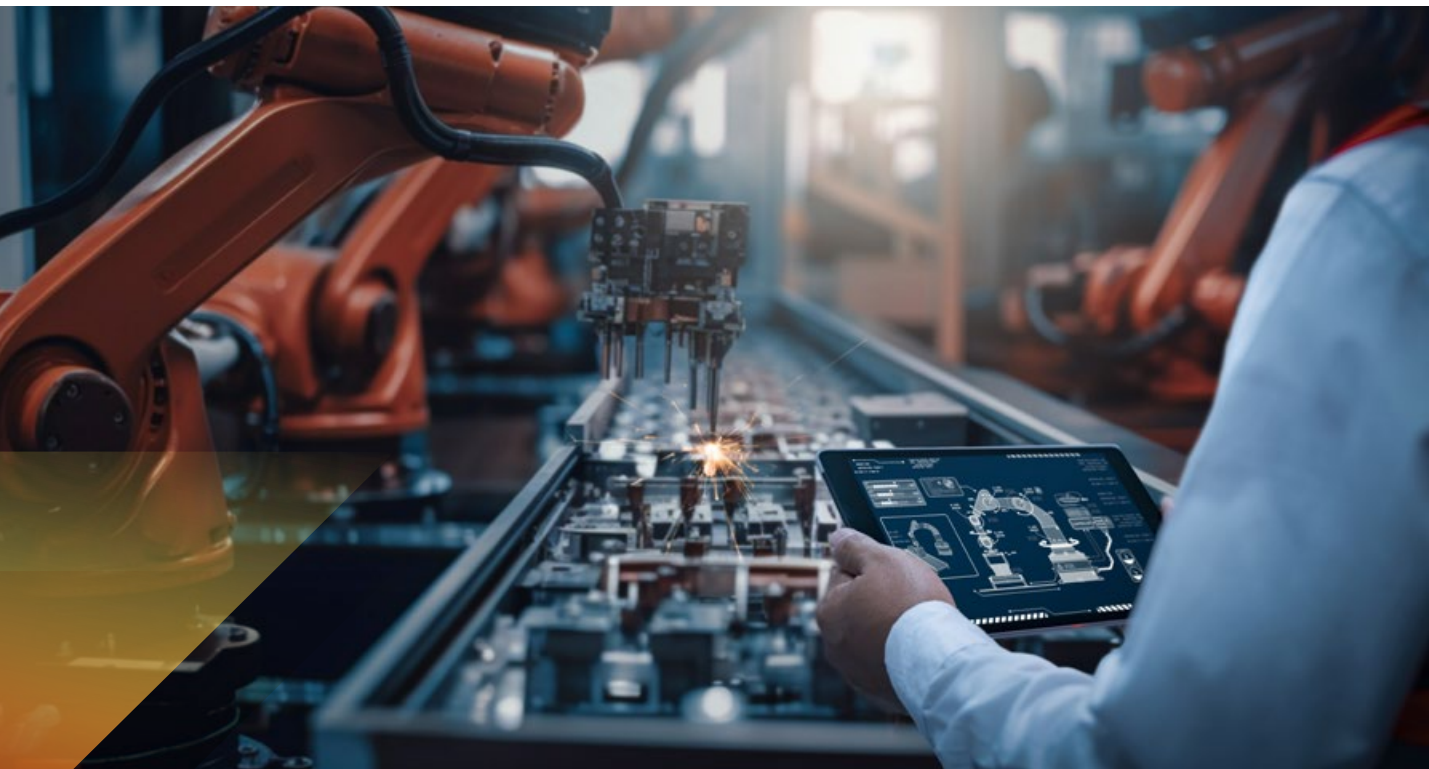
85%

of Group electricity

### Lost time incidents

15

(FY 2024/25: 23)



In February 2026, the European Union adopted the 'Omnibus' proposal. As a result, the Group and its subsidiaries are now outside the scope of Corporate Sustainability Reporting Directive ("CSRD") reporting. Preparation for the implementation of the IFRS Sustainability Reporting Standards ("SRS"), which is expected to apply to the Group from April 2027, is now underway.

### Summary and Outlook

The Group has delivered another set of robust results where profits and earnings reached new highs and the business saw a return to strong levels of organic orders and sales growth by the year end, which has continued into the new year.

Trading momentum improved through the year with final quarter orders increasing by 14% organically, sales increasing by 5% organically and with orders ahead of sales, giving us confidence as we start the new financial year. To support this strengthening growth outlook, additional investment in operating, sales and engineering capacity has been made to ensure we capitalise on the structural growth opportunities in our target markets.

We have announced three acquisitions in the last six months, 3G in North America, Trival in Slovenia and Storm in the UK, for a combined consideration of £95m. Trival and 3G increase our exposure in the defence market, while Storm adds to our Human-Machine Interface cluster. All three businesses have a strong record of growth, with margins well ahead of the Group's current margin target.

The outlook for the year ahead is positive with full year adjusted earnings in line with Board expectations. First quarter trading has started well with strong growth in orders and further good sales growth and orders running well ahead of sales. We remain focused on generating strong compounding growth through the cycle. The combination of organic growth, a strong order book providing good visibility, an accelerating pipeline of design wins converting into revenue, and a clear and consistently executed acquisition strategy gives us confidence in the outlook.

**Nick Jefferies**  
Group Chief Executive

# FINANCIAL REVIEW



**The Group delivered robust financial performance against challenging market conditions. Together with strong cash generation and disciplined capital allocation, it supports continued investment in both organic and inorganic growth while maintaining a robust balance sheet.”**

**Simon Gibbins**  
Group Finance Director

## Revenue and orders

Group sales of £443.3m were 5% higher than last year (both CER and reported) (FY 2024/25: £422.9m). Two acquisitions last financial year (Burstler and Hivolt) and one this year (Storm) added 4% to revenue while the disposal of the Santon solar business completed last year reduced sales by 1%. Organic sales increased by 2% following an 18-month period of widespread customer destocking.

Revenue (£m)	FY 2025/26	FY 2024/25	%
Organic sales	<b>427.3</b>	419.4	+2%
Acquisitions	<b>16.0</b>		+4%
Disposals		3.9	-1%
Sales at CER	<b>443.3</b>	423.3	+5%
FX translation		(0.4)	
<b>Reported sales</b>	<b>443.3</b>	422.9	+5%

Orders for the year were £447.8m, 9% higher at CER than last year and on a reported basis (FY 2024/25: £411.9m) giving a rising book-to-bill ratio of 1.01 (H2: 1.03; H1: 0.99 and 0.97 in the second half last year). Orders in the year increased by 5% organically (H2: +10%; H1: +0.5%).

The order book at the year-end of £165m was strong, 5% higher than at 30 September 2025 and 2% higher than last year. At c.4.5 months of annualised second half sales, the order book provides good visibility for the first half of the new financial year.

## Group operating profit and margin

Group adjusted operating profit for the year was £61.0m, a 1% increase on last year both at CER and on a reported basis (FY 2024/25: £60.5m) with an adjusted operating margin of 13.8%. This was 0.4ppts lower at CER than last year following investment in operations to fund future growth. Together with high margin acquisitions in the last 6 months, the annualised adjusted operating margin is ahead of last year and we remain on track to reach our target for FY 2029/30 of 17%.

Group reported operating profit for the year (including acquisition and disposal-related expenses as discussed below within adjusting items) was £45.2m, 7% higher than last year (FY 2024/25: £42.4m).

£m	FY 2025/26			FY 2024/25		
	Operating profit	Finance Cost	Profit before tax	Operating profit	Finance Cost	Profit before tax
<b>Adjusted</b>	<b>61.0</b>	<b>(9.1)</b>	<b>51.9</b>	60.5	(10.4)	50.1
Adjusting items						
Amortisation of acquired intangibles	<b>(16.3)</b>	–	<b>(16.3)</b>	(16.2)	–	(16.2)
Acquisition & disposal credit/ (expenses)	<b>0.5</b>	–	<b>0.5</b>	(1.9)	–	(1.9)
<b>Reported</b>	<b>45.2</b>	<b>(9.1)</b>	<b>36.1</b>	42.4	(10.4)	32.0

As shown below, adjusted operating profit growth has mainly been achieved through organic growth in sales and accretive acquisitions made this year and last year, partially offset by operational investment in future growth.

£m	Adjusted Operating Profit
FY 2024/25	60.5
Gross profit on organic sales increase	3.4
Organic gross margin impact	0.9
Sales mix impact on gross margin	(1.4)
Organic operational investment	(4.4)
Organic profit reduction	(1.5)
Profit from acquired companies	2.2
CER growth in operating profits	0.7
Foreign exchange impact	(0.2)
Net growth in operating profits	0.5
<b>FY 2025/26</b>	<b>61.0</b>

Various manufacturing and operating initiatives continued this year helping lift individual business gross margins by 0.2ppts on average which was offset by the mix effect of stronger sales growth in our lower margin businesses (0.3ppts impact). We have invested in new sales and engineering resource and additional operating capacity (Thailand this year with India being completed during the first half next year, both on schedule and on budget) to aid future growth, with organic operating costs increasing by 3.5%. Operating profits of £2.2m were earned this year by last year's two acquisitions (Hivolt acquired in August 2024 and Burster acquired in January 2025) during their first year of ownership and by Storm (acquired in December 2025).

## Adjusted tax rate

The adjusted effective tax rate ("ETR") for the year was 23.5%, 0.5ppts lower than last year (FY 2024/25: 24.0%) due to greater profits in lower tax territories.

The overall ETR of 19.7% was lower than last year's ETR (FY 2024/25: 23.1%) due to a low rate of tax on the net acquisition and disposal credit within adjusting items as shown in the table below.

£m	FY 2025/26		FY 2024/25	
	PBT	ETR	PBT	ETR
<b>Adjusted</b>	<b>51.9</b>	<b>23.5%</b>	50.1	24.0%
<u>Adjusted items</u>				
Amortisation of acquired intangibles	<b>(16.3)</b>		(16.2)	
Acquisition & disposal credits/(expenses)	<b>0.5</b>		(1.9)	
<b>Reported</b>	<b>36.1</b>	<b>19.7%</b>	32.0	23.1%

Sterling was 5% stronger this year versus 12 months ago, compared with the US Dollar but 3% weaker against the Euro and 5% weaker on average against Nordic currencies, giving rise to a net reduction in adjusted operating profits on translation of £0.2m for the year.

## Adjusting items

Adjusting items for the year totalled £15.8m (FY 2024/25: £18.1m) comprising the amortisation of acquired intangibles of £16.3m (FY 2024/25: £16.2m), broadly in line with last year, less net acquisition and disposal credits of £0.5m (FY 2024/25: a net expense of £1.9m).

The net acquisition and disposal credits of £0.5m comprises a net reduction in the fair value of contingent consideration payable on past acquisitions of £5.8m less £1.3m fair value adjustments on acquired inventory, £3.2m of costs associated with acquisitions, £0.4m of acquisition integration costs and £0.4m of GMP equalisation payments in respect of the Group's legacy pension scheme.

## Financing costs

Net finance costs for the year were £9.1m (FY 2024/25: £10.4m) and include a £1.3m charge for leased assets under IFRS 16 (FY 2024/25: £1.0m) and a £0.6m charge for amortised upfront facility costs (FY 2024/25: £0.6m). Excluding these, net finance costs related to our banking facilities were £7.2m (FY 2024/25: £8.8m), a reduction of 20%, due to lower average net debt balances during the year and lower base rates for our main borrowing currencies (Sterling, US Dollars and Euros), all of which reduced during the year. The Sterling base rate and US Dollar Federal rate both reduced by 0.75ppts to 3.75%, while the ECB lending rate reduced by 0.5ppts to 2.15%.

# FINANCIAL REVIEW CONTINUED

## Profit before tax and EPS

Following the reduction in net finance costs, adjusted profit before tax for the year of £51.9m was £1.8m higher (+4%) than last year (FY 2024/25: £50.1m) with adjusted EPS for the year increasing by 4% to 40.3p (FY 2024/25: 38.7p).

£m	FY 2025/26		FY 2024/25	
	PBT	EPS	PBT	EPS
<b>Adjusted</b>	<b>51.9</b>	<b>40.3p</b>	50.1	38.7p
<i>Adjusting items</i>				
Amortisation of acquired intangibles	(16.3)		(16.2)	
Acquisition & disposal credit/(expenses)	0.5		(1.9)	
<b>Reported</b>	<b>36.1</b>	<b>29.4p</b>	32.0	25.0p

After adjusting items, reported profit before tax was £36.1m, 13% higher than last year (FY 2024/25: £32.0m) with reported fully diluted earnings per share of 29.4p, 18% ahead of last year (FY 2024/25: 25.0p).

## Working capital and asset returns ratios

Working capital at 31 March 2026 was £81.8m (FY 2024/25: £79.0m) with a £2.4m increase from acquisitions and £1.3m of working capital investment offset by a £0.9m reduction from foreign exchange translation. This is equivalent to 16.6% of final quarter annualised sales at CER, a 0.6ppts improvement on last year (FY 2024/25: 17.2%).

Working capital KPIs have remained robust during the year with debtor days of 47 (1 day higher than last year), creditor days of 74 (6 days lower than last year) and stock turns of 3.2 (0.1 turns higher than last year).

ROCE for the year of 15.2% was above our 15.0% target although slightly below last year (FY 2024/25: 15.8%) due to the impact of acquisitions and operational investment this year.

Return on Tangible Capital Employed ("ROTCE") for the year, which excludes goodwill, intangible assets and non-operational assets, was 45.1%. This illustrates both the strong returns being generated by the Group's operational assets, and our capital-light requirements with capital expenditure of only 1.5% of sales (FY 2024/25: 1.4%). ROTCE was 7.0ppts lower than last year (FY 2024/25: 52.1%) due to £13m of additional right-of-use assets, capitalised under IFRS16.

## Cash flow

Net debt at 31 March 2026, excluding IFRS16 leases, was £80.5m, compared with £94.3m at 31 March 2025 with the reduction in the year of £13.8m driven by strong free cash generation partly offset by the acquisition of Storm, payment of earn-outs and last year's final dividend.

£m	FY 2025/26	FY 2024/25
Opening net debt	(94.3)	(104.0)
Free cash flow (see table below)	36.6	40.4
Dividends	(12.2)	(11.7)
Acquisitions & disposals	(9.5)	(19.8)
Equity issuance	0.1	-
Amortisation of debt fees	(0.6)	(0.6)
Foreign exchange impact	(0.6)	1.4
<b>Net debt at 31 March</b>	<b>(80.5)</b>	<b>(94.3)</b>

Acquisitions and disposals cash outflow of £9.5m in the year comprised £4.3m for the acquisition of Storm, £2.8m payment of earnouts related to Hivolt and CPI, £1.1m of acquisition expenses, £0.7m of integration expenses and £0.6m of acquisition & disposal completion payments.

Dividends of £12.2m were paid during the year, an increase of 4% over the prior year.

The impact of movements in Sterling in the year led to an FX loss of £0.6m compared with an FX gain last year of £1.4m. The Group's policy is to hold net debt in currencies aligned to the currency of its cash flows in order to protect the gearing of the Group.

Adjusted operating cash flow and free cash flow for the year (see definitions in note 6 to the Group consolidated Financial Statements) compared with last year are shown below:

£m	FY 2025/26	FY 2024/25
<b>Adjusted profit before tax</b>	<b>51.9</b>	50.1
Net finance costs	9.1	10.4
Non-cash items	14.5	15.1
IFRS 16 - lease payments	(7.9)	(7.5)
<b>Adjusted EBITDA</b>	<b>67.6</b>	68.1
Changes in working capital	(5.5)	0.3
Capital expenditure	(6.6)	(6.1)
<b>Adjusted operating cash flow</b>	<b>55.5</b>	62.3
Finance costs	(7.2)	(9.0)
Taxation	(10.7)	(10.6)
Legacy pension	(1.0)	(2.3)
<b>Free cash flow</b>	<b>36.6</b>	40.4

Adjusted EBITDA of £67.6m was £0.5m lower than last year (FY 2024/25: £68.1m) due to lower non-cash items, principally being a lower share-based payment charge.

During the year, the Group invested £5.5m in working capital supporting strong sales and orders in the final quarter. This compares with a small inflow last year of £0.3m.

Capital expenditure of £6.6m was invested during the year, being 1.5% of sales, similar to last year (FY 2024/25: £6.1m at 1.4% of sales). This included investment in our expanded Thailand facility and our new Indian facility (due to complete in August 2026) together with various new production line extensions.

Capital expenditure levels are expected to increase to c.£9m for next year with the completion of the Indian facility and a new facility in Norway.

£55.5m of adjusted operating cash flow was generated in the year (FY 2024/25: £62.3m) being 91% of adjusted operating profit, comfortably ahead of our 85% target (FY 2024/25: 103%). This conversion rate is lower than last year due to investments in working capital to support growth.

Finance cash costs of £7.2m were £1.8m below last year due to lower net debt balances during the year and lower base rates for our main borrowing currencies (Sterling, US Dollars and Euros), all of which reduced during the year. Corporate income tax payments of £10.7m were broadly in line with last year (FY 2024/25: £10.6m).

Free cash flow (being cash flow before dividends and acquisitions) of £36.6m was generated in the year (FY 2024/25: £40.4m) at a free cash conversion rate of 92% of adjusted earnings, again ahead of our 85% target (FY 2024/25: 106%). Over the past decade, the Group has consistently achieved high levels of adjusted operating cash and free cash conversion, both averaging around 100%.

## Banking facilities

The Group has a £240m syndicated banking facility which, in November 2025, was extended to May 2030 with extension options to May 2032. In addition, the Group has an £80m accordion facility which it can use to extend the total facility up to £320m, subject to bank approval. The syndicated facility is available both for acquisitions and for working capital purposes and comprises seven lending banks. As part of the renewal, our gearing covenant was increased from 3.0x to 3.5x which provides us with additional flexibility to operate temporarily above the upper end of our target gearing range of 2.0x to optimise execution of our acquisition pipeline.

With net debt (excluding IFRS 16 leases in accordance with our banking covenants) at 31 March 2026 of £80.5m, the Group's gearing ratio at the end of the year (being net debt excluding IFRS 16 leases divided by Adjusted EBITDA as annualised for acquisitions) was 1.2x.

With the acquisition of Trival completed in April 2026 and the recently announced acquisition of 3C, proforma gearing at 31 March 2026 was 2.2x which is forecast to reduce to 1.8x by the end of this new financial year, comfortably within our target range.

## Defined benefit pension scheme

In January 2025, the Group completed the buy-in of its legacy UK defined benefit pension scheme with Just Retirement Limited for a premium of £29.1m, funded primarily from existing scheme assets. The buy-in delivers greater security for scheme members, whilst substantially removing the Group's exposure to defined benefit liabilities and investment, longevity, interest rate and inflation risks in respect of the scheme.

## Balance sheet

Net assets of £328.6m at 31 March 2026 were £20.6m higher than at the end of the last financial year (31 March 2025: £308.0m). The increase primarily relates to net profit after tax for the year of £29.0m being partly offset by dividends paid during the year of £12.2m. The movement in net assets is summarised below.

£m	FY 2025/26
Net assets at 31 March 2025	308.0
Net profit after tax	29.0
Dividend paid	(12.2)
Currency net assets – translation impact	2.1
Gain on defined benefit scheme	0.2
Issue of shares	0.2
Share based payments (inc tax)	1.3
<b>Net assets at 31 March 2026</b>	<b>328.6</b>

## Risks and uncertainties

The principal risks faced by the Group, which are set out in further detail on pages 79 to 84, comprise: the economic environment, particularly linked to the geopolitical issues arising from the ongoing conflicts in the Middle East and Ukraine; the imposition of US trade tariffs and counter tariffs; the performance of acquired companies; climate-related risks; loss of major customers or suppliers; technological changes; major business disruption; cyber security; loss of key personnel; control risk; product liability; liquidity and debt covenants; exposure to adverse foreign currency movements; and non-compliance with legal and regulatory requirements.

The Board reviewed the Group's principal risks and the mitigating actions and processes in place during the financial year. The Board's view is that risks associated with the macroeconomic environment, including the impact from US tariffs and cyber attacks have increased during the financial year with no material change to the relative importance or quantum of the Group's other principal risks.

The risk assessment and review are an ongoing process, and the Board will continue to monitor risks and the mitigating actions in place. The Group's risk management processes cover identification, impact assessment, likely occurrence and mitigation actions where practicable. Some level of risk, however, will always be present. The Group is well positioned to manage such risks and uncertainties, if they arise, given its strong balance sheet, committed banking facility of £240m and the adaptability we have as an organisation.

## Simon Gibbins

Group Finance Director

# OUR ENGAGEMENT WITH STAKEHOLDERS

Stakeholder engagement remains vital to building a sustainable business and we interact with many stakeholders at different levels of the Group. Engagement is carried out by those most relevant to the stakeholder group or issue. The table below identifies some of our stakeholders and how we engage with them.

Our people	Customers	Shareholders
<p><b>Why it is important to engage</b></p> <p>Employee engagement is critical to our success. We work to create a diverse and inclusive workplace where employees can reach their full potential. Engaging with our employees ensures we can retain and develop the best talent. Please see pages 92 to 95 for more information on employee engagement.</p>	<p><b>Why it is important to engage</b></p> <p>Understanding the needs of our customers allows us to provide application-specific products, which both add value and differentiate our customers from their competitors. We engage with our customers to build trusting relationships from which we can mutually benefit.</p>	<p><b>Why it is important to engage</b></p> <p>We engage with Shareholders to understand their requirements and generate returns and value. We ensure that we provide timely disclosures and fair, balanced and understandable information to Shareholders and investment analysts and work to ensure that they have a strong understanding of our strategy, performance, culture and ambition.</p>
<p><b>Stakeholder key interests</b></p> <ul style="list-style-type: none"> <li>■ Health and safety</li> <li>■ Remuneration and benefits</li> <li>■ Career opportunities</li> <li>■ Employee engagement</li> <li>■ Training and development</li> <li>■ Well-being</li> <li>■ Reputation</li> </ul>	<p><b>Stakeholder key interests</b></p> <ul style="list-style-type: none"> <li>■ Safety, quality, efficiency and reliability</li> <li>■ Engineering capabilities</li> <li>■ Technical know-how</li> <li>■ Competitiveness</li> <li>■ Our availability and responsiveness</li> <li>■ Relationship</li> <li>■ Compliance</li> <li>■ Convenience</li> <li>■ Range of products</li> </ul>	<p><b>Stakeholder key interests</b></p> <ul style="list-style-type: none"> <li>■ Growth</li> <li>■ Financial performance and economic impact</li> <li>■ Governance and transparency</li> <li>■ Operating and financial information</li> <li>■ Confidence in the Group's leadership</li> <li>■ Dividend growth</li> <li>■ Resilience and sustainability</li> </ul>
<p><b>Ways we engage</b></p> <ul style="list-style-type: none"> <li>■ Employee surveys</li> <li>■ Regular town hall meetings</li> <li>■ Board and Group management visits to operating companies</li> <li>■ Annual performance evaluations</li> <li>■ Newsletters</li> <li>■ Employee events</li> <li>■ Social media</li> <li>■ Apprenticeship and placement programmes</li> <li>■ Online learning and development portal</li> <li>■ Fair pay</li> <li>■ Recognition and reward</li> <li>■ Whistleblowing reports</li> <li>■ Internal audits</li> </ul>	<p><b>Ways we engage</b></p> <ul style="list-style-type: none"> <li>■ Customer visits, telephone calls, engineering visits</li> <li>■ Participation in industry forums and events</li> <li>■ Social media and commercial websites</li> <li>■ Contract negotiation, implementation and management of ongoing relationships</li> <li>■ Customer audits of our manufacturing facilities</li> <li>■ Trade shows and exhibitions</li> <li>■ Distributor conferences</li> <li>■ Geographical footprint allows us to meet customers in their locations</li> <li>■ Satisfaction surveys</li> </ul>	<p><b>Ways we engage</b></p> <ul style="list-style-type: none"> <li>■ Regular market updates</li> <li>■ Investor presentations</li> <li>■ 1:1 and group meetings</li> <li>■ Site visits</li> <li>■ Corporate website, including dedicated investor section</li> <li>■ Shareholder consultations</li> <li>■ Annual reports</li> <li>■ Annual General Meetings</li> <li>■ Capital Markets Days</li> <li>■ Investor conferences and roadshows</li> </ul>

<p><b>Suppliers</b></p> <p><b>Why it is important to engage</b> Our external supply chain and our suppliers are critical to our performance. We engage with our suppliers to build trusting relationships from which we can mutually benefit and to ensure that they are performing to our standards and conducting business to our expectations.</p> <p><b>Stakeholder key interests</b></p> <ul style="list-style-type: none"> <li>Quality management</li> <li>Cost-efficiency</li> <li>Long-term relationships</li> <li>Responsible procurement, trust and ethics</li> <li>Technological advances, including digital solutions</li> <li>Knowledge sharing</li> </ul> <p><b>Ways we engage</b></p> <ul style="list-style-type: none"> <li>Joint customer visits</li> <li>Supplier audits</li> <li>Employee training</li> <li>Regular business reviews</li> <li>Geographical footprint allows smaller suppliers to operate globally</li> <li>Logistics efficiencies</li> <li>Supplier conferences</li> </ul>
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<p><b>Our operating businesses</b></p> <p><b>Why it is important to engage</b> We operate a decentralised model where our operating businesses are empowered to innovate and grow, and decision-making takes place on the front line and close to customers. Our businesses are key stakeholders of the Group and are vital for our growth strategy.</p> <p><b>Stakeholder key interests</b></p> <ul style="list-style-type: none"> <li>Operational and financial performance</li> <li>International expansion</li> <li>Capital investment</li> <li>Collaboration</li> <li>Strategic guidance</li> <li>Resources and support</li> </ul> <p><b>Ways we engage</b></p> <ul style="list-style-type: none"> <li>Quarterly business reviews</li> <li>Regular site visits and management meetings</li> <li>Operating business management forums</li> <li>Support in specialist areas, such as tax, legal and commercial, M&amp;A, and ESG</li> <li>Knowledge-sharing webinars</li> <li>Internal audit and compliance</li> <li>Internal conferences</li> </ul>
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<p><b>Global communities</b></p> <p><b>Why it is important to engage</b> We support communities and groups local and relevant to our operations and consider the environmental and social impacts of our operations.</p> <p><b>Stakeholder key interests</b></p> <ul style="list-style-type: none"> <li>Local operational impact</li> <li>Health and safety</li> <li>Environmental performance</li> <li>Employment</li> </ul> <p><b>Ways we engage</b></p> <ul style="list-style-type: none"> <li>Charitable donations and volunteering</li> <li>Corporate and operating company websites</li> <li>Local environmental initiatives</li> <li>Prioritising local employment</li> </ul>
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The Group promotes policies and procedures that consider the interests of the Group's employees, the need to foster reasonable business relationships with suppliers, customers and others, the impact of the Group's operations on its workforce, the community and the environment, and the maintenance of high standards of business conduct. Our policies and procedures, including our Stakeholder Engagement Policy, can be found on our Group website <https://www.discoverIEplc.com/sustainability/company-policies> and are referred to on page 45 of this Annual Report and Accounts.

Day-to-day responsibility for the implementation of policies (other than the Board Diversity Policy) is delegated to the management of discoverIE's operating businesses, under the supervision of the Group Management Committee.

Where appropriate, the Group policies and procedures are supported by the local operating businesses' policies, all within a framework established by the Board and Group Management Committee, intended to ensure that we operate as a Group to the highest standards.

The Group also has due diligence processes in place to support the ongoing assessment and management of risks associated

with both existing and newly acquired companies and the development of relationships with new suppliers.

These include site visits by both Executive and Non-Executive management, meetings with customers and suppliers and, where relevant, asking our suppliers to confirm compliance with Group policies.

As an international organisation, discoverIE takes account of cultural differences between the various territories in which it operates. discoverIE's values are essential to how it operates and to the long-term success and growth of the Group.

Management considers environmental, social and governance matters in its actions and endeavours to show due respect for human rights and works to high standards of integrity and ethical propriety.

discoverIE believes that who we are and how we behave matters not only to our employees but also to the many other stakeholders who have an interest in our business. In the last five years, no disciplinary action has been taken against any person for reporting any whistleblowing issue.

# SECTION 172 STATEMENT

The Board of discoverIE Group plc takes seriously its duties to act in accordance with legal requirements and appropriate business and ethical standards. This includes fulfilling the duties described in Section 172 of the Companies Act 2006 (the “Act”).

## Section 172

A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and, in doing so, have regard (among other matters) to:

- The likely consequences of any decision in the long-term;
- The interests of the company’s employees;
- The need to foster the company’s business relationships with suppliers, customers and others;

- The impact of the company’s operations on the community and environment;
- The desirability of the company maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between members of the company.

The information below describes how the Directors have had regard to the matters referred to in Section 172 of the Act in performing their duties and constitutes the Board’s Section 172 Statement for the year ended 31 March 2026.

Section 172 of the Companies Act 2006	The discoverIE Board’s response
<p><b>Long-term decision-making (s.172(a))</b></p> <p>The Board delegates day-to-day management and decision-making to its senior management team, but it maintains oversight of the Group’s performance, and reserves to itself specific matters for approval, including the strategic direction of the Group, acquisitions and disposals, and entering into material contracts above set thresholds.</p> <p>The Board monitors performance against strategy and that decision-making is appropriate by receiving regular updates, in Board and Committee meetings and at other intervals, as appropriate. Members of the Board also hold individual meetings with members of the wider management team on a regular basis.</p> <p>Processes are in place to ensure that the Board receives all relevant information to enable it to make well-judged decisions for the long-term success of the Group and its various stakeholders.</p>	<p><b>In FY2026, the Board:</b></p> <ul style="list-style-type: none"> <li>■ Considered long-term sustainability-related issues and their potential impact on the Group’s strategy and ongoing performance, including ongoing monitoring of climate-related risks and opportunities and the Group’s net-zero targets and related plans. For further details on our strategy and business model, please see pages 10 to 17 and for details of progress relating to sustainability, please see pages 42 to 73.</li> <li>■ Considered a number of acquisition proposals. The Board only approves an acquisition if it is satisfied, after full consideration, that it meets the Section 172(1) requirement that it is most likely to promote the success of the Group for the benefit of its members as a whole, and it considers the value projected to be added to the Group, over a defined future period. This judgement is recorded. During the year, the Board approved the acquisitions of Storm Interface (completed December 2025) and Trival Antene (completed April 2026).</li> <li>■ Received presentations on specific business areas and, through ongoing discussion with business leaders, determined strategic priorities for a three-year period, and the development of robust supporting operating plans.</li> <li>■ Agreed the Group’s principal risks, considered emerging risks and received regular risk management and internal control reviews throughout the year. The Group’s principal risks can be found on pages 79 to 84, our approach to emerging risks can be found on page 77 and the work of the Audit and Risk Committee can be found in the Audit and Risk Committee Report on pages 104 to 109.</li> <li>■ Set annual budgets and capital allocation, and oversaw business performance against targets, enabling the Board to confirm the Group’s outlook for the year ahead, the going concern statement and its longer-term viability.</li> </ul>
<p><b>Employee interests (s. 172(b))</b></p> <p>The success of the Group depends upon a highly skilled and motivated workforce, an entrepreneurial and innovative culture, set within structures that provide fairness for all.</p>	<p><b>In FY2026, the Board:</b></p> <ul style="list-style-type: none"> <li>■ Received updates on the impact on staff of global and local inflation rates.</li> <li>■ Continued to ensure that the communications between the Board, Group Management Committee, individual operating companies and Group employees were optimised. Board members also joined an internal conference in Poland, which was attended by over 100 colleagues globally, to celebrate the 100th anniversary of Noratel.</li> <li>■ Reviewed Board and senior management remuneration and employment relations and arrangements across the Group.</li> </ul> <p>For a summary of our employee engagement activities, please see page 38 and pages 92 to 95.</p>

Section 172 of the Companies Act 2006	The discoverIE Board's response
<p><b>Relations with external parties (s. 172(c))</b></p> <p>The Group works with a large number and variety of customers, suppliers and other third parties. It is of great importance that relations with those parties are appropriate.</p>	<p><b>In FY2026, the Board:</b></p> <ul style="list-style-type: none"> <li>■ Regularly considered the marketplaces within which the Group's customers operate and the challenges they face, and opportunities available. This helped shape the way in which resources were allocated in order to ensure that the Group was well positioned to meet customer needs.</li> <li>■ Considered the impacts on customers and suppliers of global economic uncertainties, enabling resources to be allocated to the most appropriate territories.</li> </ul> <p>Please see pages 38 to 39 for more details on our approach to stakeholder engagement.</p>
<p><b>Community and environment (s. 172(d))</b></p> <p>Wherever the Group operates, it forms a part of its local community and, more broadly, seeks to ensure that it provides a positive contribution to the environment.</p>	<p><b>In FY2026, the Board:</b></p> <ul style="list-style-type: none"> <li>■ Continued its focus on environmental, social and governance matters, as demonstrated by the focus of the Sustainability Committee, which met three times over the course of the year. Further details can be found in this report on pages 42 to 73.</li> <li>■ Oversaw completion of the Group's net-zero emissions submission to the Science Based Targets initiative (SBTi) and subsequent approval.</li> <li>■ Continued its support for the Community Foundation for Surrey.</li> </ul>
<p><b>Reputation for high standards of business conduct (s.172(e))</b></p> <p>The Board is responsible for developing a corporate culture across the Group that promotes integrity and transparency. It has established comprehensive systems of corporate governance, which promote corporate responsibility and ethical behaviour.</p>	<p><b>In FY2026, the Board:</b></p> <ul style="list-style-type: none"> <li>■ Received regular reports from the Head of Risk focused on strengthening governance and compliance frameworks, enhancing the integration of acquisitions into the Group, and supporting the identification and management of existing and emerging risks.</li> <li>■ Reviewed and approved the Group's material controls, approved the scope of the Group's material controls work, and oversaw the completion of a dry run exercise in preparation for a formal declaration under Provision 29 of the UK Corporate Governance Code in FY2027.</li> <li>■ Approved the Group's Modern Slavery Act Statement.</li> </ul> <p>Please see page 45 for further details on our Group Policies.</p>
<p><b>Acting fairly as between members of the Company (s.172(f))</b></p> <p>The Board aims to understand the views of Shareholders and always act in their best interests.</p>	<p><b>In FY2026, the Board:</b></p> <ul style="list-style-type: none"> <li>■ Maintained close relations with its main Shareholders through regular dialogue, both after the publication of full-year and half-year results, and on an ad hoc basis.</li> <li>■ Approved value-enhancing acquisitions, Storm Interface (completed December 2025) and Trival Antene (completed April 2026).</li> <li>■ Received investor relations updates at every Board meeting and direct feedback from investors on publication of trading results and updates.</li> <li>■ Communicated with Shareholders ahead of the Annual General Meeting on 24 July 2025 and then met with Shareholders at that meeting.</li> </ul>

## Other key activities

The Board met regularly throughout the year and, in the year ended 31 March 2026, held six meetings. The Board's agenda considers all relevant matters at scheduled meetings.

As part of its regular programme of Board activities, the Board also receives reports from the Group Chief Executive, the Group Finance Director and the Group General Counsel & Company Secretary, keeping the Board informed as to financial and commercial performance and regulatory and legal affairs.

# SUSTAINABILITY REPORT



“

**We end the year with renewed confidence that our sustainability strategy is fit for purpose, and will support the growth of our businesses as we look towards our 2030 targets and beyond.”**

**Rosalind Kainyah**  
Chair of the Sustainability Committee

## Dear Shareholder,

Sustainability at discoverIE is central to both our purpose and our business model. Our strategy focuses on technologies that are crucial to solving some of the world’s most pressing social and environmental problems, and we partner with customers who share our goal of enabling technology for a sustainable world. In our own operations, we regard sustainability as a core business management tool. Throughout the past year, and despite the challenges in both geopolitical and regulatory landscapes, we have maintained our sustainability focus.

Our target markets are aligned to the following UN Sustainable Development Goals (“SDGs”):

- SDG 3 Good Health and Well-being;
- SDG 7 Affordable and Clean Energy;
- SDG 9 Industry, Innovation and Infrastructure;
- SDG 11 Sustainable Cities and Communities; and
- SDG 13 Climate Action.

We deliver sustainable growth for our business through the design and manufacture of innovative electronic components that support the transition to a low-carbon economy, promote better healthcare technologies, and bring people and communities together through connectivity solutions. Our over 30 operating businesses have a presence in 21 countries around the globe, providing employment to c.4,600 people. Most of our businesses are small or medium-sized, and our challenge is to balance relevant and actionable local programmes (such as carbon reduction, energy efficiency, or training and development) with the regulatory demands of a large multi-national group. We know that fostering a safe, inclusive and supportive environment for our employees, focused on their personal development and growth, not only reflects our values but is essential to our success. We also recognise

that the responsible use of resources such as energy, rare minerals, plastics and water, and active management of climate risks, are critical to our long-term resilience.

We are delighted to be able to report that we not only met but exceeded our short-term greenhouse gas emissions reduction target of a 65% reduction from our calendar year (“CY”) 2021 base year emissions in Scope 1 and 2, achieving a reduction of 68%. We also took a significant step forward in our ambition to reduce emissions from the use of natural gas in future by approving the replacement of our gas heating system at Noratel’s site in Poland with a fully electric system, capable of both heating and cooling. Not only will this allow our site to adapt more swiftly to a warming climate, and improve the working environment for colleagues, it also supports energy security and will remove over 100 tCO<sub>2</sub>e from our annual greenhouse gas emissions.

It is a credit to the leaders and employees of our operating companies that even with a more stringent definition of a lost time incident introduced last year, the number of serious safety incidents declined during the year. However, we are not resting on our laurels. Every health and safety incident means there is room for improvement, and we continue to enhance our safety reporting, culture and knowledge-sharing across our businesses.

Although the uncertainty surrounding the future requirements of sustainability reporting (particularly the European Corporate Sustainability Reporting Directive) could have made it easy to lose focus on our sustainability pathway, we took the opportunity to review our Sustainability Strategy, and to carry out a materiality assessment of our sustainability risks and opportunities. This exercise deepened the interaction with operating businesses, and gave the Board, the Executives and the Group Sustainability Team renewed confidence that our strategy is fit for purpose, and will support the growth of our businesses as we look towards our 2030 business and sustainability targets.

**Rosalind Kainyah**  
Chair of the Sustainability Committee  
2 June 2026

**Tonnes CO<sub>2</sub>e abated**

**5,952**

**Scope 1 and 2 vs 2021**

**Employees protected**

**3,297**

**under an ISO 45001  
management system**

**Products manufactured  
under ISO 9001**

**96%**

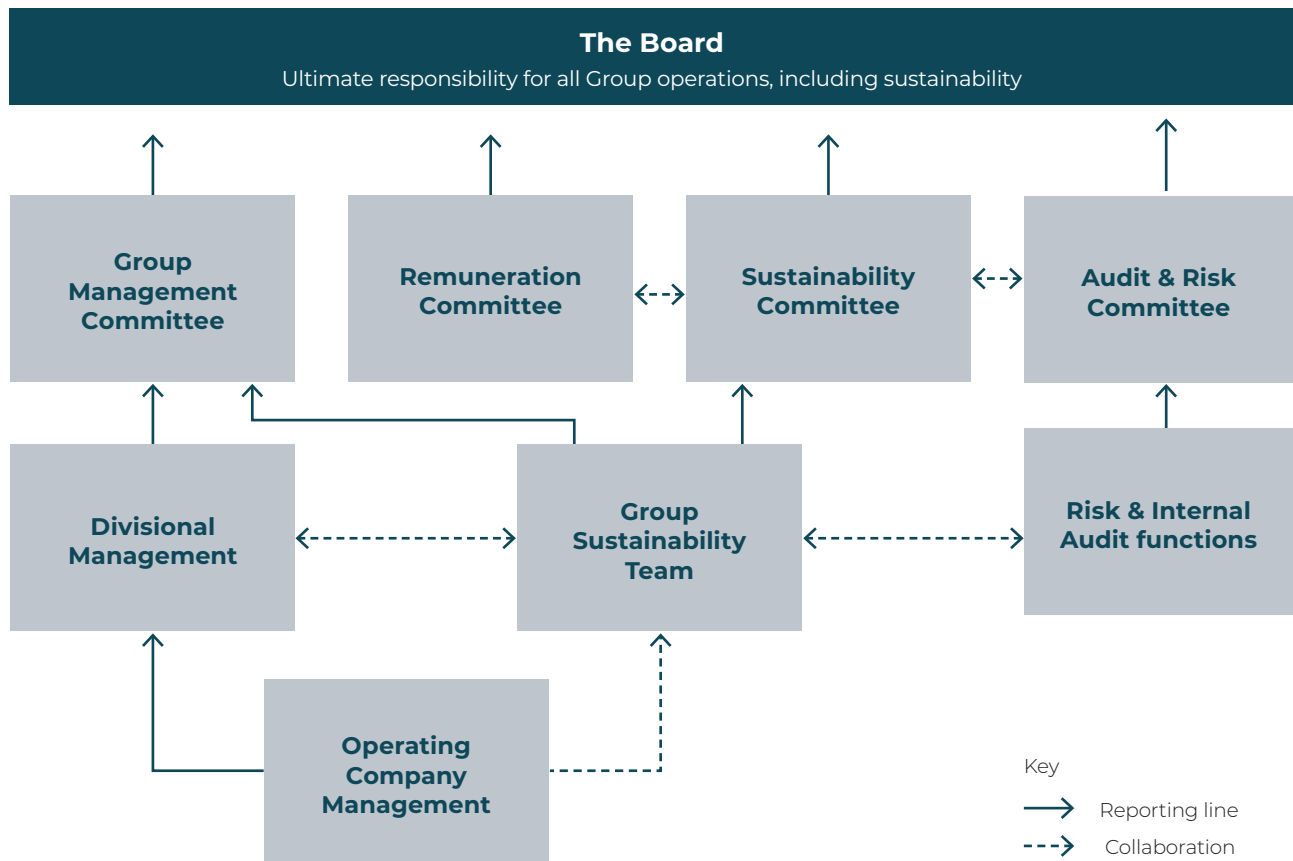
**of annual revenue**



# SUSTAINABILITY REPORT CONTINUED

## Sustainability governance

The Board has overall responsibility for overseeing our approach to sustainability and has delegated detailed consideration of sustainability strategy, policies and performance to the Sustainability Committee. The Committee monitors practices and performance throughout the organisation. This is supported by our wider governance structure, as outlined in the diagram below.



The Sustainability Committee is supported by the Group Sustainability Team (“GST”), which reports to both the Committee and Group Management Committee (“GMC”). The GST consolidates sustainability data across the Group, reports performance and supports operating businesses in managing their key sustainability risks and priorities.

The responsibilities of the Committee are supported by our policies that define the standards expected across the Group and underpin the culture we expect in managing sustainability matters. These can be found on our website at [www.discoverieplc.com/sustainability/company-policies](http://www.discoverieplc.com/sustainability/company-policies).



## Our policies

Policy	Comment
<b>Anti-Bribery &amp; Corruption Policy</b>	<ul style="list-style-type: none"> <li>The Group has a zero tolerance approach to bribery and corruption matters. This is supported by our policy, translated into all of the Group's predominant languages, and our mandatory global training programme for employees.</li> </ul>
<b>Board Diversity Policy</b>	<ul style="list-style-type: none"> <li>The Board adopted its first Diversity Policy in May 2021 and updated it in March 2025, revising its targets to align with the current size and composition of the Board whilst maintaining its commitment to diverse representation.</li> </ul>
<b>Business Ethics Policy</b>	<ul style="list-style-type: none"> <li>discoverIE is committed to strong ethical values and good corporate practice, and aims to conduct its operations on sound business principles with trust, honesty and integrity. This Policy defines the standards we expect from employees and business partners.</li> </ul>
<b>Conflict Minerals Policy</b>	<ul style="list-style-type: none"> <li>This Policy seeks to ensure that none of the Group's operations are exposed to sourcing conflict minerals anywhere in its operations.</li> </ul>
<b>Environmental Policy</b>	<ul style="list-style-type: none"> <li>This Policy defines the Group's environmental objectives and standards.</li> </ul>
<b>Human Rights Policy</b>	<ul style="list-style-type: none"> <li>Respect for the well-being of all people, staff, customers, suppliers and other stakeholders alike is at the core of who we are and how we work. Treating people fairly, with dignity and respect is essential to our long-term success. This Policy sets out the Group's expectations on the fair and respectful treatment of people.</li> </ul>
<b>Modern Slavery Statement</b>	<ul style="list-style-type: none"> <li>discoverIE is committed to ensuring that no forms of modern slavery exist in its business operations or supply chains. This statement sets out the steps taken to prevent modern slavery within the Group's operations and supply chain.</li> </ul>
<b>Supplier Code of Conduct</b>	<ul style="list-style-type: none"> <li>This Code defines the Group's basic requirements of suppliers, including their responsibilities to their stakeholders and the environment.</li> </ul>
<b>Sustainability Policy</b>	<ul style="list-style-type: none"> <li>This Policy sets out the Group's commitment and priorities on environmental and social matters considered important for the Group's long-term sustainability.</li> </ul>
<b>Group Tax Strategy</b>	<ul style="list-style-type: none"> <li>This Policy sets out the Group's approach to minimising our exposure to material tax risk, ensuring that tax affairs are managed efficiently, complying with tax laws in all jurisdictions and avoiding aggressive tax planning.</li> </ul>
<b>Whistleblowing Policy</b>	<ul style="list-style-type: none"> <li>The Group encourages a "speak up" culture at all levels, if any kind of risk exists or wrongdoing has occurred. This Policy supports this culture and provides a secure and confidential reporting mechanism, including a hotline to an independent third-party that has been made available and advertised to staff at all Group locations.</li> </ul>
<b>Stakeholder Engagement Policy</b>	<ul style="list-style-type: none"> <li>This Policy defines the Group's approach to engaging with all stakeholders appropriately and equitably.</li> </ul>

The Board's knowledge, expertise and skills in sustainability matters are assessed regularly as part of a broader external Board evaluation process.

The Board is supported by the GST, which comprises members with sustainability, finance, legal and operations expertise. The GST works closely with the Group's auditors and other specialist sustainability advisors to ensure that the GST has the necessary skills to drive sustainability across the Group and support the operating businesses in the identification of sustainability-related risks and opportunities and the implementation of the Group's sustainability strategy.

The GST works closely with the Group Risk and Internal Audit and Group Finance teams to identify, assess and address sustainability-related risks and opportunities, including climate and social issues. These risks are incorporated into our Group-wide risk management processes along with all other organisational risks and opportunities. The Board oversees sustainability-related risks and opportunities that are financially material to the Group as part of this process.

In line with the Group's decentralised structure, sustainability topics are managed at the operating business level. Local management teams report to their respective business unit directors, who report to the GMC. Sustainability-related decisions are also taken at the operating company level, by managers best placed to understand their business. Financial resources to meet any requirements arising from these decisions are made available to the businesses through the Group's standard financial forecasting and budget cycles, and capital expenditure released through the normal approval channels.

The GST maintains day-to-day oversight of sustainability-related risks and opportunities through regular reports received from the operating businesses, and management updates received from business unit directors. These reports are used to drive consistency, coherence and best practice across the Group, and to consolidate Group performance, which is then reported to the GMC and the Sustainability Committee. The Sustainability Committee met in May and November 2025, and in March 2026, and received detailed updates from the GST at each meeting.

# SUSTAINABILITY REPORT CONTINUED

## Our sustainability strategy:

**Our sustainability strategy has three pillars: Our Planet, Our People and Our Products, connected to the three aspects of sustainability: environmental, social and economic.**

Our purpose is to create innovative electronics that help to improve the world and people's lives, now and in the future. Achieving this over the long term requires managing sustainability-related risks and opportunities across the Group.



**Voluntary staff turnover**

**12%**

(FY2025: 18%)

**Lost Time Incident Frequency Rate**

**0.16**

(FY2025: 0.25)



### Our Planet



We understand the urgent need to preserve our planet for future generations and to mitigate the impact of climate change. At discoverIE, we contribute to the transition to a low-carbon economy through our products, which help others reduce their emissions, and through our operations by committing to become a net-zero emissions business.

#### Our focus areas

Reducing greenhouse gas emissions and energy intensity. We are targeting SBTi-aligned net-zero emissions for Scope 1 and 2 by 2030 and for Scope 3 by 2040.



### Our People



Our employees are our most valuable asset. They are responsible for developing innovative solutions, creating high-quality products and services, and building lasting relationships with customers. Their contribution is critical to achieving our long-term success.

#### Our focus areas

Maintaining a positive and diverse work environment that fosters creativity, collaboration and teamwork.

Ensuring healthy and safe working conditions.

Investing in our people through learning and development to ensure employees can grow and thrive.



### Our Products



We produce high-quality, reliable products that play a critical role in the functioning of our customers' products, which have zero tolerance to failure, and bring considerable benefits to customers and the environment alike.

#### Our focus areas

Product quality and reliability, which are paramount to our customers.

Products with long lifecycles, and which are integral to our customers' systems.

Products that support the transition to a low-carbon economy.

The Board has set targets for each pillar in our sustainability strategy. These are described in more detail in the Sustainability in Action section on pages 49 to 55.

The operating businesses' performances against the targets are incorporated into the annual bonus process, with a proportion of annual bonus contingent on achieving those targets.

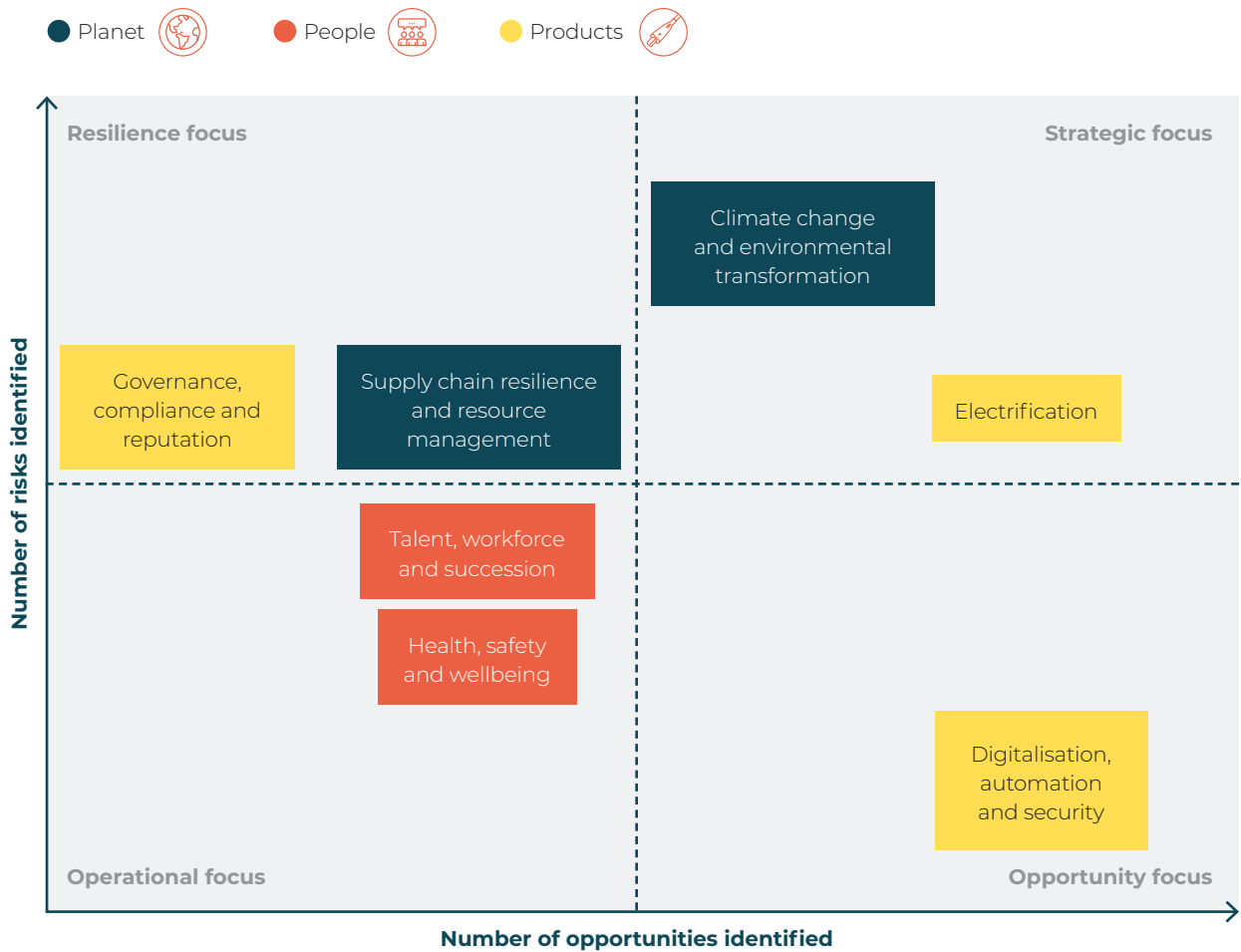
# SUSTAINABILITY IN ACTION

## Materiality Assessment

During the year, the GST carried out an internal review of sustainability-related risks and opportunities to assess whether our current Sustainability Strategy was still effective in its approach, and appropriate to our business operations.

This review drew on our Group Risk Register, business risk registers, 2025 TCFD Report, our business model and target markets. A long list of risks and opportunities was generated, which was then shared at sub-divisional level for review and validation.

The risks and opportunities identified as high priority were grouped by theme and mapped on to a matrix based on the number of risks and opportunities appearing in each theme. The assessment confirmed to the GST and the Board that the three pillars of our sustainability strategy remain appropriate to support our business.



The internal review revealed the topics above as important to the sustainable management of our businesses and resilience of the Group. All the topics identified are of high importance at the operating company level. However, due to the decentralised structure of the Group, not all topics are assessed as financially material at Group level, that is, likely to have a material impact on the Group's financial position or prospects.

We define "material" as any risk with a reasonable probability of impacting the financial position of the Group by £2.3m or more, in accordance with the materiality threshold set for the financial statements and agreed with the Group's auditors. Those that are believed to have a financially material impact are managed centrally by the GMC and Board. Those that are not financially material at the Group level are managed locally at the operating business level, in line with our decentralised approach.

# SUSTAINABILITY IN ACTION

CONTINUED

The Climate Change risks and opportunities identified as material are described in detail in the Climate Analysis Report on pages 57 to 73. The opportunities identified under the Electrification and Security topics are explored in more detail in the Market Overview section on pages 18 to 23.

The Group's business model is aligned to the risks and opportunities identified during the materiality exercise. As a specialist supplier of bespoke products, we have close design relationships with our customers, and are well positioned to understand the impact of megatrends within our markets (such as electrification, digitalisation and urbanisation) on customers' portfolios.

The Group's decentralised model allows our businesses to retain an entrepreneurial culture, which enables them to react quickly to emerging risks and opportunities. The divisional organisation of our businesses also helps to concentrate market expertise close to our customers. For example, our Magnetics subdivision serves our renewable energy customers, whilst Controls operates across the breadth and depth of Medical and Security markets.

Our strategy is designed to deliver sustainable returns to our shareholders. Investment decisions, including those relating to sustainability, are assessed on a case-by-case basis using the Group's standard capital allocation processes. These assessments consider expected financial returns and opportunity costs alongside relevant non-financial factors including carbon reduction and energy security.

Acquisitions are evaluated in line with the Group's strategy of sustainable growth. Where businesses we acquire have a significant pre-existing greenhouse gas emissions profile, we work to abate their emissions through similar actions to those which have already proved successful in reducing the emissions of our legacy businesses.

Our products are high-quality and designed for long, safe and efficient operation. In parallel, our focus on our sustainable growth markets ensures we prioritise relationships with customers who share our vision of enabling technology for a sustainable world. In focusing on planet and people, in addition to product, we have constructed a sustainability framework that supports growth whilst reinforcing processes to minimise the negative impact to employees and the environment.

## Risk management

The Group assesses, prioritises and monitors sustainability-related risks as an integral part of our Enterprise Risk Management ("ERM") process. No separate sustainability risk process exists; sustainability risks are embedded within our ERM. As described in the Risk Management section on pages 74 to 78, two risk management processes are conducted in parallel. A central review of the Group Risk Register is conducted, whilst a bottom-up review is simultaneously undertaken by the management teams at each operating company. From a sustainability management perspective, this method works well in identifying systemic macro risks, such as climate change,

at the Group level, whilst specific operational factors, such as situational health and safety risks, are managed by knowledgeable teams at the local level.

During the year, the GST worked with the Group Risk and Internal Audit team to gather non-financial and non-carbon sustainability information in conjunction with the bottom-up risk management review completed by the leadership of each business. This was to enhance consideration of sustainability-related risks and opportunities more closely at operational level, and to encourage businesses to capture such risks and opportunities in their value chains. The process improved visibility of sustainability-related risks at operating business level and did not identify any material gaps.

A local review of businesses' Risk Registers was combined with a sustainability risk screening questionnaire, which encouraged local teams to think more broadly about non-financial risks in their operations. Output from the questionnaire was consolidated and reviewed centrally to identify common themes across businesses which might develop into a Group-wide or financially material risk.

The Group's corporate structure provides resilience against sustainability risks. Under the decentralised structure, operating companies are responsible for managing and monitoring their business risks, supported by central functions that provide guidance.

Whilst the Group's structure limits the extent to which an unforeseen or unmanageable risk at the local business level affects the wider Group, risks are actively managed through targeted reporting, central oversight, the sharing of best practices, and risk management processes across the businesses. Where risks emerge, we make financial resources available to support appropriate management and mitigation.

## Material sustainability topics

Our risk management process has assured us that only the risks and opportunities relating to climate adaptation, electrification and security have the potential to be of material financial impact to the Group. Of these, only climate adaptation is believed to pose a material risk. However, our materiality analysis also demonstrated that there are common sustainability themes across the Group with the potential to impact key stakeholders, including employees, suppliers and customers. The Board, therefore, continues to oversee these themes and track operational progress.



## Our Planet

The risks and opportunities presented by climate change represent financially material challenges to the Group. Our focus on clean technologies drives our growth strategies, whilst the evolving threat of climate change presents challenges to our supply chains and operations that demand our attention. These risks and opportunities are analysed further in our Climate Analysis Report on pages 57 to 73.

### Greenhouse gas emissions

We also recognise the importance of all companies acting to mitigate their impact on the planet through careful stewardship of their own emissions. In November 2022, we announced our commitment to achieve net-zero emissions and set science-based targets for the medium and long term and, in May 2025, we received validation of our targets from the Science Based Targets initiative (“SBTi”). We report progress on our net-zero short-term targets for Scopes 1 and 2 against the 2021 baseline, restated to exclude divestments and include acquisitions, in accordance with the Greenhouse Gas (“GHG”) Protocol.

We aim to achieve net-zero emissions for Scope 1 and 2 by 2030 and for Scope 3 by 2040 and have published an updated transition plan for net-zero Scope 1 and 2 emissions by 2030. Further details of our net-zero plan can be found at: [www.discoverieplc.com/sustainability/our-net-zero-commitment/default.aspx](http://www.discoverieplc.com/sustainability/our-net-zero-commitment/default.aspx)

Our net-zero plan for Scope 1 and 2 focuses primarily on addressing four of the Group’s largest emission sources: electricity, natural gas, company cars and refrigerants. We are pleased to report that our efforts have been successful, and we have achieved an absolute reduction of 68% of Scope 1 and 2 emissions in CY2025 against the CY2021 baseline, in excess of our 65% reduction target.

### Since CY2021, Scope 1 and 2 emissions reduction

**68%**

(CY2024: 59%)

### Electricity from renewable or clean sources

**85%**

(CY2024: 83%)

### Sites with ISO 14001 accreditation

**33**

(2025: 32)

# SUSTAINABILITY IN ACTION

CONTINUED

## Our targets

- Reduce Scope 1 and 2 emissions by 65% by 2025 against CY2021 baseline and to net-zero by 2030
- Source 80% of energy from zero-emission sources by 2025, and 100% by 2030
- 50% electric vehicles or hybrid in the company car fleet by 2025 and 100% by 2030
- Replace at least 50% of gas heating with lower-emission alternatives by 2030
- Reduce energy intensity by 10% by 2030
- 80% of revenue covered by ISO 14001 certification

## Our progress

- In CY2025, we reduced Scope 1 and 2 emissions by 68% compared to the CY2021 baseline
- 85% of the Group's electricity is now sourced from renewable or clean sources
- 58% of the vehicles in our car fleet are now electric or hybrid
- In CY2025, natural gas emissions were 14% lower than the CY2021 baseline
- In CY2025, energy intensity was 27% lower than CY2021
- 74% of revenue is generated by operations with ISO 14001 certification

Further details of how we performed during CY2025 can be found in the Climate Analysis Report on pages 69 to 71.

We continue to make good progress in reducing our Scope 1 and 2 emissions across the Group. Key elements in achieving reductions to date include investing in solar panels at our Limator manufacturing plant in Hungary, installing heat pumps for space heating at our Variohm Eurosensor site in the UK and exploring funding for dual fuel heat pumps at Beacon in the USA. We are considering future investments in solar panels and electric heating at other sites, where economically appropriate. Where available, we have also switched our sites' electricity supplies to renewable energy sources.

In CY2025, natural gas became our single biggest source of Scope 1 and 2 emissions, overtaking electricity. Our gas emissions from companies that have been members of the Group since CY2021 were 11% lower than in CY2021. Gas emissions from companies excluding Burster (acquired during CY2025) were equal to CY2024, as reduction opportunities identified over the last year will take time to generate reported GHG emission savings. As we understand our emissions profile more clearly, and as we investigate gas alternatives, we have increasingly come to understand that there is often not a cost-effective alternative technology available, even when factoring in the benefit of the GHG emissions saved. We have therefore updated our original target of a 90% reduction in natural gas emissions from

CY2021 to CY2029 to the more realistic 50% reduction from CY2021 by CY2030. We are confident that this will not prevent us from reaching our overall net-zero in Scope 1 and 2 by 2030 target, as we intend to achieve a 100% reduction in electricity emissions, offsetting the smaller planned gas reduction. We continue to balance increased activity with the identification of viable and cost-effective technologies to replace gas at our remaining sites.

In addition, the prevalence of natural gas as a fuel for heating in industrial applications means we often acquire new natural gas emissions with new businesses. 32% of our emissions from natural gas in CY2025 were generated by companies acquired since CY2021.

In March 2025, the GMC approved plans to replace all gas heating at the Noratel operating facility in Poland with an electric alternative, which is expected to reduce our GHG emissions from natural gas by over 100 tCO<sub>2</sub>e p.a. from installation (expected in the second half of CY2026).

To ensure accuracy and fair representation of our greenhouse gas emissions and their reduction, we have engaged Carbon Footprint Ltd to provide independent assurance of our reported Scope 1 and 2 emissions for the second year running. Carbon Footprint have verified emissions reported for CY2021 (our base year), CY2024 and CY2025 in accordance with ISO 14064 Part 3, to a limited level of assurance.

During the year, we continued our efforts to identify and calculate Scope 3 emissions. The exercise covered the upstream emissions of the entire Group (100% of all Group companies) and included enhanced data for downstream transport emissions. Given the high-level calculation necessary to estimate our other downstream Scope 3 emissions (chiefly our emissions in use calculation) we are still reliant on general assumptions and approximations to gauge their impact. We will continue to refine our processes and methodology to incorporate all relevant reporting, whilst maintaining a practical balance between the effort required and the accuracy achievable. In parallel, we will use the enhanced understanding of the sources of our emissions to develop our future reduction plans and enhance our products' GHG performance, to effect real reductions. More information on our Scope 3 emissions can be found on pages 72 to 73.

## Use of resources

### Energy usage

Energy consumption during CY2025 was 2% higher, due to the acquisition of Burster. Like-for-like energy intensity increased by 2% in CY2025 compared to CY2024, and decreased by 27% compared to CY2021. This exceeds our target to reduce consumption by 10% by 2030. Almost all our operating company sites have implemented simple energy-saving measures, such as replacing lighting with energy-efficient LED alternatives. We must now start to explore more complex processes and operational improvements.



## Water usage

Our production processes typically require no or very little water, with less than 10% of our water consumption used in production processes. Where water is used in production, it is mainly for cooling purposes, where recycled water is used. The main source of our water consumption is for drinking and sanitation purposes, and therefore the risk of water scarcity is not a material concern for the Group. However, we also recognise that water is a finite resource, particularly for our businesses in areas of high water stress, such as Thailand and India, and reducing water consumption is an essential step in preserving the environment. About half of our water is consumed in countries rated as 'High' or 'Very High' risk by the WRI Water Risk Atlas. We will continue work to understand risk, increase awareness and promote water-saving practices throughout the Group.

## Waste management

We take measures to minimise waste in the manufacture of products, use recycling options where available and reduce packaging.

The majority of our products are non-hazardous. Where hazardous items are involved, environmental risks are minimised by use of appropriate labelling and technical information, in conjunction with training and procedures for handling, storage and disposal.

As an electronics and electrical manufacturer, we follow all relevant laws and regulations, including those governing electronic waste handling, storage and disposal.

By managing components and packaging to reduce our use of non-recyclable materials, we are helping to reduce our environmental footprint and promote more sustainable business practices. In addition, we are in the early stages of exploring the opportunities offered by circular economy principles. Our products are integrated into our customers' technologies, and they are built to last for as long as the systems will be in operation. Nevertheless, we also encourage our engineers to consider circularity principles

## CASE STUDY

### Limitor Hungary save carbon and costs

In January 2026 our factory in Pécs, Hungary, became the latest addition to our solar panel fleet. In its first four months of operation, the system has already saved almost £7,000 of electricity cost and reduced the GHG emissions of the site by over 26 tCO<sub>2</sub>e. With an annual estimated output of 65 MWh, the solar power installation is expected to generate approximately 30% of the site's current electricity usage, and to pay for itself within two years.

(such as ease of reuse, replacement and recyclability) when designing new solutions for our customers. We recognise that this expertise is in its infancy, and we will need to continue to work closely with our customers to understand more fully the benefits circular design can bring in future.

### ISO 14001 accreditation

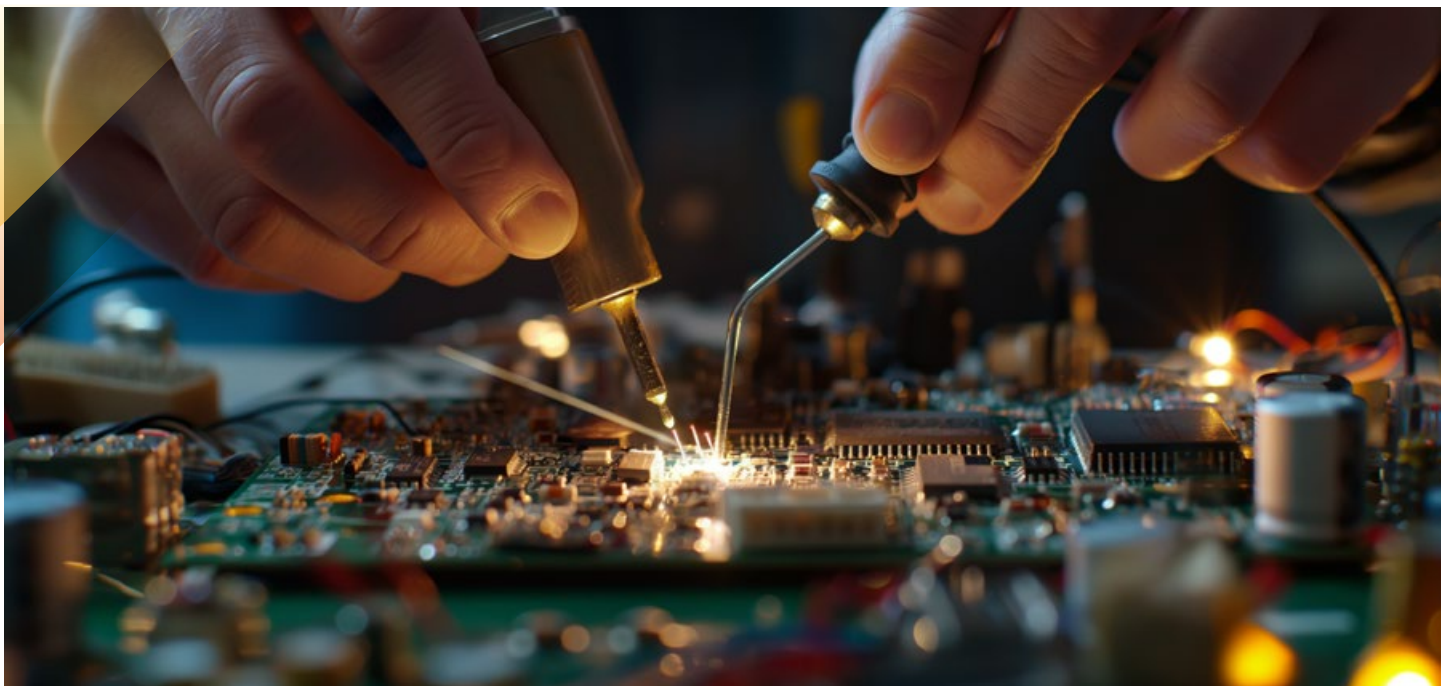
The ISO 14001 (Environmental Management System) accreditation is an internationally recognised standard that sets out certain requirements for environmental management. It helps organisations improve environmental performance through more efficient use of resources and reduction of waste, and provides an objective, independent view of an organisation's environmental credentials.

One further site achieved ISO 14001 accreditation in FY 2025/26. 33 of our 69 sites are now covered by this accreditation, generating 74% of Group revenue (FY 2024/25: 74%). This certification is becoming more important as customers place increasing focus on the environmental credentials of their value chain.

There were no fines relating to environmental non-compliance during the year or the previous three years.

# SUSTAINABILITY IN ACTION

CONTINUED



## Our People

Our employees are the engine of our business. Although we do not believe that there are any over-arching social risks or opportunities with the ability to have a material financial impact on the Group as a whole, we recognise the fundamental importance of a healthy and fairly paid workforce. The people pillar of our sustainability strategy seeks to support the key social aspects of our business.

### Our culture

At discoverIE, we believe that a strong culture is key to achieving our mission and supporting our values. Our culture is built on a foundation of respect, fairness, and equality. We are committed to creating an inclusive workplace where everyone feels valued and empowered to contribute their best work.

#### Our targets

- Maintain the proportion of our global workforce working in operations with ISO 45001 accreditation

#### Our progress

- 72% of employees covered by an ISO 45001 certification (FY 2024/25: 73%)

### Our culture is characterised by:

#### Diligence and determination:

We are dedicated to our work and take pride in delivering high-quality products and services to our customers.

#### Customer-centricity:

We prioritise our customers' needs and work closely with them to develop innovative solutions that meet their requirements.

#### Respect, fairness and courtesy:

We treat our colleagues with respect, fairness and courtesy, recognising that everyone's contributions are important to our success.

#### Open and constructive communication:

We believe in open and honest communication, with a willingness to listen and consider different perspectives.

#### Diversity and inclusion:

We value diversity and strive to create an open and inclusive environment where everyone has an equal opportunity to succeed.

#### High performance and target driven:

We are go-getters, driven by a desire to achieve excellence in everything we do.

## Diversity and inclusion

We are committed to creating an inclusive and welcoming environment for all our employees. We believe that diversity is a strength and that everyone should be treated with respect, dignity and fairness. We are dedicated to providing equal opportunities for all individuals, regardless of their gender, race, ethnicity, social background, religion, sexual orientation, family responsibilities, disabilities, political opinion, age, sensitive medical condition or trade union membership. We foster a culture that values diversity and inclusion, where everyone feels respected, empowered and appropriately rewarded.

Our employment policies are fair, equitable and consistent with the skills and abilities of our employees and the needs of our businesses. Our policies aim to ensure that everyone is accorded equal opportunity for recruitment, training and promotion. We do not tolerate any form of discrimination, harassment or bias in the workplace, whether it be sexual, physical or psychological.

We recognise that diverse perspectives and backgrounds are essential to driving innovation, creativity and growth in our business. Therefore, we are committed to improving the diversity of our workforce and management team by promoting from within and proactively managing our recruitment process.

Our Board Diversity Policy sets out our aim to achieve a Board that is diverse, not only in gender and race, but also in cultural background, experience and expertise. Our Board Diversity Policy can be found on our website: [www.discoverIEplc.com](http://www.discoverIEplc.com). See page 56 for further details of our diversity.

With two female Non-Executive Directors (one of whom is the Senior Independent Director) and one Non-Executive Director from a non-white ethnic minority background, we have met our target of 33% female representation at Board level and our target of having at least one person from a non-white ethnic minority background on the Board.

Gender diversity in the senior management team overall increased from 23% to 32% female. This increase was the result of a change in the management structure, under which operational Managing Directors now report to business unit directors, rather than directly to the GMC, reducing the number of roles held by men classified as senior management at Group level.

We recognise that this does not represent a substantive improvement in gender diversity and remain focused on initiatives to encourage more female colleagues to develop into positions at more senior levels.

## Health and safety

We are committed to providing healthy and safe working conditions across our operations. In addition to compliance with local regulations, discoverIE promotes working practices that protect the health, safety and well-being of its employees and other persons who enter its premises.

During FY 2025/26, we were delighted to achieve a lower LTIFR than in recent years, dropping to 0.16 incidents per 100,000 hours worked, despite the stricter definition of a lost time incident introduced in FY 2024/25. Our employees suffered 15 incidents that resulted in the loss of one working day or more. Although we are pleased by the reduction, we recognise the severity of the impact an accident at work can have on anyone who suffers from such incidents. We therefore continue in our ambition to reduce this rate to as close to zero as possible.

In order to deepen our understanding of working patterns across the Group, and to support our engagement with employees, this year we have strengthened our reporting of working practices across our operating businesses. In addition to enhanced employee turnover information, we have also collected more detailed information on both employees' working patterns and their pay relative to living wage standards. We hope in future to build upon these developments to further strengthen our due diligence around modern slavery risks, and to enable sharing of best practices between our different operations.

We use the framework provided by ISO 45001 (Occupational Health and Safety Management System) to support our health and safety management processes locally. 72% of the Group's workforce work in operations with the accreditation (FY 2024/25: 73%), covering 21 of our 69 sites. The percentage of employees covered dropped 1% from last year due to the inclusion of new employees following our acquisition of Storm during the year. All sites with the accreditation retained their certifications, with 3,297 employees covered (FY 2024/25: 3,291).

There have been no work-related fatalities in the last five years.

## Learning and development

Our operating companies plan for short- and long-term employment needs and skills requirements. All employees are encouraged to actively engage in career development and training opportunities that are available across the Group. Employees are also supported in developing their skills through role-specific training, which is scheduled and tracked.

The Group supports the learning and development of our employees through two digital channels. The first one is a series of webinars, covering a variety of topics, such as a technology deep dive, greenhouse gas emissions management, marketing and finance. The aim is to encourage knowledge and best practice sharing across the Group. The second is an online learning and development platform, which enables our operating businesses to manage their talent development and skill gaps, and our employees to take control of their learning experience. To date, ten operating businesses have adopted the platform. Time spent on learning per active user increased by 25% compared to the prior year.

# SUSTAINABILITY IN ACTION

CONTINUED

Over 80% of employees receive annual performance appraisals, which include identifying their development needs.

## Recruitment and retention

Clear, fair and competitive terms of employment are in place. It is Group policy to communicate with employees on major matters to encourage them to take an interest in the affairs of their employing company and the Group. Each operating business is encouraged to maintain effective employee engagement arrangements, including keeping employees aware of the financial and economic factors affecting their employing company's performance. Please see pages 38 and 39 for further details of our engagement.

We support the employment and advancement of disabled persons. Full consideration is given to applications for employment from disabled persons, where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion. Where existing employees become disabled, it is the Group's policy to provide continuing employment in the same or an alternative position wherever practicable, and to provide appropriate training and support to achieve this aim.

We are committed to retaining our talented and skilled workforce. We achieve this by offering clear and fair terms of employment, competitive remuneration packages and regular communication with our employees on major matters. Consequently, we were pleased to see our voluntary staff turnover rate decrease from 18% in FY 2024/25 to 12% in FY 2025/26.

We balance offering employees secure employment with the demands of maintaining a flexible cost base. Whilst 90% of staff are employed by the Group, the remaining 10% are engaged as contractors or through carefully selected third-party agencies. Where employees are engaged through agencies, we ensure that the pay and conditions offered to them are commensurate with that of our own employees.

## Community engagement

We value community engagement and strive to be an active participant in the local communities where we operate. We support local good causes by offering opportunities for employees to volunteer and through charitable donations.

Our commitment to community engagement is highlighted by the Group's support of the Community Foundation for Surrey and other employee volunteering opportunities.

As well as supporting the causes themselves, initiatives such as these motivate employees and increase their sense of purpose in working for an organisation that is keen to play a positive role in society.

No donations are made to political causes.

## CASE STUDY

### Noratel put their values into action supporting their local community

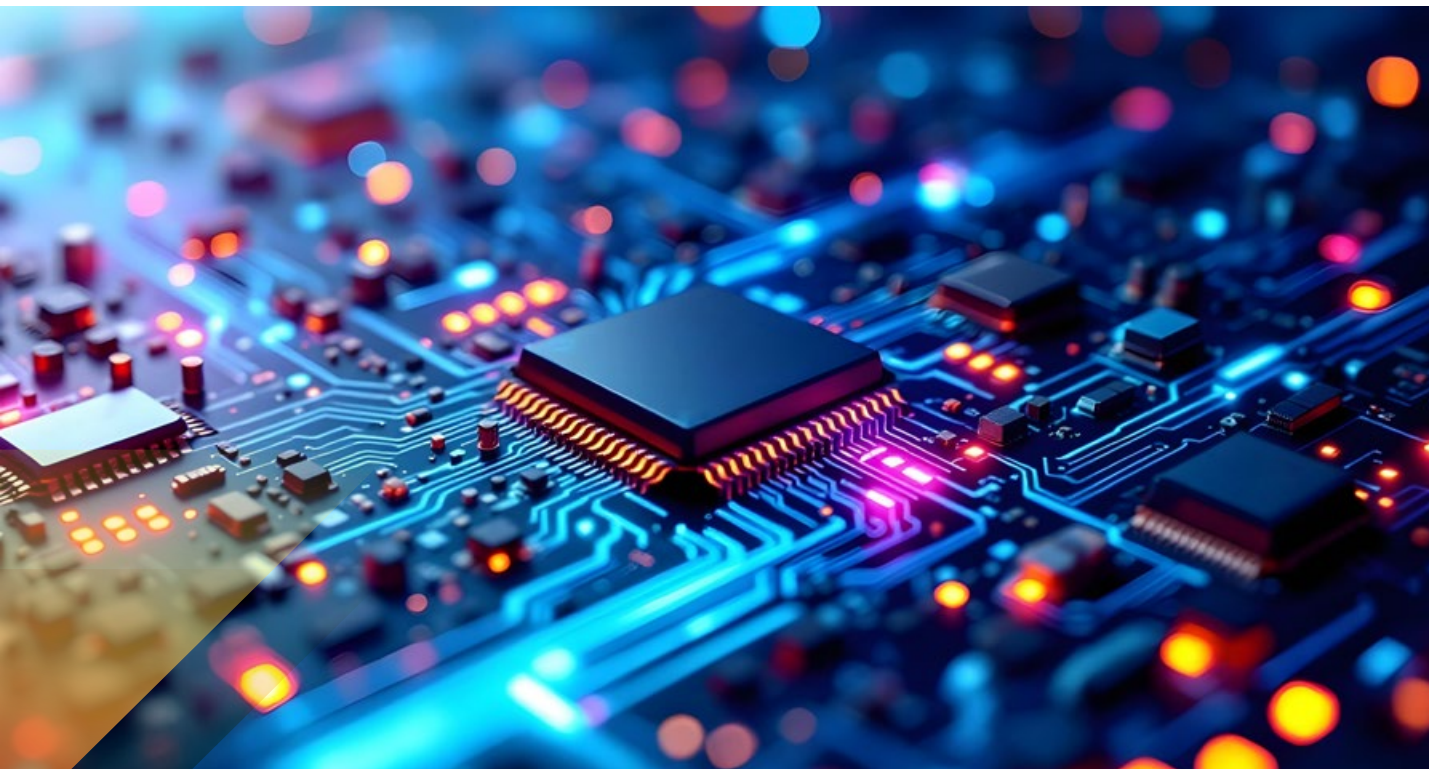
Early in the year, the Noratel team put three of their core values of care, teamwork and excellence into action. The team in Sri Lanka supported the development of the local community by completing a targeted infrastructure upgrade project at Sri Sarananda Vidyalaya, a school in the village of Manankattiya with more than 125 years of history, serving generations of students despite limited resources.

The project focused on practical improvements with immediate and lasting impact:

- Installed a 5kW solar hybrid power system providing reliable, renewable energy
- Installed a purification system providing access to clean drinking water
- Renovated school facilities and electrical infrastructure
- Improved sanitation and hygiene conditions

During their visit to the Sri Lanka facilities, the Noratel Group Leadership Team also joined the volunteer effort and worked alongside the local team. After the project was completed, the team's pride and satisfaction were reflected in the pupils' smiles and excitement.





## Our Products

Our products are our business, and consequently we place great importance on their stewardship and development. Whilst our broad portfolio of products reduces the risk of a failure of any one product or class of products causing a material adverse impact on the financial performance of the Group, we nevertheless seek to maintain the high quality on which our customers rely.

### Product responsibility

Our products are essential components of electrical systems and electronic devices and play a critical role in the functioning of larger systems, which tend to have long lifespans. Quality and reliability are paramount to our customers. In addition to designing for durability, the high quality and standards of our products are ensured and monitored through rigorous testing (which is often above the requirements of our customers) and the adoption of ISO 9001 Quality Management Systems. As a result, the overall rejection rates for our products due to quality issues are negligible.

### Product sustainability

The sustainability of our products is a priority. We ensure raw materials used are from responsible sources, which are procured in accordance with the principles of our Supplier Code of Conduct, Modern Slavery Statement and Conflict Minerals Policy (all are available at [www.discoverIEpic.com](http://www.discoverIEpic.com)). These are verified and monitored through regular local checks and supplier audits. In the event of non-compliance, we would engage with the supplier to seek measures to rectify the non-compliance, or seek alternative suppliers if appropriate. During the year, we completed the fifth phase of our Group-wide supplier audit programme.

### Our targets

- 80% of Group products manufactured under ISO 9001

### Our progress

- 96% of the Group's products, measured by revenue, were manufactured under ISO 9001 Quality Management Systems (FY 2024/25: 94%)

Having audited over half of Group Suppliers (measured by spend) over the last four years, this year we refreshed our sampling process to revisit those suppliers with the highest Group spend (>£0.25m p.a.) and those with material risk associated with them (e.g. single-sources of critical components), representing almost £80m annual spend in total.

Our magnetic components use raw materials, such as copper and aluminium, which are essential to electrical equipment. Where it is possible, and with customer permission, recycled raw materials are used in production processes. We also proactively reduce and recycle packaging and replace plastics with recyclable materials such as paper and cardboard.

Our products are components that are often embedded in larger systems, which means that the likelihood of replacements being required must be minimised. As such, our products are designed for long lifespans and are intended to be energy efficient in order to reduce downtime.

# SUSTAINABILITY IN ACTION CONTINUED

## Key metrics

Details of our greenhouse gas emissions from CY2021 to CY2025, energy intensity and net-zero KPIs can be found in the Climate Analysis Report on page 71.

## Health and safety

Lost time incident frequency rate ("LTIFR") information.

	FY22	FY23	FY24	FY25	FY26
Lost time incidents ("LTIs") <sup>1</sup>	26	24	19	23	<b>15</b>
Average headcount <sup>2</sup>	4,522	4,863	4,441	4,492	<b>4,557</b>
LTIFR <sup>3</sup>	0.31	0.27	0.20	0.25	<b>0.16</b>

<sup>1</sup> LTI is defined as a work-related incident resulting in employees being unable to attend work the following day. Prior to FY25, our definition was any incident which resulted in five or more days lost. Prior year figures have been restated for this change in policy.

<sup>2</sup> Reported headcount includes all full-time and part-time employees, contractors and agency labour.

<sup>3</sup> LTIFR is the number of LTIs divided by the total working hours in the period, multiplied by 100,000 (representing the approximate number of working hours in an employee's lifetime).

There were no fatalities among the Group's employees or contractors during any of the five years stated above.

## Gender diversity<sup>1</sup>

	Group Management Committee			Senior Management <sup>2</sup>			Operational Management <sup>3</sup>			All Employees <sup>4</sup>		
	FY26 (No.)	FY26 (%)	FY25 (%)	FY26 (No.)	FY26 (%)	FY25 (%)	FY26 (No.)	FY26 (%)	FY25 (%)	FY26 (No.)	FY26 (%)	FY25 (%)
Total	<b>11</b>	–	–	<b>34</b>	–	–	<b>89</b>	–	–	<b>4,200</b>	–	–
Male	<b>8</b>	<b>73%</b>	75%	<b>23</b>	<b>68%</b>	77%	<b>58</b>	<b>65%</b>	62%	<b>2,070</b>	<b>49%</b>	50%
Female	<b>3</b>	<b>27%</b>	25%	<b>11</b>	<b>32%</b>	23%	<b>31</b>	<b>35%</b>	38%	<b>2,130</b>	<b>51%</b>	50%

<sup>1</sup> As at 31 March 2026 and 2025.

<sup>2</sup> Senior Management is the Group Management Committee and direct reports.

<sup>3</sup> Operational Management is the most senior managers in the Group's operating businesses.

<sup>4</sup> All Employees comprises all full-time and part-time employees and contractors, but excludes agency labour.

## Other ESG KPIs

	FY25	FY26	Target
<b>Our Planet</b>			
ISO 14001 accreditation <sup>1</sup>	74%	<b>74%</b>	80%
Company cars (EV/hybrid) <sup>2</sup>	50%	<b>58%</b>	50%
<b>Our People</b>			
ISO 45001 accreditation <sup>3</sup>	73%	<b>72%</b>	80%
Voluntary staff turnover <sup>4</sup>	18%	<b>12%</b>	<15%
<b>Our Products</b>			
ISO 9001 accreditation <sup>5</sup>	94%	<b>96%</b>	80%

<sup>1</sup> Measured as a percentage of Group revenue generated by operations with ISO 14001 accreditation.

<sup>2</sup> Measured as the percentage of Group company cars that are electric or hybrid.

<sup>3</sup> Measured as the percentage of Group employees who work in operations covered by an ISO 45001 accreditation.

<sup>4</sup> FY25 was adjusted in the previous Annual Report to exclude seasonal labour fluctuations linked to the lunar new year in China. Ongoing analysis of employee turn in China suggests that, whilst the FY25 number was higher than usual, it is a characteristic of the labour market in the region that turn is always higher than the rest of the Group. Nevertheless, we are pleased to report that voluntary leavers amongst our Chinese employees was lower in FY26 than in FY25, driving the overall year-on-year reduction in employee turn. Both years are reported above including all voluntary leavers across the Group.

<sup>5</sup> Measured as a percentage of Group revenue generated by operations with ISO 9001 accreditation.

# CLIMATE ANALYSIS REPORT



At discoverIE, we understand the urgent need to preserve our planet for future generations and to mitigate the impact of climate change. We contribute to the transition to a low-carbon economy through our products that help others reduce their emissions, and through our own operations by committing to become a net-zero emissions business.

This report is prepared in accordance with UK Listing Rules 6.6.6 (8) and the UK Climate-Related Financial Disclosure Requirements ("CFD") and is consistent with the recommended disclosures of the Task Force for Climate-Related Financial Disclosures ("TCFD"). Being in the electrical and electronic components sector, the Group follows the TCFD's All Sectors Guidance in the preparation of this report.

Climate-related risks and opportunities are routinely considered in our strategic and financial planning, operational management, mergers and acquisitions, and capital allocation decisions. In this report, we outline how we identify, assess, and manage these risks and opportunities, as well as our plan for transitioning to a low-carbon economy.

In accordance with previous years' reports, our assessment of the risks and opportunities posed by a changing climate is that they do not have a net material effect on the Group's future financial performance. However, this year, we have taken the opportunity to describe the offsetting risks and opportunities separately, to enhance readers' understanding of our strategy and management.

## What's in this report

- 1 Governance → **Page 58**
- 2 Strategy → **Page 60**
- 3 Risk Management → **Page 67**
- 4 Metrics and Targets → **Page 69**

## 1 Governance

Whilst the Board has responsibility for overseeing our approach to sustainability, the Sustainability Committee (the “Committee”), on behalf of the Board, reviews the Group’s sustainability strategies and policies, and oversees and monitors practices and performance against commitments and targets.

The oversight and management of climate-related risk and opportunities are accomplished through the same governance processes as other sustainability-related issues, as described in the Governance section of our Sustainability Report on pages 44 to 45.

Our sustainability governance framework describes our approach to managing sustainability, including climate-related issues.

This year, mindful of the reporting changes anticipated when the UK introduces Sustainability Reporting Standards (“SRS”) governing the disclosure of climate-related risks and opportunities (expected for the Group’s FY2028 reporting cycle), we have chosen not to publish detailed financial quantification of the risks and opportunities likely to impact our business. Instead, we have taken the decision to assess the potential impacts in broad terms, and analyse the additional information we will need to gather in future to fulfil the requirements of UK SRS. The process followed and the impacts identified are outlined on pages 60 to 62.

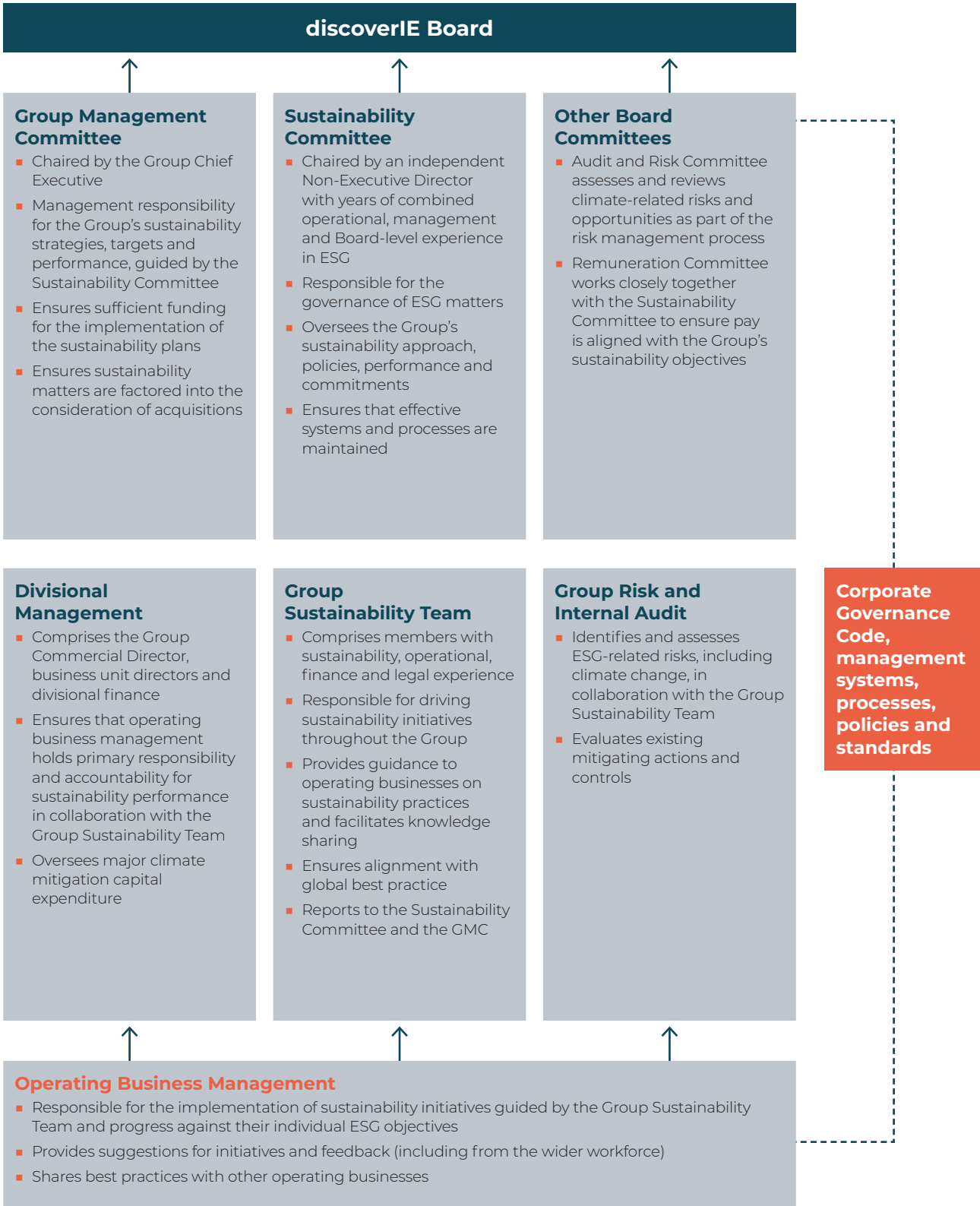
### TCFD recommended disclosures

- describe the Board’s oversight of climate-related risks and opportunities
- describe management’s role in assessing and managing climate-related risks and opportunities

### Further information

- ▶ Corporate Governance Report **on pages 90 to 102**
- ▶ Sustainability Governance **on pages 44 to 45**
- ▶ Risk Management **on pages 74 to 78**





## 2 Strategy

In 2026 we reviewed the qualitative and quantitative analysis of the resilience of our business model and strategy under two Representative Concentration Pathway (“RCP”) scenarios – RCP2.6 and RCP8.5 – representing the best- and worst-case scenarios projected by the Intergovernmental Panel on Climate Change (“IPCC”).

As part of this review, we updated the assessment of the physical risks of climate change posed to our sites. Using CLIMADA climate data we created a bespoke program, which enabled us to overlay established climate science on the precise locations of our sites.

The analysis showed that, on balance, the Group’s business model and strategy are not expected to be materially affected by climate-related risks and opportunities, and that the net financial impact of climate change was considered to be immaterial. We review this analysis annually, to monitor potential changes to our risk profile, and to ensure the data on which we report remains current.

In order to better understand the potential financial impact of climate-related risks on the Group’s Statement of Financial Position and future cash flows, during the year we conducted a high-level review of the potential financial impact of the identified risks and opportunities. The financial impact is considered in the estimates of future cash flows used in the Group’s goodwill impairment and viability assessment, as detailed on pages 85 to 86 of this Annual Report.

We assess and report the climate change-related transition risks and opportunities on short (up to 4 years), medium (5-10 years) and long (more than 10 years) term bases. For physical risks, we define short term as the period up to 2030, medium term up to 2050 and long term up to 2100. Given the fast-changing and unpredictable nature of economic and environmental conditions, the potential financial impact was modelled up to 2030 only.

During the process, we identified and assessed 12 climate change-related risks, of which eight were transition risks and four physical. Following this, we then prioritised four transition risks and two physical risks, being those with the highest risk scores, based on a combination of impact magnitude and likelihood.

We also identified three climate-related opportunities. We modelled the financial impact of these six risks and three opportunities. Assessment of all 12 climate-related risks identified can be found on page 63.

The highest ranked risk was the risk of capital markets shifting investment to low-carbon activities, which may impede the Group’s acquisition-fuelled growth strategy.

The other key risks include customers shifting to low-carbon substitutes, and raw material price increases. The financial impact of these risks was modelled by applying estimates of

### TCFD recommended disclosures

- Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term
- Describe the impact of climate-related risks and opportunities on the organisation’s businesses, strategy, and financial planning
- Describe the resilience of the organisation’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

### Further information

- ▶ Sustainability Materiality Assessment **on pages 47 to 48**
- ▶ Our Sustainability Strategy **on page 46**
- ▶ Principal Risks and Uncertainties **on pages 79 to 84**
- ▶ Our Strategy **on pages 10 to 13**

attrition rate to affected revenues for the RCP2.6 and RCP8.5 scenarios, respectively.

For the physical risks, we considered likely mitigation costs. In the case of possible site relocations due to changes in climate patterns, we factored in relocation costs such as fit-out, staff relocation, recruitment and training, and certification, as well as insurance coverage. Because the risk profiles were similar for both scenarios, the same mitigation approach was applied in both cases.

For the climate-related opportunities, we applied an estimated excess growth rate to each of the opportunities in the RCP2.6 scenario and halved the rate in the RCP8.5 scenario, on the assumption that growth in renewable energy, electrification of transportation, and automation would accelerate under the more aggressive reduction scenario.

We considered materiality both in terms of potential financial impact on the Group and the importance of climate change to our internal and external stakeholders.



## RCP2.6

The outcome of the assessment showed that, under the RCP2.6 scenario, the net financial impact over the five-year period to 2030 is immaterial and represents less than 2% of the Group's operating cash flows. The net financial impact considered both the increased operational costs of quantifiable climate-related risks and mitigation costs, offset by the benefits arising from the climate-related opportunities.

Assessed in isolation, the total risks estimated to our business under RCP2.6 are unlikely to have a material financial impact on the Group's performance. This factors in the costs of the six climate-related risks identified, with the main financial impacts a result of an assumed decline in higher-carbon markets (such as oil and gas, consumer electronics and sales through wholesalers) and an increase in the cost of our commoditised raw materials (assuming that this cost cannot be passed on to customers).

We remain confident of our strategy under an RCP2.6 scenario, as we believe that the assumed accelerated growth in low-carbon markets (such as renewable energy, electric vehicles and the electrification of rail) offers increased margin growth which more than offsets the negative effects, above. We believe growth in these markets could offer increased operating profit which comfortably offsets the negative impacts of the risks described above in the years to 2030. The Group's resilience to the modelled risks is also mitigated by our broad customer portfolio beyond the market segments assumed to be at risk, and by our pricing structure, which enables us to pass a proportion of cost increases on to our customers.

## RCP8.5

Under the RCP8.5 scenario, we assumed that the decline in high-carbon markets such as oil and gas would be less pronounced, as demand would continue longer if society makes less attempt to abate these sectors. However, the increased cost of commoditised raw materials was assumed to be higher, with an assumed inability to pass these costs to customers. In addition, we assumed that greater competition for coverage under an RCP8.5 scenario would add additional freight and insurance costs. If all potential unmitigated negative impacts identified should come to pass, our operating profit could be reduced by a material amount.

Compounding the effects of assumed higher costs is our assumption that growth in low-carbon markets (such as renewable electricity) would be slower in an RCP8.5 scenario. Although the Group would still benefit from some growth in these markets, the opportunity would clearly not be as beneficial as on a lower-carbon pathway.

Taken together, our assumptions of increased costs and decreased sales growth under RCP8.5 results in a decrease of operating profit, estimated to be no greater than 1% to 2% of operating cash flows.

As the division with the highest proportion of raw material costs, Magnetics and Controls is more at risk from increased commodity costs, particularly under the RCP8.5 assumptions. However, it also has the greatest potential opportunities in low-carbon growth markets, having already developed expertise and close customer relationships in these markets. The division has expertise in sourcing materials at competitive cost, and currently has pricing contracts which permit cost increases to be passed on to customers.

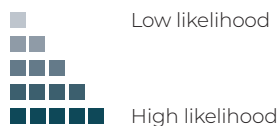
# CLIMATE ANALYSIS REPORT CONTINUED

Climate-related risks	Estimated financial impact <sup>1</sup>	Timeframe			Scenario sensitivity		
		Short	Medium	Long	RCP2.6	RCP8.5	
<b>Transition risks</b>	1 Capital markets shifting investment to low-carbon activities	Unquantifiable				■■■■■	■■
	2 Changing customer preferences	Medium				■■■■■	■■
	3 Substitution of existing customer products and services					■■■■	■■
	4 Commodity and raw material price increases	High				■■	■■■■■■■
<b>Physical risks</b>	5 Acute risks, e.g. extreme weather events	Low				■■	■■■
	6 Chronic risks, e.g. rising sea levels and temperature					■	■■
<b>Climate-related opportunities</b>	7 Acceleration of renewable energy market	High				■■■■■	■■■■■
	8 Electrification of transportation					■■■■	■■
	9 Electrification and automation of plant and machinery					■■■■	■■

**Anticipated onset of risks and opportunities**

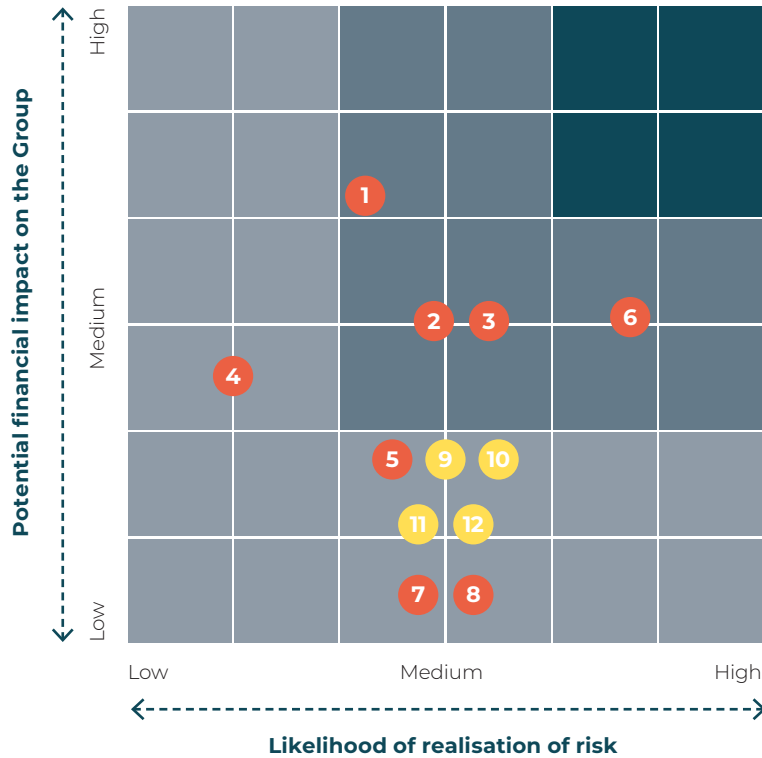
**Estimated full impact of risks and opportunities:**

<sup>1</sup> Estimated financial impacts rated as 'High' are those with the potential to have a material impact on the Group.



Aided by CLIMADA, we also assessed the emerging trends affecting the exposure of our physical assets to climate-related risks in the medium (up to 2050) and long term (up to 2100) under two scenarios: RCP4.5 and RCP8.5. We chose RCP4.5 instead of RCP2.6 for assessing physical risks because it is assumed that our assets would not be at risk if the long-term temperature rise stabilises at 2°C or below. RCP4.5 is the current climate development trajectory, which we have chosen for physical risk assessment for prudence. It is estimated that 32% of the Group's 69 facilities would be exposed to some sorts of physical risks, such as heat stress, precipitation and river flooding. Fifteen sites (22%) across ten different countries were more vulnerable, the costs of which were also factored into the financial impact model.

## Climate-related risk matrix



### KEY

- Priority C (low/medium)
- Priority B (medium/high)
- Priority A (high/very high)
- Transition risk
- Physical risk

- 1 Capital markets shift investment to low-carbon activities
- 2 Changing customers' preference to low-emissions alternatives
- 3 New and emerging technologies substitute our customers' existing products and services
- 4 Increased stakeholder concern or negative stakeholder feedback from lack of climate action plan
- 5 Increased energy costs due to increasing carbon taxes and alternative low emission energy sources
- 6 Increasing costs of commodity and raw materials
- 7 Increased borrowing costs
- 8 Mandatory environmental standards or requirements for existing products and services
- 9 Extreme weather events such as cyclones or floods
- 10 Changes in precipitation patterns and extreme variability in weather patterns
- 11 Gradual changes in key climate variables such as temperature, humidity and precipitation
- 12 Rising sea levels

In summary, the estimated net financial impact of climate-related risks and opportunities is considered immaterial to the Group in the short term (up to 2030) under the RCP2.6 scenario. However, the potential impact under the worst-case scenario (RCP8.5) means that it is appropriate for us to provide commentary on the individual risks and opportunities identified. We also acknowledge that climate change remains a threat to the Group's assets in the long term and that there are growing expectations amongst our stakeholders that we, as a responsible corporate citizen, address climate risks in our business operations. As such, we have incorporated climate-related risks into our principal risks and uncertainties and manage them as such.

# CLIMATE ANALYSIS REPORT CONTINUED

Risk description	Our response	FY 2025/26 progress
<b>Climate-related risks: transition risks</b>		
<b>1 Capital markets shifting investment to low-carbon activities</b>		
<p>Our growth strategy relies on both organic sales generation and acquisitions. Both require capital investment. We may need to raise additional funding in the capital markets. The shifting of investment to low-carbon or green activities may impact our ability to raise capital or increase our cost of capital, in turn reducing our ability to invest in the existing business or acquire new businesses.</p> <p><b>Timeframe</b> Medium – long term</p>	<p>Our strategy focuses on markets with structural, sustainable growth, such as renewable energy, electrification of transportation, industrial automation and connectivity, all of which support the transition to a low-carbon economy. We constantly work to target 'green' markets and reduce our greenhouse gas emissions, and improve capital market perceptions of our performance in these areas by providing timely and transparent disclosures.</p>	<ul style="list-style-type: none"> <li>■ 79% of revenue from target markets (FY2025: 79%).</li> <li>■ Publicly demonstrated our continuing commitment to environmental governance by maintaining our Carbon Disclosure Project ("CDP") rating at B.</li> </ul>
<b>2 Changing customers' preference to low-emissions alternatives</b>		
<p>The majority of our customers are industrial OEMs. They may adopt an aggressive approach to reducing emissions in their value chain. This could mean developing low-emission versions of their products to reduce their downstream emissions, or engaging suppliers with lower-emission products and processes to reduce their upstream emissions.</p> <p><b>Timeframe</b> Medium – long term</p>	<p>We have long-lasting relationships with our customers. Our business model of designing and manufacturing customised electronics means that we work closely and collaboratively with our customers, which allows us to support them in the development of new low-carbon products and ensures environmental compliance.</p> <p>We have set emission reduction targets and made good progress against these. This helps our customers reduce their Scope 3 emissions.</p> <p>We also work closely with our customers and suppliers to find better solutions to reduce carbon emissions where possible, such as replacing plastic packaging with sustainable options.</p>	<ul style="list-style-type: none"> <li>■ Reduced Group Scope 1 and 2 emissions for continuing operations by 68% against the CY2021 baseline, including acquisitions.</li> </ul>
<b>3 New and emerging technologies substitute our customers' existing products and services</b>		
<p>We supply to industrial OEMs. If our customers' existing products and services become obsolete, our ability to achieve growth well above GDP may be impacted.</p> <p><b>Timeframe</b> Short – long term</p>	<p>The impact of this risk is minimised, as our product and technologies portfolio and customer base are broad. We do not rely heavily on single customers or end markets. Our customer concentration is considered low, with the top ten customers representing around a quarter of Group revenue. We continue to focus our attention on supporting customers in markets which are essential for the transition to a low-carbon economy, such as renewable energy.</p>	<ul style="list-style-type: none"> <li>■ Completed one acquisition during the year, Storm Interface, and the acquisition of Trival Antene was completed on 1 April 2026. The acquisitions give the Group exposure to new verticals, such as the defence sector.</li> </ul>

Risk description	Our response	FY 2025/26 progress
<b>4 Increasing costs of commodity and raw materials</b>		
<p>Some of our products use raw materials, such as copper and aluminium, which are also used in electric vehicles and electrification projects. Prices of such materials are expected to continue to rise as supply cannot meet rapid increases in demand. Significant price rises may cause customers to switch to low-cost suppliers. The raw material shortage may impact our ability to continue to supply certain products.</p> <p><b>Timeframe</b> Short – long term</p>	<p>Our products are designed and customised for specific applications and are priced according to project specifications and material costs at the point in time, which to some extent protects the Group from price fluctuation. Furthermore, our products are designed in applications and are often protected by our design IP, preventing customers switching to low-cost suppliers.</p> <p>Our supply chain is resilient, as tested and proven during the pandemic and, more recently, during the disruption caused by conflict in the Middle East. We source materials and components from multiple suppliers where possible, except for those specified by customers. Copper and aluminium have similar conductivity and can be interchangeable in some cases.</p>	<ul style="list-style-type: none"> <li>■ A Group-led initiative was set up during the year to enable our operating businesses to share materials and components sourcing information and seek help if needed.</li> <li>■ Several operating businesses have introduced dual-sourcing for critical components.</li> </ul>
<b>Climate-related risks: Physical risks</b>		
<b>5 Acute risks – Extreme weather events such as cyclones or floods</b>		
<p>Increased severity of extreme weather events, such as cyclones and floods, may disrupt production activities and incur higher operating costs.</p> <p><b>Timeframe</b> Short – long term</p>	<p>The Group has 69 sites globally, including 41 manufacturing facilities across Asia, Europe and North America. Some production activities can be transferred to other locations to ensure business continuity, if necessary. We have experience in moving manufacturing between sites where circumstances require us to do so.</p>	<ul style="list-style-type: none"> <li>■ Developed an in-house bespoke climate analysis tool to enable ongoing monitoring of specific risks to our sites.</li> <li>■ The resilience of our operations was demonstrated when our operating sites in Thailand and Sri Lanka were hit by flooding during the year, yet were able to continue their operations with only minimum impact on short-term productivity.</li> </ul>
<b>6 Chronic risks – Gradual changes in key climate variables such as temperature, humidity and precipitation</b>		
<p>Rising average temperature causes heat stress, drought, wildfires and changes in rainfall patterns. Some of the Group's manufacturing sites are in areas exposed to heat stress and precipitation, and some are at risk of rising sea levels. Our workforce may be affected if the average temperature continues to rise. Our supply chain may also be disrupted, causing delays and cancellations.</p> <p><b>Timeframe</b> Medium – long term</p>	<p>Using our new in-house Climate Analysis Tool, we have identified a number of sites that may be affected by changing climate patterns in the next 30 and 80 years. The analysis showed rising temperatures and precipitation were likely to impact a number of our businesses. Based on the insured asset value of each site and the predicted future impact, we have prioritised fifteen sites for further analysis and investigation. We are now working on plans that aim to mitigate the key risks within the next ten years. For leased properties at high-risk sites, relocation may also be considered when the lease is up for renewal.</p>	<ul style="list-style-type: none"> <li>■ We continue to monitor the ongoing risk at our most vulnerable sites.</li> <li>■ Approved capital expenditure for electric air-source heat pumps at our site in Noratel Poland will also protect our employees from increasingly high summer temperatures.</li> </ul>

Opportunity description	Our response
<b>Climate-related opportunities</b>	
<b>7 Acceleration of renewable energy</b>	
<p>Driven by decarbonisation and increasing regulations, the renewable energy market will continue to grow in the RCP8.5 scenario and accelerate in the RCP2.6 scenario. The International Energy Agency has estimated that renewable energy production will be 2.6 times higher than 2022 in 2030, generating almost 45% of global electricity requirements.</p> <p><b>Timeframe</b> Short – long term</p>	<p>Renewable energy is one of our target markets, and we are leading in the fields we serve, such as transformers for wind turbines and DC isolator switches for solar systems. Our products can also be applied to other types of renewable energy, such as hydro, which will be an addition to our existing renewable energy exposure.</p> <p>Our broad range of technologies is applicable to many parts of the renewable energy value chain. From generation to transportation and distribution, we will be able to take advantage of these opportunities.</p>
<b>8 Acceleration of electrification of transportation</b>	
<p>Decarbonisation and the recent energy crisis have driven the acceleration of the electrification of transportation. This is reflected both in personal vehicles and mass transportation infrastructure. The power supplied to the global transport system by renewable energy is expected to increase seven-fold between 2024 and 2030.</p> <p><b>Timeframe</b> Short – long term</p>	<p>Transportation is one of the major sources of carbon emissions globally. Switching to cleaner methods of transportation is crucial for meeting the net-zero goals of many governments.</p> <p>Being one of the Group's target markets, we focus on mass transportation, such as rail, buses and ships, and specialist vehicles, such as delivery trucks. We are targeting retrofitting ageing systems as well as developing new applications. In addition, our knowledge and know-how of magnetic components will enable us to take advantage of growth in the electric vehicle infrastructure market, such as charging stations.</p>
<b>9 Acceleration of plant and machinery automation</b>	
<p>Climate change could reduce productivity as the workforce is impacted and production disrupted. An increasing number of companies will look to automate processes to improve efficiency and productivity.</p> <p><b>Timeframe</b> Medium – long term</p>	<p>Industrial &amp; connectivity is our largest target market. Our fibre optic and wireless connections and a broad range of sensing capabilities, essential for automation, will enable us to continue growing in this market.</p>

### 3 Risk management

Climate-related risks are considered one of our principal risks and this is reflected in our financial reporting. The process for identifying climate-related risks is integrated into our risk management framework.

As part of the climate change scenario analysis exercise, a multi-function working group was established in 2022. This comprises members from finance, divisional management, risk and internal audit, and the GST. This working group is a subset of the GMC.

In identifying and assessing climate-related risks to the Group's operations, assets, and reputation, we used primarily a top-down approach. Given the Group's decentralised structure, we consider this approach more appropriate for assessing climate-related risks, particularly physical ones. However, we have also taken a bottom-up approach by factoring in the feedback from our operating businesses where appropriate.

The scenario analysis working group conducted a top-down review of the Group's climate-related risks and opportunities in order to identify new or emerging risks and opportunities. The assessment considers two categories of climate-related risks: the transition to a low-carbon economy (transition risks) and risks associated with the physical impacts of climate change (physical risks). The risks assessed for both the RCP2.6 and RCP8.5 scenarios were drought, heat stress, wild fires, precipitation, river and coastal flooding, and tropical cyclone.

#### How we identify and prioritise climate-related risks

To assess transition risks, we engaged with each operating business to better understand the preferences of our customers, suppliers and employees and the challenges they face in tackling climate change. The outcome was factored in during the risk identification process. Each risk was discussed and scored based on the probability and magnitude of potential financial impact, and the multiplication of the two scores determined the materiality of the risk. Through this process, the most material risks were identified. Those risks that were deemed to be quantifiable were included in the financial modelling. Existing mitigations and progress made were also factored in during the quantification process. Cost and benefit analysis for the mitigations of each quantifiable risk was carried out. A five-year cashflow forecast was modelled for both RCP2.6 and RCP8.5 scenarios.

#### TCFD recommended disclosures

- Describe the organisation's process for identifying and assessing climate-related risks
- Describe the organisation's process for managing climate-related risks
- Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management

#### Further information

▶ Risk management  
on pages 74 to 78

▶ Sustainability risk  
management  
on page 48

For physical risks, we interrogated open-source data available on the CLIMADA platform to help us with scenario analysis. We assessed our resilience in a time horizon between 10-80 years for relatability with asset lifespan, as recommended by TCFD. The CLIMADA data was combined with the precise locations of our sites to consider combined exposure to extreme weather events (acute risks) and to gradual changes in weather patterns (chronic risks) for each of our 69 facilities globally, including warehouses and offices. Based on the insured asset value and risk exposure, each site scored between 1 and 5 (5 being the highest risk). For those with the highest scores, mitigation plans were drawn up, and associated costs were assessed and factored into the scenario financial models.

Once the climate-related risks were identified and prioritised, the financial impact of the key risks up to 2030 was estimated for both RCP2.6 and RCP8.5 scenarios. The key climate risks, mitigation plans, and the net financial impact in both scenarios were presented and discussed at the GMC before being reviewed by the Sustainability Committee, which also included the Chairs of the Audit and Risk Committee and Remuneration Committee.

# CLIMATE ANALYSIS REPORT CONTINUED



## How we manage climate-related risks

We use the scenario analysis to inform our decision-making in the following areas:

- Strategic and financial planning
- Capital investment
- Acquisition suitability assessment
- Goodwill impairment assessment
- Insurance
- Lease renewals and procurement of new leases

Climate-related risks are managed as part of the Group risk management process, alongside other strategic and operational risks and, as with all matters in the Group Risk Register, these risks are reviewed annually. Action plans to mitigate such risks are managed and reported at Group level, whereas the responsibility for implementing the plans is delegated to the management of the operating businesses.

The GST conducts annual reviews with operating business management at the end of each financial year regarding progress against their ESG objectives. This is then reported to and discussed with the GMC and Sustainability Committee. The operating businesses report on ESG progress, including carbon reduction actions, in regular business reviews chaired by the business unit directors. The GST also provides progress updates to the Sustainability Committee at each Committee meeting.

Climate-related risks and mitigation progress are monitored by the Risk and Internal Audit team on an ongoing basis, who update the Audit and Risk Committee at each meeting. The GST is responsible for identifying existing and new regulation applicable to the Group. It is supported by the Group's auditors and external consultants in this regard, and reports all changes to the GMC and Sustainability Committee.

## 4 Metrics and targets

Since publishing our revised greenhouse gas emissions target to reduce emissions by 90% on 2021 levels by 2030, we have reduced our Scope 1 and 2 carbon emissions by 68% against the 2021 baseline.

In November 2022, we announced our commitment to achieve net-zero emissions and set science-based targets for the medium and long term. In May 2025, our targets were approved by the SBTi.

We aim to achieve net-zero emissions for Scope 1 and 2 by 2030 and for Scope 3 by 2040, and have published a transition plan for net-zero Scope 1 and 2 emissions by 2030.

Key elements of the plan and all material information are contained in this report. Supplementary information can be found in the Road to Net-Zero Emissions Report on our website: [www.discoverlEplc.com](http://www.discoverlEplc.com)

The following sections outline the progress we have made in the past year.

### TCFD recommended disclosures

- Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process
- Disclose Scope 1, Scope 2, and if appropriate, Scope 3 GHG emissions, and the related risks
- Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets

### Further information

- ▶ Strategic and operational review on pages 24 to 33
- ▶ Key strategic indicators on page 11
- ▶ Our business model on pages 16 to 17
- ▶ Our Strategy on pages 10 to 13



# CLIMATE ANALYSIS REPORT CONTINUED

## Scope 1 and 2

Our net-zero plan for Scope 1 and 2 focuses primarily on addressing four of the Group's largest emission sources: electricity, natural gas, company cars and refrigerants, and aims to achieve an absolute reduction of 90% by 2030 from the 2021 baseline. In CY2025, we reduced Scope 1 and 2 emissions for continuing operations in absolute terms by 68%, primarily driven by more sites switching to renewable energy sources and reduced electricity consumption.

We report our greenhouse gas emissions using the operational control method to establish our organisational boundary. As all our subsidiaries are 100% owned by the Group, there is no difference between this and the financial control or equity share methodologies.

## Scope 1 and 2 emissions by source

To accelerate the transition to net-zero emissions, we have set out our strategy and a detailed plan to reduce our Scope 1 and 2 emissions.

### Our net-zero strategy has three priorities: Reduce, Replace and Remove.

#### Reduce

Reduce energy intensity across the Group

#### Replace

Replace higher carbon energy sources with lower or zero carbon options

#### Remove

Invest in removing emissions that cannot be replaced or reduced

### Based on the strategy, we have developed the following action plan and milestones:

	Actions	Milestones
<b>Reduce</b>	Reduce energy intensity by promoting process efficiency, employee awareness and engagement	<ul style="list-style-type: none"> <li>Reduce energy intensity by 10% by 2030</li> </ul>
<b>Replace</b>	Switch to zero-emission energy sources through direct tariffs or renewable energy certificates ("RECs")	<ul style="list-style-type: none"> <li>80% zero emission energy by 2025, and 100% by 2030</li> </ul>
	Replace gas heating with electric options	<ul style="list-style-type: none"> <li>50% reduction by 2030</li> </ul>
	Replace company-owned cars with fully electric vehicles	<ul style="list-style-type: none"> <li>100% EV fleet by 2030</li> </ul>
<b>Remove</b>	Remove all refrigerants	<ul style="list-style-type: none"> <li>100% removed by 2030</li> </ul>
	Invest in carbon removal projects to offset residual emissions	<ul style="list-style-type: none"> <li>In 2030 and beyond</li> </ul>

By the end of CY2025, 85% of our electricity was from renewable or clean sources (CY2024: 83%), benefitting from increased use of renewable tariffs, as well as the solar panels installed at numerous sites. This means that we have comfortably exceeded our target of 80% renewable electricity by CY2025.

Energy consumption during CY2025 was 2% higher, with the increase driven by acquisitions. Energy intensity (expressed as kWh per £1m revenue) increased 2% year-on-year, due to lower revenue than the previous calendar year. However, energy intensity was 21% lower than in CY2021, well ahead of our 10% target by 2030. We continue to find ways to reduce energy consumption, particularly given our experiences of the difficulties of swapping out fossil fuel heating systems, and the fluctuating costs of fossil fuel, over the last few years.

## Key metrics

Location-based	Total Emissions <sup>1</sup> (tonnes)					Like-for-like Emissions <sup>2</sup> (tonnes)				
	CY2021	CY2022	CY2023	CY2024	CY2025	CY2021	CY2022	CY2023	CY2024	CY2025
Scope 1	1,488	1,338	1,606	1,546	<b>1,650</b>	1,991	1,802	1,894	1,677	<b>1,650</b>
Scope 2	9,365	8,710	6,736	6,749	<b>5,853</b>	9,754	9,068	7,012	6,869	<b>5,853</b>
Total Scope 1 and 2	10,853	10,048	8,342	8,295	<b>7,503</b>	11,745	10,870	8,906	8,546	<b>7,503</b>
Scope 3			2,626,882	2,640,536	<b>2,671,103</b>			2,683,232	2,642,818	<b>2,671,103</b>
Total emissions			2,635,225	2,648,831	<b>2,678,606</b>			2,692,138	2,651,364	<b>2,678,606</b>
Intensity – tCO <sub>2</sub> e/£m revenue (Scope 1 and 2)	30.73	23.49	18.61	18.99	<b>17.26</b>	28.05	22.18	19.42	18.80	<b>17.26</b>

Market-based	Total Emissions <sup>1</sup> (tonnes)					Like-for-like Emissions <sup>2</sup> (tonnes)				
	CY2021	CY2022	CY2023	CY2024	CY2025	CY2021	CY2022	CY2023	CY2024	CY2025
Scope 1	1,488	1,338	1,606	1,546	<b>1,650</b>	1,991	1,802	1,894	1,677	<b>1,650</b>
Scope 2	6,460	4,392	2,820	2,006	<b>1,154</b>	6,765	4,658	2,991	2,010	<b>1,154</b>
Total Scope 1 and 2	7,948	5,730	4,426	3,552	<b>2,804</b>	8,756	6,460	4,885	3,687	<b>2,804</b>
Reduction on CY21		28%	44%	55%	<b>65%</b>		26%	44%	58%	<b>68%</b>
Scope 3			2,626,882	2,640,536	<b>2,671,103</b>			2,683,232	2,642,818	<b>2,671,103</b>
Total emissions			2,631,309	2,644,088	<b>2,673,907</b>			2,688,117	2,646,505	<b>2,673,907</b>
Intensity – tCO <sub>2</sub> e/£m revenue (Scope 1 and 2)	22.50	13.39	9.88	8.13	<b>6.45</b>	20.92	13.18	10.65	8.11	<b>6.45</b>

Location-based	Total Energy					Like-for-like Energy <sup>3</sup>				
	CY2021	CY2022	CY2023	CY2024	CY2025	CY2021	CY2022	CY2023	CY2024	CY2025
Energy consumption (MWh)	25,575	24,118	22,578	24,616	<b>25,024</b>	29,294	27,615	24,901	25,658	<b>25,024</b>
Energy intensity (kWh/£m revenue)	72,406	56,379	50,365	56,366	<b>57,555</b>	78,954	61,975	53,426	56,451	<b>57,555</b>
UK-based energy consumption <sup>3</sup>	7.2%	8.9%	10.1%	8.9%	<b>9.1%</b>	N/A	N/A	N/A	N/A	<b>N/A</b>

<sup>1</sup> The "Total Emissions" columns include all continuing operations owned by the Group as at the end of each calendar year. The discontinued operations Vertec SA (disposed January 2022) and Acal BFI (disposed March 2022) are excluded from all figures.

<sup>2</sup> "Like-for-like Emissions" include the assumed impact of emissions from companies acquired since 2021. In accordance with GHG Protocol guidance, historic emissions for these companies are deemed to be the same in prior years as in the year of acquisition.

<sup>3</sup> The energy consumption of our UK-based businesses as a percentage of our total Group power consumption.

Net-zero KPIs	CY2021	CY2025	Target
Carbon reduction – absolute (Scope 1 and 2)	n/a	<b>68%</b>	65% reduction by 2025
Energy intensity – continuing operations (kWh/£m revenue)	72,406	<b>57,555</b>	10% reduction by 2030
% electricity from renewable/clean sources	58%	<b>85%</b>	80% by 2025
Company cars (EV/hybrid) <sup>1</sup>	19%	<b>58%</b>	50% by 2025
ISO 14001 accreditation <sup>2</sup>	61%	<b>74%</b>	80% by 2025

<sup>1</sup> Measured as a % of Group company cars that are electric or hybrid.

<sup>2</sup> Measured as a % of Group revenue generated by operations with a ISO 14001 accreditation.

## Scope 3

This year we completed our third comprehensive Group-wide exercise to capture data on all Scope 3 emissions. The exercise sought to cover the entire Group (including new acquisitions), and included as many of the Scope 3 sub-categories defined by the GHG Protocol as possible. Despite the significant improvements in processes already made, we are aware that data collection in respect of Scope 3 emissions is more challenging for businesses than for Scope 1 and 2. The Group will continue to take this into account as our processes evolve in future years.

Compliance with SBTi performance reporting requires us to calculate emissions for the downstream Scope 3 categories processing of sold products (3:10), use of sold products (3:11) and end-of-life treatment of sold products (3:12) for our base year of CY2023 and subsequent reporting years. We completed the calculation of these figures based upon a cross-section of our key products and continue to use these broad assumptions as a repeatable and practical methodology. Influencing the emissions from the use of sold products category, in particular, is largely out of our control, reliant as it is on the huge variety of applications for our products and the electrical energy generation mix of the countries into which they are sold. For this reason, we continue to collect source data for our Scope 3 reporting of CY2025 from our operating businesses for categories 1–9 and estimate categories 10–12 centrally.

Like Scope 1 and 2, Scope 3 emissions are reported on a calendar year basis, from 1 January to 31 December. This differs from our financial year to be consistent with previous emission assessments.

There were two key elements to the exercise in our third year:

- To enhance the availability and accuracy of emissions drivers and reduce our reliance on spend-based data.
- To sense-check and analyse trend data over the three years of data now available.

A summary of the key findings is as follows:

- Our CY2025 Scope 3 emissions were 1% higher than those identified last year, at 2,671,103 tCO<sub>2</sub>e (CY2024: 2,642,821 tCO<sub>2</sub>e), comprising over 99% of the Group's total emissions across all of Scope 1, 2 and 3. This increase was driven by more extensive data collection for our downstream transportation (category 3:9) calculation. We recognise the limitations in our data, and we will continue to enhance accuracy and completeness in future years.
- The largest category of Scope 3 emissions was from emissions in use (category 3:11), with that category alone representing over 87% of Scope 3 emissions. Emissions were 1% lower than in CY2024, as we benefitted from lower emissions location-based electricity conversion factors in the geographies into which we sell our products.

- The second largest source of Scope 3 emissions was purchased goods and services (category 3:1), which comprised 7% of total Scope 3 emissions. This year we were able to gather a more complete data set for the category, and included a higher volume of primary data in our calculations.
- The third and fourth largest sources were downstream (category 3:9) and upstream (category 3:4) transportation, representing 4% and 1% of our Scope 3 emissions, respectively. Data collection for downstream transportation poses a particular challenge because the data is often held by customers rather than the Group. We will continue to refine the data collection and accuracy of intra-Group shipments and customer distribution.

Our Scope 3 emissions calculation methodology is as follows:

- For Purchased Goods and Services (category 3:1), we enhanced our analysis from last year, increasing the amount of activity-based data available, particularly in using the weights and quantities of raw materials consumed. Where quantity data was not available, all other goods and services purchased used spend-based data relating to the type of goods and materials purchased at a generic level (for example, copper, aluminium, plastics, paper, etc.). That data was then processed by our carbon emissions data capture and calculation tool. This is in line with the GHG Protocol reporting methodology but is less accurate than supplier-specific data (where such data is available). It also relies on the correct material codes having been applied. We expect our calculations to become more established and accurate as we continue to refine our methods and processes in the coming years. To this end, we have developed a taxonomy of purchases for use by our businesses, which was used to enhance detail and consistency across our Scope 3:1 data collection in CY2025.
- Transportation data was based on weights carried, distances travelled and mode of transportation used where possible. Where such data was not available, spend on transportation was used to calculate an assumed emissions profile.
- Our downstream calculation methodology requires us to make a number of assumptions including, but not limited to, usage intensity, expected performance, source of power and the carbon intensity of that power, and the economic life of our products. Given the long service life of some of our product portfolio, and the broad range of our total portfolio, there is a significant level of uncertainty associated with this methodology. We make use of the allowance in the GHG Protocol's Technical Guidance to group similar products together, and use average statistics for a typical product in that class to extrapolate emissions numbers for the whole of the discoverIE Group.

We recognise that this is an iterative process, and our methodology and systems will be refined over time. This work will help us achieve our ultimate goal of becoming a net-zero emissions business across all Scopes 1, 2 and 3 by 2040.

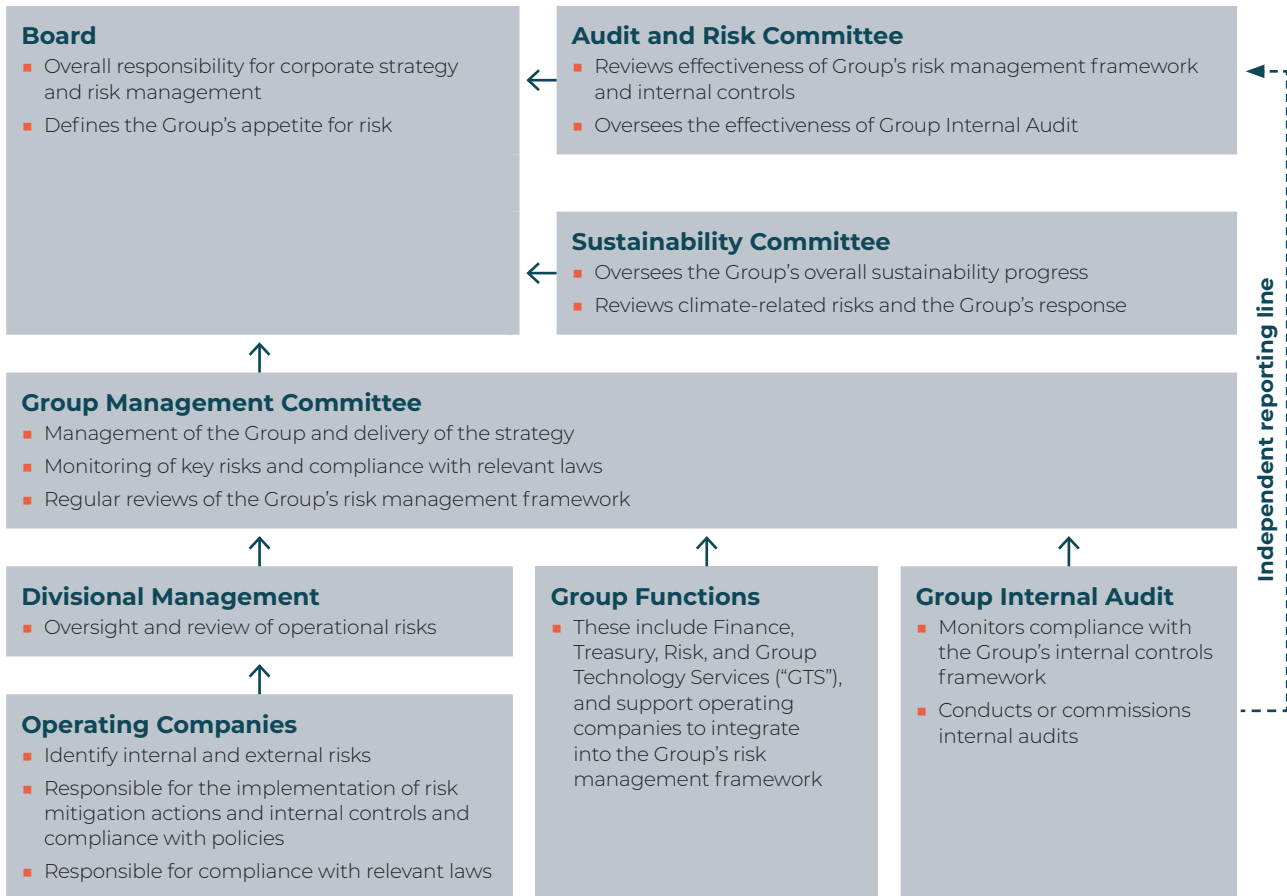
A summary of each of the categories within Scope 3, and their relevance and materiality to us as a Group, is provided below:

Category	Description	CY2023		CY2024		CY2025	
		tCO <sub>2</sub> e	%	tCO <sub>2</sub> e	%	tCO <sub>2</sub> e	%
1	Purchased goods and services	151,290	5.7%	213,713	8.1%	187,305	7.0%
2	Capital goods	661	0.0%	2,228	0.1%	6,078	0.2%
3	Fuel- and energy-related activities	2,281	0.1%	2,132	0.1%	1,905	0.1%
4	Upstream transportation and distribution	58,165	2.2%	53,667	2.0%	29,311	1.1%
5	Waste generated in operations	104	0.0%	141	0.0%	42	0.0%
6	Business travel	642	0.0%	2,204	0.1%	1,807	0.1%
7	Employee commuting	2,236	0.1%	2,406	0.1%	1,993	0.1%
8	Upstream leased assets	N/A					
9	Downstream transportation and distribution	12,817	0.5%	13,409	0.5%	103,424	3.9%
10	Processing of sold products	3,382	0.1%	2,734	0.1%	5,642	0.2%
11	Use of sold products	2,450,543	91.3%	2,349,168	88.9%	2,333,351	87.4%
12	End-of-life treatment of sold products	1,111	0.0%	1,019	0.0%	245	0.0%
13	Downstream leased assets	N/A					
14	Franchises	N/A					
15	Investments	N/A					
		2,683,232	100%	2,642,821	100%	2,671,103	100%

# RISK MANAGEMENT

## Governance and culture

The Board of Directors has overall responsibility for the Group's risk appetite and risk management strategy. Roles and responsibilities for managing risks across the discoverIE Group have been clearly defined as shown in the diagram below.



The Group's risk management framework follows a three lines of defence model. The first line of defence is operational management in our businesses. Day-to-day risk management controls, policies and procedures are implemented and monitored by the local management teams with oversight and review by Divisional Management. This is conducted within a series of delegated authority levels. Relevant internal control systems are in place to identify, evaluate and manage the Group's business risks.

The second line of defence comprises Group functions such as Risk, Finance, GTS, Treasury, and Tax. These functions are responsible for establishing frameworks, policies and oversight activities to support and monitor the operation of risk management and internal control processes across the Group. The Group Internal Audit function provides independent, risk-based assurance over the effectiveness of risk management processes, governance and key internal controls, and serves as the third line of defence. As well as carrying out full audits on individual entities, the team conducts thematic audits, focusing on specific areas across the Group. All audits conducted by the Group Internal Audit function are completed on site. During FY 2025/26, the team continued

to support the Group's preparations for compliance with the revised UK Corporate Governance Code, including Provision 29. This has included contributing to the identification and documentation of the Group's material controls and supporting the development of the associated assurance and reporting processes that will underpin the Board's future statement on the effectiveness of internal controls.

The Group operates a decentralised management model that is target and results driven, with a strong culture of open, constructive communication and a willingness to listen. The Group Internal Audit function applies this culture in how it operates and reviews control environments across the Group.

In pursuing the Group strategy, a number of key objectives are agreed annually for the Group and for each business unit. Progress against these is reported on a regular basis to Divisional and Head Office functional management, the Group Management Committee and the Board. Having a clear understanding of our strategy and objectives assists with the effective identification and management of existing or emerging risks that have the potential to prevent or hinder these objectives from being achieved.

## Risk profile

The Group's overall risk profile is mitigated by a number of overriding factors, including:

- Our business units operate largely independently of one another, from over 69 geographically dispersed sites, and so if an issue were to arise in any one business, it would be less likely to impact other businesses in the Group. We also have business continuity arrangements in place to identify where there is scope to switch production between certain sites if needed.
- We operate in 21 countries and no single site represents more than c.10% of Group turnover or c.8% of Group profit.
- Most of the Group's businesses operate on separate IT systems, which helps to limit the potential impact of a cybersecurity incident affecting the wider Group. During the year, workshops were held with each operating company to assist with further enhancing information security controls at a business level. In addition to this, the Group has implemented consistent web and endpoint security (i.e. security measures across all devices and web connections to ensure a uniform level of protection), as well as continuing to maintain an outsourced Security Operations Centre ("SOC") to monitor and respond to IT security threats 24/7. During the year, the Group conducted a cyber incident response "table-top" exercise involving key management personnel and supported by external specialists. This exercise tested the Group's readiness to respond to a range of cyber scenarios and identified opportunities to further strengthen preparedness.
- The Group has very limited reliance on any single customer or supplier, with the largest customer representing approximately 6% of Group revenue.
- The Group manufactures and sells multiple product lines, across multiple geographies and market sectors, removing reliance on any single revenue stream. This is further reinforced by the innovative, bespoke nature of the Group's products, which continue to evolve as circumstances change.
- The Group operates in structural growth markets, which reflect long-term needs and are less cyclical in nature.
- The Group has enhanced its Export Control Framework during the year, including refreshed risk assessments, strengthened central support to operating companies and the rollout of mandatory training, supporting compliance with applicable regulations across the jurisdictions in which the Group operates.

## Risk appetite

One of the Group's core principles is to deliver its strategic priorities in a sustainable and responsible manner. This requires that the Board gives careful consideration to the nature and level of risks that the Group should accept.

The Group draws a clear distinction between those risks that it is more willing to take (typically relating to advancing business prospects) and those that it is less willing to accept (e.g. safety, reputational, regulatory or compliance risks). The following table provides a summary:

Risk tolerant (Willing to take greater risk)	Risk neutral (Taking a balanced approach to risk)	Risk averse (Taking as little risk as possible)
■ Product innovation	■ Investment in facilities	■ Product safety
■ Operating in new markets	■ Business development initiatives	■ Health and safety
	■ Acquisitions and disposals	■ Cyber risks
	■ New customers and suppliers in existing markets	■ Regulatory/covenant compliance
	■ Foreign exchange	■ Foreign exchange transactional risk
		■ Markets with greater business cyclicality
		■ Environmental risks

The above table provides a high-level summary of the various types of risk that face the Group, with the most significant and material items being more specifically described in the table of Principal Risks and Uncertainties on pages 79 to 84.

Regardless of the appetite in respect of a particular risk, all risks are identified and managed in the appropriate manner.

## Enterprise risk management

discoverIE applies an Enterprise Risk Management framework to identify potential events or circumstances that may affect the Group, and to manage associated risks through defined mitigation actions and internal controls. These include climate-related opportunities and risks, further details of which can be found on pages 62 to 66 of this report. The risk management framework is made up of a number of discrete steps to identify, assess, mitigate and monitor risks.

# RISK MANAGEMENT CONTINUED

## Two processes are conducted in parallel:

<b>Step 1</b>	<p>A top-down review of the Group Risk Register to:</p> <ul style="list-style-type: none"> <li>■ identify new or emerging risks</li> <li>■ assess changes to existing risks</li> <li>■ consider the potential impact and likelihood of risks</li> <li>■ evaluate existing mitigating actions and controls</li> <li>■ consider the residual risks remaining after the applications of the Group's internal control processes (and, if appropriate, the implementation of further mitigating actions)</li> </ul> <p>The top-down review of the Group Risk Register is conducted by the Group Risk team, Divisional Management, Group Technology Services, and the internal Group Sustainability Team. The bottom-up review is conducted by the management team within each business with support from the Risk team.</p>	<p>A bottom-up review by the management of each business to:</p> <ul style="list-style-type: none"> <li>■ identify new or emerging risks</li> <li>■ assess changes to existing risks</li> <li>■ consider the potential impact of risks</li> <li>■ evaluate existing mitigating actions and controls</li> <li>■ consider residual risks (and if appropriate the implementation of further mitigating actions)</li> </ul>
<b>Step 2</b>	<ul style="list-style-type: none"> <li>■ Comparison of the results of the top-down and bottom-up identification processes above. The benefits of conducting both top-down and bottom-up reviews are: <ul style="list-style-type: none"> <li>– increased assurance that all risks have been identified, with input from multiple perspectives</li> <li>– ensuring alignment between local management and Head Office</li> <li>– ensuring that businesses take ownership of the risks most relevant to their individual operating unit</li> <li>– ensuring that controls in place to mitigate risks at the operating unit level are appropriate</li> </ul> </li> <li>■ An assessment of any differences identified, and an update of the Group Risk Register as appropriate. The Group Risk team conducts a review of any risks identified through the bottom-up process to determine whether they require escalation to the Group Risk Register. Risks suggested for escalation to the Group Risk Register are reviewed in the first instance by the Group Management Committee.</li> </ul>	
<b>Step 3</b>	<ul style="list-style-type: none"> <li>■ Review of the Group Risk Register by the Group Management Committee. This review focuses on: <ul style="list-style-type: none"> <li>– the materiality of each of the risks identified</li> <li>– prioritisation of the allocation of the Group's resources to the most important areas</li> <li>– clarity of ownership for each of the risks identified</li> </ul> </li> </ul> <p>This review takes into account the Group's risk appetite in respect of the various types of risk identified. The Group Risk Register is then updated as appropriate following the review.</p> <p>This is then summarised in a table of principal risks and uncertainties, the final version of which (for FY 2025/26) is set out on pages 79 to 84.</p>	
<b>Step 4</b>	<ul style="list-style-type: none"> <li>■ Review by the Audit and Risk Committee – this includes: <ul style="list-style-type: none"> <li>– consideration of the Group's risk management framework</li> <li>– review of the Group Risk Register</li> <li>– identification of any other areas of potential risk</li> <li>– review of the table of principal risks and uncertainties</li> <li>– challenging actual or potential control weaknesses</li> <li>– review of the effectiveness of the Group's internal controls and risk management systems, including consideration of the operation of key controls and related assurance activities</li> </ul> </li> </ul>	

These processes are conducted twice each financial year:

- an interim review, typically completed shortly ahead of announcement of the Group's interim results, focuses predominantly on changes during the first half of the year
- a comprehensive review of all risks within the Group Risk Register is completed shortly before the Group's full-year preliminary results announcement.

The processes ultimately lead to the compilation of the Group's principal risks and uncertainties ("PRUs"), of which further detail can be found on pages 79 to 84.

The Group Risk function is continually looking to improve the Group's Enterprise Risk Management framework. During FY 2023/24, the Group Risk function was subject to a maturity assessment, which assessed the effectiveness of the function against recognised risk management standards, such as ISO 31000 and the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") Internal Control – Integrated Framework. The aim of this exercise was to ensure the function is best placed to manage the risks the Group currently faces and is effectively horizon scanning for new risks. Actions identified as part of this assessment were completed during FY 2025/26 to further improve the effectiveness of the Group Risk function. The Group Risk function also regularly attends round-table events with service providers and peers to ensure that its activities are aligned with leading practices.

A key element in assessing the Group's principal risks is considering likelihood and potential magnitude of impact, over a range of time horizons, as well as whether the risks are new or emerging, or have changed in importance during the year. The below diagram provides a summary of the PRUs on that basis.

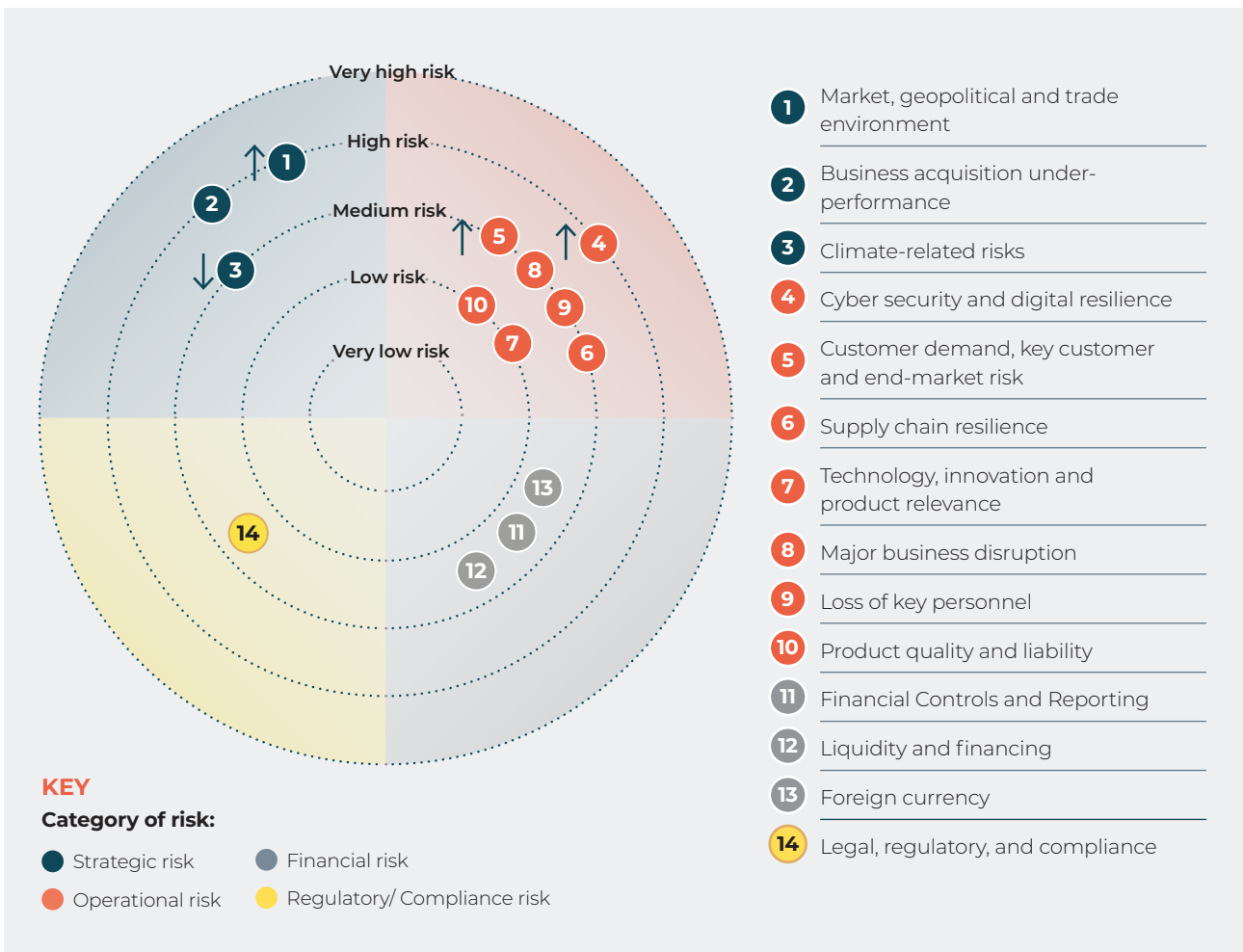
### Emerging risks

To complement our existing enterprise risk management framework, we have enhanced and refined our approach to managing emerging risks. These risks are reviewed as part of our formal risk management process and are also considered in the day-to-day operations of the Group and its operating companies.

We assess the emerging risk landscape across three time horizons: short-term (0–3 years), medium-term (4–10 years), and long-term (10+ years). Our assessments are informed by:

- Emerging risk factors identified at the operating company level through a bottom-up process
- Insights from leading external thought leaders on global emerging risks
- Input from members of the Board and Group Management Committee on emerging risk trends

Each emerging risk is assigned a dedicated owner at Group Management Committee level. These risks are recorded in the Group Risk Register and monitored continuously throughout the year. These owners are responsible for tracking the development of risks and implementing appropriate mitigation strategies as needed.

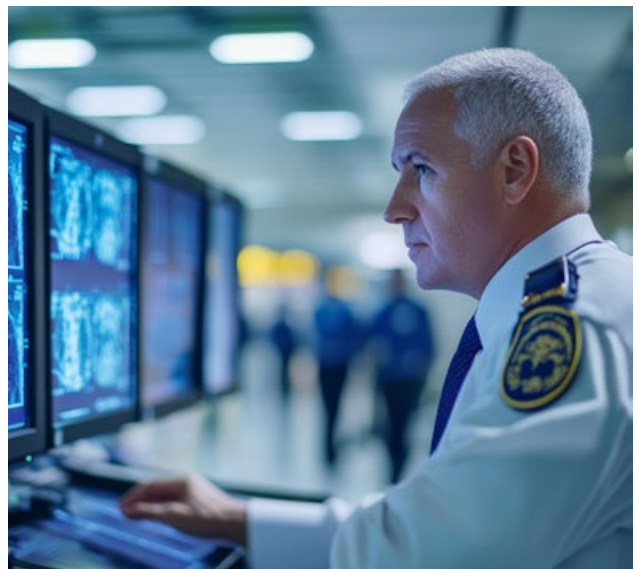


# RISK MANAGEMENT CONTINUED

## Ongoing monitoring, mitigation and improvement

In addition to the processes outlined above, key risks, and the internal controls established to mitigate those risks, are subject to ongoing monitoring and review. Among other controls, this includes a review by the Group Management Committee in all of its regularly scheduled governance meetings (typically six per year) and escalation to the Board of any material developments as and when they arise.

discoverIE continually pursues improvements in its Enterprise Risk Management Framework. A summary of this continual cycle of risk identification, establishment of systems and processes to mitigate, communication and ongoing monitoring, is outlined in the diagram below.



# PRINCIPAL RISKS AND UNCERTAINTIES

## Focus on principal risks

This section of the Strategic Report provides an overview of the Group's approach to managing risk, focusing on the major risk factors to implementing the Group's strategy and business model. It is not an exhaustive list of all possible risks. Additional uncertainties exist, some of which may not be known to the Group and could have a negative effect on the Group's financial position and performance. The principal risks and uncertainties detailed below were considered in assessing the long-term viability of the Group. The viability statement can be found on pages 85 to 86. In line with the risk appetite statement found on page 75, the Group takes a risk averse approach to managing its principal risks.

The numbering of the below risks does not represent the ranking of these risks by the Group.

Risk description	Potential impact	Mitigating actions	Change in the year
<b>Strategic risk</b>			
<b>1 Market, geopolitical and trade environment</b>			
Exposure to macroeconomic cycles, geopolitical developments and changes in global trade policies, including tariffs and regional trade restrictions, which may impact demand, supply chains and the Group's ability to operate effectively in certain regions	<ul style="list-style-type: none"> <li>Reduction in sales</li> <li>Lower margins</li> <li>Closure of factories and suppliers stopping production</li> <li>Difficulty raising equity and debt, impacting ability to acquire businesses</li> </ul>	<ul style="list-style-type: none"> <li>Focus on structurally growing, resilient target markets with diversified end-market exposure</li> <li>Broad geographic footprint with flexibility to adjust production and sourcing across regions</li> <li>Close monitoring of macroeconomic and geopolitical developments</li> <li>Strong balance sheet with committed long-term financing facilities and significant headroom</li> <li>Disciplined approach to entering higher-risk markets</li> </ul>	<p>↑</p> <ul style="list-style-type: none"> <li>Increased global tariffs</li> <li>Continued conflicts in the Middle East and Ukraine</li> </ul> <p><b>Link to KSIs:</b></p> <p><b>A B C D E</b></p>
<b>2 Business acquisition under-performance</b>			
Risk that acquisitions do not deliver expected strategic or financial benefits	<ul style="list-style-type: none"> <li>Underperformance of acquired businesses against business case</li> <li>Failure to achieve expected synergies and returns</li> <li>Loss of key management or technical expertise</li> <li>Failure to effectively integrate with the Group</li> </ul>	<ul style="list-style-type: none"> <li>Rigorous operational, financial and legal due diligence on target businesses</li> <li>Appropriate warranties and indemnities from vendors</li> <li>Use of earn-out structures to incentivise key management</li> <li>Monitoring of the acquired business performance against budget and forecast</li> <li>Hiring of experienced management and finance personnel</li> <li>Where possible, new acquisitions become part of a cluster reporting operationally to an existing established senior business</li> <li>Tailored onboarding process for all new acquisitions</li> <li>Post-acquisition assurance programme put in place by Group Internal Audit function to check alignment to essential Group controls</li> </ul>	<p>↔</p> <ul style="list-style-type: none"> <li>Two new acquisitions (for a total of £46m) completed since 1 April 2025</li> </ul> <p><b>Link to KSIs:</b></p> <p><b>A B C D E F</b></p>

## KEY STRATEGIC INDICATORS

- A** Sales growth
- B** Adjusted operating margin
- C** Adjusted earnings per share growth
- D** Cash conversion
- E** Return on capital employed
- F** Carbon emissions reduction

# PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Risk description	Potential impact	Mitigating actions	Change in the year
<b>3 Climate-related risks</b>			
Climate-related risks arise from both the physical impacts of climate change and the transition to a lower-carbon economy, including evolving regulatory, reporting and stakeholder expectations	<p><b>Physical risks</b></p> <ul style="list-style-type: none"> <li>Disruption to operations from extreme weather events</li> <li>Supply chain interruptions affecting production</li> </ul> <p><b>Transition and ESG risks</b></p> <ul style="list-style-type: none"> <li>Increased regulatory requirements and compliance costs</li> <li>Reputational impact if ESG expectations are not met</li> <li>Reduced access to capital or customer opportunities</li> </ul>	<ul style="list-style-type: none"> <li>An assessment of the physical risks of climate change to the Group's facilities was conducted, which concluded that such risks are considered to be low impact overall for the Group. See the Climate Analysis Report on pages 60 to 66 for further details.</li> <li>Diversified supply chains with ability to switch suppliers</li> <li>Group-wide emissions reduction targets and sustainability strategy ESG targets are established both at a Group and operating company level</li> <li>A credible Transition Plan to net-zero has been devised and implemented across the Group</li> <li>Regular Board and Committee oversight of ESG matters</li> </ul>	<p style="text-align: center;">↓</p> <ul style="list-style-type: none"> <li>Good progress made against Scope 1 and 2 net-zero emissions plan, with an absolute reduction of 68% on the CY2021 baseline. See further details on page 71</li> <li>Refreshed our Scope 3 assessment. See further details on page 73</li> <li>Refreshed our physical risks of climate change assessment across Group facilities</li> <li>Refreshed Transition Plan published in June 2026</li> <li>Net-zero targets validated by SBTi in May 2025</li> </ul> <p><b>Link to KSIs:</b></p> <p style="text-align: center;">A B C D E F</p>
<b>Operational risk</b>			
<b>4 Cyber Security and digital resilience</b>			
Risk of cyberattack, resulting in data breach or system failure	<ul style="list-style-type: none"> <li>Business interruption and operational downtime</li> <li>Loss or theft of confidential data</li> <li>Financial loss and regulatory penalties</li> <li>Reputational damage</li> </ul>	<ul style="list-style-type: none"> <li>Layered cyber security controls including endpoint protection and network monitoring</li> <li>24/7 security operations monitoring through outsourced Security Operations Centre (SOC)</li> <li>Incident response and digital forensics capabilities</li> <li>Regular cybersecurity training across the Group</li> <li>Segregated IT systems across operating units to limit impact of breaches</li> <li>Regular reviews of IT infrastructure and third-party providers</li> <li>Robust backup and recovery processes in place, including regular, automated backups, off-site and segregated storage, and periodic testing of restoration capabilities to ensure business continuity</li> </ul>	<p style="text-align: center;">↑</p> <ul style="list-style-type: none"> <li>General increase in cyber risks globally, driven by a rise in the number and sophistication of cyberattacks and the emergence of new technologies such as artificial intelligence</li> <li>Table-top cyber exercise conducted with Senior Management across the Group to promote awareness and readiness</li> </ul> <p><b>Link to KSIs:</b></p> <p style="text-align: center;">A B C D</p>

## KEY STRATEGIC INDICATORS

- A** Sales growth
- B** Adjusted operating margin
- C** Adjusted earnings per share growth
- D** Cash conversion
- E** Return on capital employed
- F** Carbon emissions reduction

Risk description	Potential impact	Mitigating actions	Change in the year
<b>5 Customer demand, key customer and end-market risk</b>			
Exposure to changes in customer demand across the Group's end markets, including cyclicity, programme changes and competitive pressures, as well as the risk of loss or reduction in business from key customers	<ul style="list-style-type: none"> <li>Reduction in revenue and profitability from loss or reduced demand from key customers</li> <li>Variability in sales and order intake across end markets</li> <li>Increased bad debt risk in the event of customer insolvency</li> <li>Loss of market share in specific applications or segments</li> </ul>	<ul style="list-style-type: none"> <li>Low dependence on any single customer (the largest customer represents c.6% of Group revenues)</li> <li>Exposure to diverse end markets and applications, reducing dependency on individual customers or sectors</li> <li>Robust quality management systems (including ISO 9001)</li> <li>Strong, long-term customer relationships supported by high service levels and engineering collaboration</li> <li>Ongoing monitoring of customer demand trends, pipeline activity and financial health</li> </ul>	<p>↑</p> <ul style="list-style-type: none"> <li>Global economic instability creating additional pressure on customers, partially offset by improving order trends and strengthening demand across key markets.</li> </ul> <p><b>Link to KSIs:</b> A B C D</p>
<b>6 Supply chain resilience</b>			
Risk of disruption to the supply of critical components and materials due to supplier failure, geopolitical factors or logistical constraints	<ul style="list-style-type: none"> <li>Negative impact on production</li> <li>Damaged relationships with key customers</li> <li>Reduced sales</li> </ul>	<ul style="list-style-type: none"> <li>Low dependency on any single supplier</li> <li>Dual source suppliers in place where possible</li> <li>Diversified global supply base</li> <li>Flexibility to switch suppliers where required</li> <li>Long-term supplier relationships, enhanced by strong customer relationships</li> <li>Monitoring of market and technological developments, including input from customers</li> </ul>	<p>↔</p> <p><b>Link to KSIs:</b> A B C</p>
<b>7 Technology, innovation and product relevance</b>			
The development of new technologies that gives rise to significant new competition or renders our products obsolete	<ul style="list-style-type: none"> <li>Reduced sales</li> <li>Loss of market share</li> <li>Inventory write-offs</li> </ul>	<ul style="list-style-type: none"> <li>The Group is diversified into a number of differentiated technology units</li> <li>Focus on established technologies with low capital requirements</li> <li>Group-wide conference held to discuss use cases and best practice relating to AI</li> <li>Monitoring of emerging technologies, including artificial intelligence</li> <li>Businesses work closely with customers on new engineering projects to ensure products meet their needs</li> <li>All businesses contribute to a design pipeline aimed at widening the product portfolio</li> </ul>	<p>↔</p> <ul style="list-style-type: none"> <li>Emergence of new technologies, including AI, presents both a risk and opportunity for the Group</li> <li>Acquisitions in the year increase the number of technologies within the Group</li> </ul> <p><b>Link to KSIs:</b> A B C</p>

# PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Risk description	Potential impact	Mitigating actions	Change in the year
<b>8 Major business disruption</b>			
Sustained disruption to production arising from a major incident at one or more sites	<ul style="list-style-type: none"> <li>Insufficient production to deliver goods on order</li> <li>Damaged relationships with key customers</li> <li>Reduced sales</li> <li>Reputational damage</li> </ul>	<ul style="list-style-type: none"> <li>Ability to transfer between sites</li> <li>Distributed manufacturing footprint with limited reliance on individual sites</li> <li>Not overly reliant on one site for sales. Maximum revenue derived from a single site is equal to c. 10% of Group turnover</li> <li>Business continuity planning and insurance coverage</li> </ul>	 <ul style="list-style-type: none"> <li>Assessment of alternative manufacturing locations undertaken as part of TCFD analysis</li> </ul> <p><b>Link to KSIs:</b>  <span>A</span> <span>B</span> <span>C</span> <span>D</span> <span>E</span> <span>F</span></p>
<b>9 Loss of key personnel</b>			
Risk of failing to attract, retain and develop the talent and leadership capability required to support the Group's growth	<ul style="list-style-type: none"> <li>Loss of expertise and knowledge</li> <li>Reduced operational performance</li> <li>Constraints on growth and execution</li> </ul>	<ul style="list-style-type: none"> <li>Staff development, training programmes and succession planning</li> <li>Competitive remuneration and incentive structures</li> <li>Regular remuneration benchmarking</li> <li>Use of earn-out structures to incentivise key management of acquired companies</li> <li>The number of separate business units, each with their own management teams, minimises the risk that the underperformance of any one business impacts the Group as a whole</li> </ul>	 <ul style="list-style-type: none"> <li>Recruitment market remains challenging in some markets</li> <li>New Group-wide careers website launched to attract new talent and enhance opportunities for current employees</li> </ul> <p><b>Link to KSIs:</b>  <span>A</span> <span>B</span> <span>C</span></p>
<b>10 Product quality and liability</b>			
Risk of product failure or non-compliance with regulatory standards resulting in harm, financial loss or reputational damage	<ul style="list-style-type: none"> <li>Non-compliance with quality standards</li> <li>Product recalls or liability claims</li> <li>Financial loss</li> <li>Reputational damage</li> </ul>	<ul style="list-style-type: none"> <li>Robust quality assurance processes before products are shipped to customers</li> <li>Terms and conditions limit Group companies' liabilities</li> <li>As a number of the Group's products are customised for individual customers, this reduces the risk relating to any one product and/or customer</li> <li>Product liability insurance in place covering all Group companies</li> </ul>	 <p><b>Link to KSIs:</b>  <span>A</span> <span>B</span> <span>C</span> <span>D</span> <span>E</span></p>

## KEY STRATEGIC INDICATORS

- A Sales growth
- B Adjusted operating margin
- C Adjusted earnings per share growth
- D Cash conversion
- E Return on capital employed
- F Carbon emissions reduction

Risk description	Potential impact	Mitigating actions	Change in the year
<b>Financial risk</b>			
<b>11 Financial Controls and Reporting</b>			
Inadequate financial controls resulting in financial misreporting, poor decision making and fraudulent activity	<ul style="list-style-type: none"> <li>Financial loss</li> <li>Reputational damage</li> </ul>	<ul style="list-style-type: none"> <li>Group policies, manuals and guidance are provided to Group companies to outline the Group's requirements in relation to financial controls</li> <li>Programme of internal audits across Group companies to review adequacy of control environment</li> <li>External audit undertaken on material Group entities</li> <li>Fraud risk assessment performed by the Group Internal Audit function annually</li> <li>Regular review of accounts by senior management</li> <li>A whistleblowing hotline is in place and available for use by all employees</li> <li>Enhanced documentation, testing and monitoring of material controls in preparation for compliance with Provision 29 of the UK Corporate Governance Code 2024</li> </ul>	 <p><b>Link to KSIs:</b></p> <p><b>A B C D E</b></p>
<b>12 Liquidity and financing</b>			
There is a breach of funding terms/covenants	<ul style="list-style-type: none"> <li>Constraints on operations and growth</li> <li>Inability to fund acquisitions</li> <li>Increased financing costs</li> </ul>	<ul style="list-style-type: none"> <li>The Group has a revolving credit facility of £240m, which runs to May 2030 with an option to extend to May 2032. c.£70m remaining to be drawn down (post the Trival acquisition in April 2026)</li> <li>Central treasury function oversees the Group's cash resources and financing requirements</li> <li>Regular review of headroom against committed facilities and financial covenants</li> <li>Working capital controls and monitoring of key working capital metrics</li> <li>Issuance of equity from time to time to support acquisitions programme</li> <li>Acquiring high margin, high cash-generative businesses</li> </ul>	 <ul style="list-style-type: none"> <li>Proforma year end gearing including Trival acquisition of 1.7x</li> <li>Bank gearing covenant increased from 3.0x to 3.5x</li> <li>Strong cashflows in the year</li> </ul> <p><b>Link to KSIs:</b></p> <p><b>C D</b></p>
<b>13 Foreign currency</b>			
The Group transacts in many currencies for both its purchases and sales, which differ to its reporting currency, and so the Group has translational and transactional exposures to foreign currency fluctuations	<ul style="list-style-type: none"> <li>Reduction of the Group's reported results</li> <li>Volatility in operating margins</li> </ul>	<ul style="list-style-type: none"> <li>Use of forward currency contracts to hedge committed and forecast sales and purchases in foreign currency (the Group policy is not to hedge translation exposures)</li> <li>Currency borrowings as a natural hedge against same currency assets</li> <li>Central review of foreign currency exposures</li> </ul>	 <p><b>Link to KSIs:</b></p> <p><b>A B C D</b></p>

# PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

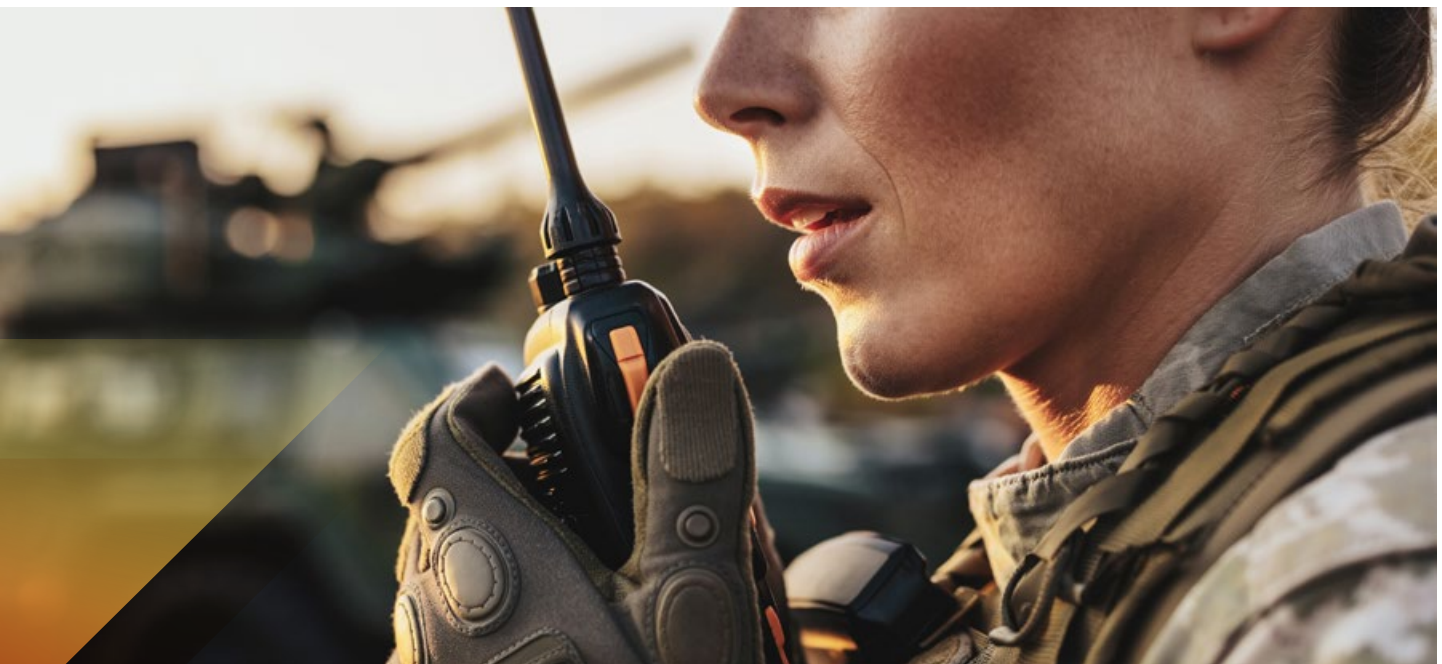
Risk description	Potential impact	Mitigating actions	Change in the year
<b>Regulatory/compliance risk</b>			
<b>14 Legal, regulatory, and compliance</b>			
Unintentional failure to comply with international and local legal and regulatory requirements	<ul style="list-style-type: none"> <li>Fines, penalties or legal action</li> <li>Reputational damage</li> <li>Operational disruption</li> </ul>	<ul style="list-style-type: none"> <li>Employees and advisors with relevant skills to keep up to date with changes in regulations and legal requirements</li> <li>Group policies, procedures and training in risk areas such as export controls and supplier and customer credit risk.</li> <li>Annual supplier audits undertaken across the Group to ensure compliance with Supplier Code of Conduct</li> <li>Ongoing internal audit reviews assess compliance with Group policies</li> <li>A whistleblowing hotline is in place and available for use by all employees</li> <li>Insurance covers all standard categories of insurable risk</li> </ul>	<p>↔</p> <ul style="list-style-type: none"> <li>Work undertaken by Group Internal Audit function to ensure compliance with revisions to UK Corporate Governance Code, which were finalised in January 2024</li> </ul> <p><b>Link to KSI:</b></p> <p><b>D</b></p>

## KEY STRATEGIC INDICATORS

- A** Sales growth
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# VIABILITY STATEMENT



In accordance with section 4.31 of the 2024 UK Corporate Governance Code, the Directors have assessed the viability of the Group over a three-year period to 31 March 2029

In making this assessment, the Directors have considered the Group's current financial position, recent and historic financial performance and forecasts, its strategy and business model and the principal risks and uncertainties.

## Viability assessment period

The Directors have concluded that the most appropriate time period over which to assess the Group's prospects for this purpose should be the three-year period ending 31 March 2029. The selection of this period is consistent with the Group's strategic planning process, its review of external credit facilities, and its assessment of the Group's principal risks and uncertainties.

Both the viability base case and downside sensitivities include the impact of the acquisition of Trival Antene d.o.o completed on 1 April 2026 and 3Gmetalworx announced on 19 May 2026, subject to receipt of regulatory approvals.

## Viability base case

The financial projections for this three-year period are based upon the Group's budget for the year ending 31 March 2027 and forecast progression thereon. The budget is a consolidation of sales, profits, working capital and cash flow forecasts made by each operating company and head office, incorporating associated key risk factors, including acquired company forecasts and associated contingent consideration payments, latest views on supplier and customer payments impacting working capital, interest rates and applicable foreign exchange and tax rates.

The budget for the financial year ending 31 March 2027 and the projections for the financial years FY 2027/28 and FY 2028/29 assume steady sales growth (in total "The Viability Base Case").

# VIABILITY STATEMENT CONTINUED

## Banking facilities and headroom

The Group has a syndicated banking facility of £240m, which is committed up to the end of May 2030, with the option to extend until May 2032. In addition, the Group has an £80m accordion facility, which it can use to extend the total facility up to £320m, subject to bank approval. The syndicated facility is available both for acquisitions and for working capital purposes.

The Group's financial covenants for its banking facility are

1. Gearing: Net debt to Facility EBITDA (being Adjusted EBITDA plus the annualisation of acquisitions), of less than 3.5x and
2. Interest cover: Adjusted EBITDA to interest (excluding IFRS16 interest and amortisation of upfront costs) greater than 4.0x.

At 31 March 2026, the Group had net debt of £80.5m and was significantly inside these covenants with gearing of 1.2x and interest cover of 9.6x.

The Viability Base Case model shows increasing headroom with annually reducing levels of net debt and gearing, and increasing interest cover compared with the position at 31 March 2026.

## Downside sensitivities

The Viability Base Case has been subjected to downside sensitivity analysis involving flexing a number of the underlying main assumptions, both individually and in conjunction. The sensitivities take into account the principal risks and uncertainties set out on pages 79 to 84, notably instability in the economic environment, underperformance of acquired businesses, climate-related risks, loss of key customers and suppliers, major business disruption, liquidity restriction, debt covenants, interest rate increases, the continued impact of US tariffs and counter tariffs, the ongoing impact of the Middle East conflict and adverse foreign currency movements.

The most severe but plausible downside scenario assumes a worsening of the economic environment caused by a number of factors including geo-political events and significant reduction in customer demand due to continuing inflationary pressures and elevated interest rates. This downside scenario results in a significant decline in the second half sales of FY 2026/27, with FY 2027/28 sales flat on the reduced FY 2026/27 level, and modest growth in FY 2028/29. Additionally, gross margin was reduced, working capital materially increased, significant one-off expenditures included (product quality and liability, major customer insolvency or litigation, irrecoverable customer debt, climate change, cyber-security incident, inventory and technology obsolescence), interest rates increased and the Group effective tax rate increased.

After factoring in these significant additional downsides to the Viability Base Case, there remains good headroom both in terms of liquidity and our debt covenants. This is supported by the fact that the Group sells a wide portfolio of different products across a diverse set of industries and geographies, has low customer / supplier concentration, a global supply chain network, diverse manufacturing capacity, and has well-established relationships with its customers. These factors are considered important in mitigating many of the risks that could affect the long-term viability of the Group.

Reverse testing has also been applied to the most plausible downside scenario to determine the level of additional downside that would be required before the Group would breach its debt covenants or current liquidity headroom during the assessment period. The reverse stress test was conducted on the basis that certain mitigating actions would be undertaken to reduce overheads and capital expenditure during the period as sales declined and, on that basis, a fall in adjusted operating margin to below 6.3% in FY 2026/27 would be required before such a breach occurred.

The Board considers the possibility of such a scenario to be remote and further mitigation, such as hiring freezes, pay and bonus reductions, headcount reductions, reduction in planned capital expenditure, equity raises and suspension of dividend payments, would be available if future trading conditions indicated that such an outcome were possible.

The Strategic Report on pages 01 to 87 sets out the key details of the Group's financial performance, capital management, business environment and principal risks and uncertainties. Based on the Directors' assessment, the Board has a reasonable expectation that, taking into account the Group's current position, having regard to the committed borrowing facilities available to the Company, and subject to the principal risks and uncertainties faced by the business as documented on pages 79 to 84 of the Strategic Report, the Group will be able to continue in operation and to meet its liabilities as they fall due for the three-year period of their assessment.

## Going concern

Based on the assessment outlined above, the Directors also believe that it is appropriate to continue to adopt the going concern basis in preparing the Group financial statements for a period of at least, but not limited to, 12 months from the date of approval of the Group financial statements.

# NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

In accordance with sections 414CA and 414CB of the Companies Act 2006, we set out below where the relevant non-financial information we need to report against can be found in this Annual Report:

Environmental matters	<ul style="list-style-type: none"> <li>■ Please see our Sustainability Report on pages 42 to 73.</li> <li>■ Our Climate Analysis Report is on pages 57 to 73, including a detailed discussion of climate-related risks and opportunities on pages 60 to 66.</li> <li>■ Please see pages 74 to 78 for our general approach to risk management and pages 44 to 45, and 58 to 59 for a summary of our governance framework relating to sustainability matters and climate-related risks in particular. These governance arrangements fit within our broader governance framework, which can be seen in our Corporate Governance Report on pages 90 to 102.</li> </ul>
Employee matters	<ul style="list-style-type: none"> <li>■ Please see pages 52 to 54 (Our People), page 38 (Our people engagement), page 40 (Section 172 statement) and pages 92 to 95 (Employee engagement).</li> </ul>
Social matters	<ul style="list-style-type: none"> <li>■ Please see pages 38 to 39 and 52 to 54.</li> </ul>
Human rights	<ul style="list-style-type: none"> <li>■ Please see pages 45 to 52, 54 and 91 to 95.</li> </ul>
Anti-bribery and corruption matters	<ul style="list-style-type: none"> <li>■ Please see page 45 (Anti-Bribery &amp; Corruption Policy and Whistleblowing Policy).</li> <li>■ Please also see pages 39, 90 and 95 to 96.</li> </ul>
Business model	<ul style="list-style-type: none"> <li>■ Please see pages 16 to 17 for our Business Model.</li> <li>■ Please see pages 18 to 23 for our target markets, pages 10 to 13 for a summary of our strategy and pages 08 to 09 for a summary of the Group.</li> </ul>
Policies	<ul style="list-style-type: none"> <li>■ The following codes, policies and standards can be found on our Group website (<a href="http://www.discoverIEplc.com">www.discoverIEplc.com</a>):             <ul style="list-style-type: none"> <li>– Sustainability Policy</li> <li>– Whistleblowing Policy</li> <li>– Business Ethics Policy</li> <li>– Anti-Bribery &amp; Corruption Policy</li> <li>– Modern Slavery Statement</li> <li>– Group Tax Strategy</li> <li>– Board Diversity Policy</li> <li>– Supplier Code of Conduct</li> <li>– Conflict Minerals Policy</li> <li>– Environmental Policy</li> <li>– Human Rights Policy</li> <li>– Stakeholder Engagement Policy</li> </ul> </li> </ul>
Outcome of policies	<ul style="list-style-type: none"> <li>■ The above policies contribute to the overall governance framework of the Group, providing common standards that operating companies and suppliers must observe.</li> <li>■ The Group has a proven, flexible and resilient business model, as demonstrated by its strong financial performance over several years. These are underpinned by the Group's governance arrangements in general, including the Policies summarised above.</li> <li>■ The Group has good relations with its various stakeholders, including staff, customers and suppliers. The above Policies help support those relations.</li> </ul>
Principal risks	<ul style="list-style-type: none"> <li>■ Where principal risks have been identified in relation to any of the matters listed above, these can be found on pages 79 to 84.</li> </ul>
Non-financial KPIs	<ul style="list-style-type: none"> <li>■ Our non-financial key performance indicators are set out on pages 56 and 71.</li> </ul>

The Strategic Report, as set out on pages 01 to 87, has been approved by the Board.

On behalf of the Board

**Nick Jefferies**  
Group Chief Executive  
2 June 2026

**Simon Gibbins**  
Group Finance Director  
2 June 2026