**For Release**
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# discoverIE Group plc

## Q3 Trading Update and Acquisition Completion
## Good trading momentum and completion of Magnasphere acquisition further strengthens US footprint

discoverIE Group plc (LSE: DSCV, "discoverIE" or the "Group"), a leading international designer and manufacturer of customised electronics to industry, today issues a trading update covering the three month period to 31 December 2022 ("Q3" or the "Period") and announces that the previously reported acquisition of Magnasphere Corporation ("Magnasphere") has been completed.

### Trading Update

The Group's positive trading momentum continued through Q3 with the strong order book providing good visibility of demand.

Group sales in the Period were 11% ahead of last year(1), of which 5% was organic(2), 3% from acquisitions and 3% from foreign exchange. Q3 sales represented a new record high for the Group and were 2% ahead sequentially of Q2. For the 9 months ended 31 December 2022, Group sales were 21% ahead of last year, of which 11% was organic, 7% from acquisitions and 3% from foreign exchange with 11% organic growth in both divisions.

The order book remains at a high level and ahead of last year. As previously guided, it has begun to normalise from the record level reported at 30 September 2022 as it converts into sales and we expect this to continue through the final quarter of the year.

Gross margins in the Period continued to be robust and the semiconductor sourcing issues flagged last year, impacting two of our 21 businesses, are continuing to improve.

Accordingly, the Group is on track to deliver full year underlying earnings ahead of the Board's expectations.

The Group is well-funded with gearing at 31 December 2022 of 1.0x on a proforma basis(3). With the Group's target gearing range being 1.5x to 2.0x, there remains good headroom for further acquisitions with a continuing pipeline of acquisition opportunities.

With a clear strategy focused on long-term, high quality, structural and sustainability-aligned growth markets across Europe, North America and Asia, a diversified customer base, a strong order book and pipeline of acquisition opportunities, the Group is well positioned to make further progress.

### Acquisition of Magnasphere

The acquisition of Magnasphere, announced on 22 December 2022, has now completed following the receipt of required vendor shareholder approvals with the cash consideration of $22.0m (£18.5m) on a debt free, cash free basis, before expenses, being funded from the Group's existing debt facilities. The acquisition is expected to be immediately enhancing to Group underlying earnings as well as accretive to the Group's underlying operating margin.

Magnasphere, founded in 2002, designs and manufactures high performance magnetic sensors and switches for industrial electronic markets including access control, data centres and specialist vehicles. The business is based in Waukesha, Wisconsin, with manufacturing facilities in Goshen,

Indiana and will operate within the Group's Variohm cluster of specialist sensor businesses as part of the Sensing & Connectivity division whilst retaining its distinct brand identity.

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**Notes**

1. Growth rates refer to the comparable prior year period unless stated.

2. Organic growth for the Group compared with last year is calculated at constant exchange rates ("CER") and is shown excluding the first 12 months of acquisitions post completion (CPI in May 2021, Antenova in August 2021, Beacon in September 2021 and CDT in June 2022). In calculating CER, the average sterling rate of exchange weakened 2% against the Euro and 13% against the US Dollar compared with the average rates for the same period last year, while strengthening 3% on average against the three Nordic currencies.

3. Gearing is defined as net debt divided by underlying EBITDA (excluding IFRS 16, annualised for acquisitions). Proforma gearing includes the acquisition of Magnasphere as if it had completed at 31 December 2022.

4. 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 and manufactures innovative electronic components for industrial applications.

The Group provides application-specific components to original equipment manufacturers ("OEMs") internationally through its two divisions, Magnetics & Controls, and Sensing & Connectivity. 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 sustainable key markets driven by structural growth and increasing electronic content, namely renewable energy, medical, electrification of transportation and industrial automation & connectivity, the Group aims to achieve organic growth that is well ahead of GDP and to supplement that with complementary acquisitions. The Group has an ongoing commitment to reducing the impact of its operations on the environment and with its key markets aligned with a sustainable future, MSCI has awarded the Group an ESG "A" rating.

The Group employs c.5,000 people across 20 countries with its principal operating units located in Continental Europe, the UK, China, Sri Lanka, India and North America.

discoverIE is listed on the Main Market of the London Stock Exchange and is a member of the FTSE250, classified within the Electrical Components and Equipment subsector.