For Release
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discoverIE Group plc

Trading Update

Strong organic growth in orders and sales over pre-Covid period

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 first three months of the year ending 31 March 2022.

The strong order growth reported in the second half of the last financial year continued in the first quarter this year, further strengthening the Group's order book. Revenue was significantly ahead of both the Covid-impacted prior year and the pre-Covid period of FY2020[2]. With gross margins consistent with last year, and despite a stronger Sterling during the period[3], the performance of the Group for the first quarter was ahead of the Board's expectations.

Group sales in the first quarter were 21% ahead of last year at CER[3], growing by 16% organically[4] and by 10% organically compared with two years ago. Organic performance was similar in both divisions and continues to be driven by demand in the Group's target markets[5].

The order book at 30 June 2021 was £220m, 50% higher organically than last year and 30% higher organically than 2 years ago. Orders remained well ahead of sales, growing by 83% and 35% organically compared with last year and two years ago.

At the Group's facilities in India and Sri Lanka, production capacity has returned to near-normal levels despite ongoing local Covid-related social distancing restrictions. To satisfy future demand, the fit out of a new facility at our Nogales, Mexico site is underway which will double its production capacity and is on track to begin operations in the second quarter of this financial year.

The businesses of Phoenix and Limitor both acquired last year, and CPI, which was acquired in the first quarter this year, are making excellent progress and contributing well to the strong trading performance of the Group. Following the acquisition of CPI, gearing at the end of the first quarter has reduced to 1.2x (proforma gearing of 1.25x at 31 March 2021).

With a clear strategy focused on long-term high quality growth markets, a diversified customer base, a record order book and a strong pipeline of acquisition opportunities, the Group is well positioned to make further progress on its key priorities.

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Notes

1. Growth rates refer to the comparable prior year period unless stated.
2. FY2020 is the year ended 31 March 2020.

3. Growth rates at constant exchange rates ("CER"). The average sterling rate of exchange strengthened 2% against the Euro compared with the average rate for last year and strengthened 13% against the US Dollar while weakening by 4% on average against the three Nordic currencies.

4. Organic growth for the Group compared with last year is calculated at CER and is shown excluding the first 12 months of acquisitions post completion (Phoenix was acquired in October 2020, Limitor in February 2021 an CPI in May 2021). Organic growth compared with two years ago excludes the first 24 months of acquisitions so also excludes Sens-Tech acquired in October 2019.

5. Target markets are renewable energy, medical, transportation and industrial & connectivity.

6. 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:

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, 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.4,600 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.