

# 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 KSI 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.

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## 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.

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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

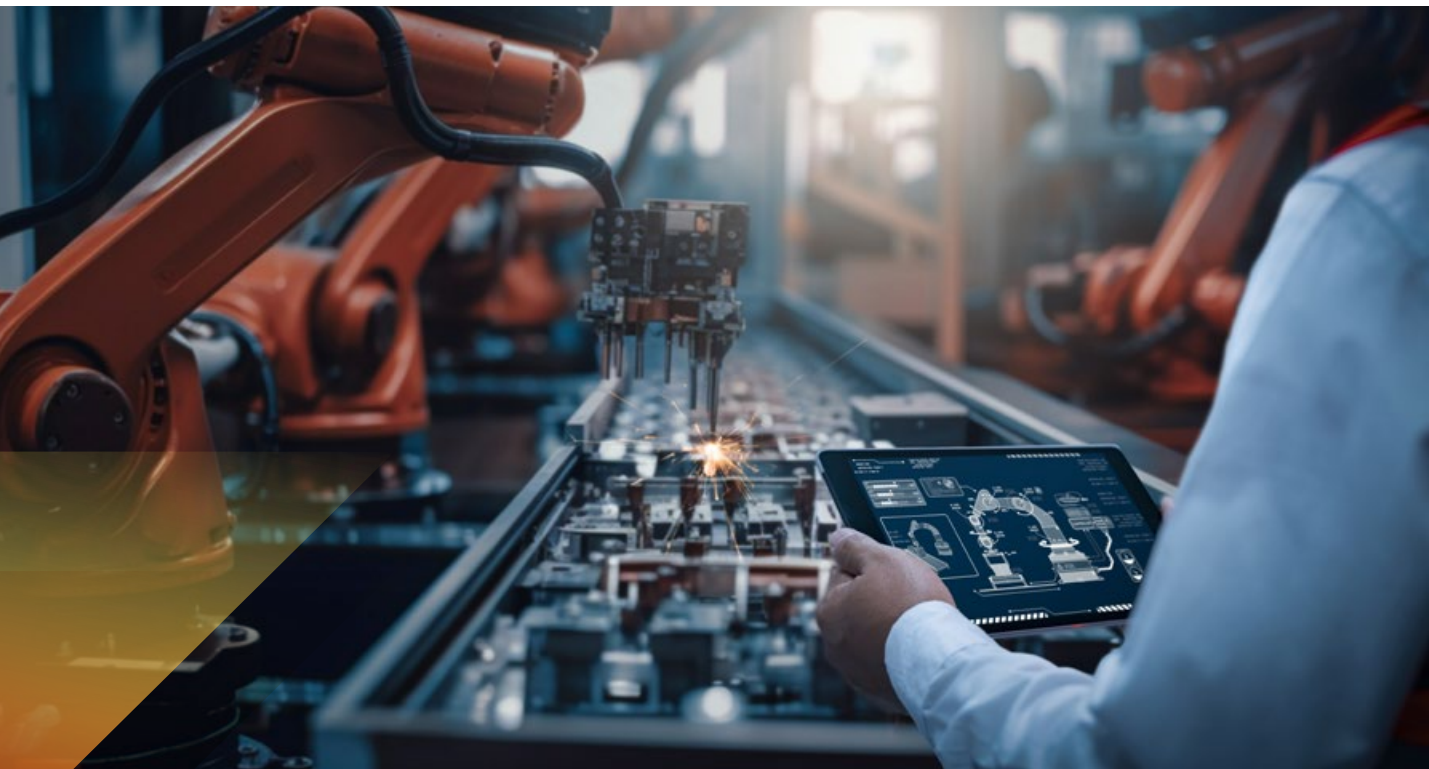
85%

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