NEWS RELEASE

Trading Update

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discoverIE Group plc

Trading Update

Strong finish to the year with the Group on track to deliver record underlying profits & earnings

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 for its financial year ended 31 March 2025 ("FY2024/25"), ahead of the announcement of its preliminary results on 4 June 2025.

The Group expects to deliver another year of record profitability, continuing its growth in underlying operating profits and margins in each of the last ten years (in-line in the covid year(1)). Our strategy of building a group of complementary, highly aligned, niche electronic engineering businesses continues to generate excellent results and resilience in volatile market conditions with underlying earnings for FY2024/25 expected to be slightly ahead of Board expectations.

Fourth quarter orders increased by 11% sequentially and by 15% organically(2) year-on-year with similar organic growth in both divisions. Sales increased by 19% sequentially (4% lower organically year-on-year). The S&C division continued to lead the recovery cycle with 5% organic sales growth, whilst M&C was -10%, in line with the previous quarter, where elements of customers' overstocking remain.

Group sales for the year were 2% lower than the prior year at CER(3). FY2024/25 net revenue growth of 5% from acquisitions, less disposals, was offset by a 7% reduction in organic sales. Sterling strength during the year impacted Group sales by 1%, with reported Group revenue being 3% below last year.

Operational performance continues to be strong, with resilient gross margins, tight operational management and excellent free cash flow. Second half underlying operating margin is expected to be comfortably ahead of the first half (H1 2024/25: 13.8%), making further progress towards our FY2027/28 target of 15%, and reflecting the positive impact from our programme of efficiency improvements and higher quality revenue streams. The Group is well funded, with year-end gearing(4) of 1.45x, below the lower end of the Group's target gearing range of 1.5x to 2.0x.

The Group has built an international manufacturing capability over many years that is flexible, resilient, efficient and able to support customers through volatile trading conditions. Of our 38 manufacturing sites across 20 countries, seven are in the US, providing local manufacturing for over half of local demand. Our US businesses, which account for around a quarter of Group sales, import very little from China and have capacity to manufacture all local product sales in the US. We expect to move more production to the US in the coming months, as well as capturing new commercial opportunities from tariff affected competitors.

Our products are uniquely engineered, predominately sole sourced, with high added value and are essential for customers' designs, typically being a small proportion of overall cost. We will pass on incremental costs arising from higher tariffs, whilst doing all we can to mitigate the effects of tariffs by optimising production location.

The Group is very well placed to continue its resilient performance and development, with numerous organic and inorganic opportunities underway, whilst remaining mindful of the volatile trading conditions.

For further information, please contact:

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Notes

1. Covid year was the year ended 31 March 2021. Despite Covid, the Group delivered the same underlying profits and underlying operating margin as for the year ended 31 March 2020, demonstrating the resilience of the business.

2. Growth rates refer to the comparable prior year period unless stated. 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 (Silvertel in August 2023, 2J Antennas Group ("2J") in September 2023, Shape, DTI and IKN in Q4 2023/24, Hivolt in July 2024 and Burster in January 2025) and excluding last year's announced disposal of the Santon solar business unit.

3. In calculating CER for the Period, the average Sterling rate of exchange strengthened 3% against the Euro compared with the average rates for last year, 1% against the US Dollar and 3% on average against the three Nordic currencies.

4. Gearing is defined as net debt divided by underlying EBITDA (excluding IFRS 16, annualised for acquisitions).

5. 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.

5. 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 plc is an international group of businesses that design and manufacture 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, high quality customer relationships.

With a focus on key markets driven by structural growth, increasing electronic content and sustainability, namely medical, electrification of transportation, renewable energy, security 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 is committed to reducing the impact of its operations on the environment in order to reach net zero. With its key markets aligned with a sustainable future, the Group has been awarded an ESG "A" rating by MSCI and is Regional (Europe) Top Rated by Sustainalytics.

The Group employs c.4,500 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 FTSE 250, classified within the Electrical Components and Equipment subsector.

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