NEWS RELEASE

discoverIE Group plc - First Half Trading Update

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discoverIE Group plc
First Half Trading Update

Further strong organic sales growth and record orderbook

discoverIE Group plc (LSE: DSCV, "discoverIE" or "the Group"), a leading international designer and manufacturer of customised electronics for industrial applications, today issues a trading update for the first six months of the financial year ending 31 March 2023 ("the Period").

The strong organic sales growth reported last financial year continued in the first half of this year[1] with the Group continuing on track to deliver full year underlying

earnings in line with the Board's expectations.

Group sales in the Period were 23% ahead of last year at CER[2], 26% ahead on a reported basis and 14% ahead organically[3]. Sales increased by 17% organically in the Magnetics & Controls division and by 11% organically in the Sensing & Connectivity division.

Orders were stronger than expected and continued to be ahead of sales with a book to bill ratio for the Period of 1.07. The orderbook at 30 September 2022 increased to another record level of £257m (31 March 2022: £224m), being 21% higher than a year ago organically. During the second half, the orderbook level is expected to begin to normalise as it converts into sales.

Gross margins in the Period continued to be resilient and the semiconductor sourcing issues flagged last year, impacting two of our 21 businesses, are gradually improving although supply still remains constrained.

Despite the ongoing economic challenges in Sri Lanka, our facility there, which accounts for around 6% of Group sales, has continued at expected output levels throughout the Period and the Group continues to provide support to local employees. Construction has also commenced in Kerala, India, of a new larger production facility which will supersede our existing plant there next year.

Our initiatives to reduce the Group's carbon emissions by 50% by 2025 are making good progress. These include the installation of further solar panels at our Sri Lankan facility, plans to commence installation of solar panels at our facility in Thailand and the transfer of certain other plants to renewable sources.

Following the acquisition of CDT in June 2022 and performance related earnout payments during the Period for Cursor and CPI along with some targeted increases in working capital to support growth in the second half of the year, gearing[4] at 30 September 2022 was 0.8x. This is well below the Group's target gearing range of 1.5x to 2.0x, leaving good headroom for further acquisitions.

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

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Notes

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

2. Growth rates at constant exchange rates ("CER"). The average sterling rate of exchange strengthened 1% against the Euro compared with the average rate for the same period last year and strengthened 2% on average against the three Nordic currencies while weakening by 12% against the US Dollar.

3. 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 (CPI in May 2021, Antenova in August 2021, Beacon in September 2021 and CDT in June 2022).

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.

Notes to Editors:

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.

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