Full Year Trading Update

20 April 2021

Strong finish ahead of expectations and excellent order growth

discoverIE Group plc (LSE: DSCV, "discoverIE" or the "Group"), a leading international designer, manufacturer and supplier of customised electronics to industry, today issues a trading update for the year ended 31 March 2021, ahead of the announcement of its preliminary results on 3 June 2021.

Trading momentum in the final two months of the year continued to strengthen and the Board now expects underlying earnings for the full year to be above the upper end of market expectations.

Group orders increased by 17% organically(1) in the last two months with double digit growth in both divisions and builds on the 10% organic growth of the preceding 4 months, resulting in 12% organic growth for the second half. Orders in the second half were 40% ahead of the first half with a book to bill ratio of 1.19:1. Overall, Group orders were 2% lower organically for the full year and ahead of sales.

Group sales in the second half were 9% ahead of the first half with a return to organic growth of 1% in the last two months of the year. Organically, second half sales were 3% lower. As a result, Group sales for the full year were 3% lower, and organically 6% lower, being 4% lower in D&M and 8% lower in Custom Supply, driven by stronger performance in our target markets which comprise renewable energy, medical, electrification of transportation and industrial & connectivity, and which now account for over 70% of Group sales.

Phoenix America and Limitor GmbH, which were acquired during the year and have since been clustered with our Variohm business within the D&M division, performed well and in line with expectations. Both are delivering organic growth in orders and sales.

The Group remains well funded with good liquidity. Cash generation continued to be strong with gearing (2) at the financial year end reducing to 1.2x. With our target gearing range being 1.5x to 2.0x, there is significant headroom for further acquisitions and the pipeline remains healthy.

The strong order book and momentum provide a solid base for sustained organic sales growth whilst further investing in growth initiatives. With a clear strategy focused on long-term high quality growth markets, a strong funnel of design wins and acquisition targets, the Group is well positioned to make further progress in the year ahead, in line with its key strategic indicators.

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Notes

1. Growth rates refer to the comparable prior year period unless stated. Organic growth for the Group is calculated at CER and is shown excluding the first 12 months of acquisitions post completion (Sens-

Tech was acquired in October 2019, Phoenix in October 2020 and Limitor in February 2021). For the year ended 31 March 2021, the average sterling rate of exchange against the Euro weakened by 2% compared with the average rate last year, and by 2% on average against the three Nordic currencies, while strengthening by 3% compared with the US dollar rate for last year.

2. Gearing ratio is defined as net debt divided by underlying EBITDA (annualised for acquisitions). Proforma gearing reported at the end of January 2021 was 1.35x including the acquisition of Limitor.

3. This trading update is based upon unaudited management accounts and has been prepared solely to provide additional information on trading to the shareholders of discoverIE Group plc. It should not be relied on by any other party for other purposes. Certain statements made in this update are forward looking statements. Such statements have been made by the Directors in good faith using information available up until the date that they approved this update. Forward looking statements should be regarded with caution because of the inherent uncertainties in economic trends and business risks.

Notes to Editors:

About discoverIE Group plc

discoverIE Group 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. By designing components that meet customers' unique requirements, which are then manufactured and supplied throughout the life of their production, a high level of repeating revenue is generated with long term customer relationships.

With a focus on key markets driven by structural growth and increasing electronic content, namely renewable energy, medical, electrification of transportation 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 has an ongoing commitment to reducing the impact of its operations on the environment, while its key markets are aligned with a sustainable future.

The Group employs c.4,200 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 in the top quartile of the FTSE Small Cap Index, classified within the Electrical Components and Equipment subsector, and has revenues of over £450m.