Acquisition

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Acquisition of the Cursor Controls Group

discoverIE Group plc (LSE: DSCV, "discoverIE" or the "Group"), a leading international designer, manufacturer and supplier of customised electronics to industry, today announces the acquisition of the Cursor Controls Group via the purchase of its holding company Castlegate 737 Limited ("Cursor Controls").

Cursor Controls, which is a designer and manufacturer of human to machine interface ("HMI") products for medical, industrial and transportation applications, has been acquired for an initial cash consideration of £19.0m on a debt free, cash free basis, before expenses, funded from the Group's existing debt facilities. In addition, a contingent payment of up to £4.0m will be payable subject to Cursor Controls achieving certain profit growth targets during the three year period ended 31 December 2021. The acquisition is expected to be immediately enhancing to Group underlying earnings as well as accretive to the Group's underlying operating margin.

Cursor Control's products, which comprise trackballs, touchpads and ruggedised keyboards, are custom designed for specific applications, and are highly complementary to the Group's existing business. The acquisition is consistent with discoverIE's strategic focus on structural growth markets with over 60% of its revenues derived from medical and industrial sectors. Over 90% of its sales are to international markets, with 40% being into America, Asia and other non-EU markets. The business, which is based in Newark, UK, with manufacturing facilities in the UK and Belgium, will operate within the Group's Design & Manufacturing division whilst retaining its distinct brand identity.

The business has grown consistently over recent years, with revenues for the year ended 31 December 2017 of £7.9m generating a reported pre-tax profit of £0.3m, an underlying operating profit[1] of £2.1m and an underlying operating margin of 26%. Gross assets[2] at 31 December 2017 were £9.9m on a reported basis.

Cursor Controls has been acquired from its shareholders being Cursor Controls' management team, who will continue in their roles, a number of former managers and Maven Capital Partners.

Nick Jefferies, Group Chief Executive of discoverIE plc, said:

"The acquisition of Cursor Controls continues our strategy of building a differentiated, international, growth focused electronics Group with higher operating margins. Cursor Controls has a well-established track record of supplying high quality trackballs, trackpads and rugged keyboards internationally and into growth markets. They will gain access to our wider base of customers and with it, new sales opportunities. We are delighted to welcome them and all their employees into discoverIE Group."

For further information please contact:

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Notes

1. Underlying operating profit excludes finance charges, exceptional items, restructuring and shareholder costs.

2. Gross assets are the total of non-current assets plus current assets.

3. The information contained within this announcement is deemed by the Group to constitute inside information as stipulated under the Market

Abuse Regulation, Article 7 of EU Regulation 596/2014. Upon the publication of this announcement via Regulatory Information Service, this inside information is now considered to be in the public domain.

Notes to Editors:

About discoverIE Group plc

discoverIE Group (LSE: DSCV; previously Acal plc) is an international group of businesses that designs, manufactures and supplies innovative components for electronic applications.

The Group provides application-specific components to original equipment manufacturers ("OEMs") internationally. With in-house engineering capability, we are able to design components to meet customer requirements, which are then manufactured and supplied, usually on a repeating basis, for their ongoing production needs. This generates a high level of recurring revenue and long term customer relationships.

By focussing on key markets which are driven by structural growth and increasing electronic content, namely renewable energy, transportation, medical and industrial connectivity, the Group aims to achieve organic growth that is well ahead of GDP and to supplement that with targeted complementary acquisitions.

The Group employs c.4,000 people and its principal operating units are located in Continental Europe, the UK, China, Sri Lanka, India and North America.

The Group is listed on the Main Market of the London Stock Exchange and is a member of the FTSE Small Cap Index, classified within the Electrical Components and Equipment subsector, and has revenue of £0.4bn. Over the last five years, revenue and underlying earnings per share have doubled.

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