NEWS RELEASE

discoverIE Group plc - Full Year Trading Update

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Full Year Trading Update

Good finish to year - further margin progress with results in-line

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 2024, ahead of the announcement of its preliminary results on 5 June 2024.

The Group continues to make good financial and strategic progress and is on track to deliver growth in full year underlying earnings in-line with the Board's expectations.

Group sales for the year were 1% ahead of last year at CER(1), following two years of strong growth when sales increased by 48%. Net revenue growth of 2% this year from acquisitions, less disposals, was partly offset by a 1% reduction in organic sales(2) with customers processing inventory reductions in the middle part of the year. Sterling strength during the year impacted Group sales by c.4%, with reported Group revenue being 3% below last year. Organic sales in the Sensing & Connectivity Division ("S&C") increased by 2% for the year offset by a 2% reduction in the Magnetics & Controls Division ("M&C").

As expected, the Group returned to organic growth in the latter part of the year delivering fourth quarter organic sales growth of 2% year-on-year and 11% sequentially. Year-on-year fourth quarter growth comprised 7% organic growth in S&C driven by strong performance in the sensing businesses, partly offset by a 1% reduction in M&C, where demand recovery in the industrial magnetics businesses has been at a slower pace.

The year-end order book has reverted to normalised levels of around 4.5 months of sales which, together with a continuing strong pipeline of design wins, provides good visibility of demand into the new year.

Operational performance continues to be strong, with the Group benefiting from its broad footprint and decentralised model, as the global trend to regional production progresses. With robust gross margins and tight control of operating expenses, the Group continues to perform well through the cycle with full year underlying profit higher than last year organically and augmented by the contribution from acquisitions.

Second half underlying operating margin is expected to be ahead of the first half (H1 2023/24: 12.9%), making further good progress towards our medium term target of 15%.

In March 2024, the Group made a bolt-on acquisition for the Beacon cluster in North America and another for the Foss cluster, both acquired for mid-single digit EBIT multiples. In addition, the Group's Santon business has reached an agreement to dispose of its lower margin solar switches production unit enabling it to focus on its industrial and transportation business. The disposal is expected to complete during the new financial year and along with the recent higher margin acquisitions will be accretive to Group operating margins.

The acquisitions made this year are all performing as expected with integrations proceeding well and as planned. The Group is well funded, and free cash flow continues to be strong with gearing at the year end of 1.5x.

With a clear strategy focused on structural and sustainable international growth, a diversified customer base, a healthy order book, pipeline of design wins and acquisition opportunities, the Group is well positioned to make further good progress on its key priorities.

Change of Auditor

In line with corporate governance best practice, the Group has undertaken a formal tender process for its audit, which has resulted in a recommendation to appoint Deloitte LLP as the Group's auditor for the year ending 31 March 2025. A resolution will be put to shareholders for approval at the 2024 Annual General Meeting. A description of the tender process will be included in the Annual Report and Accounts for the year ended 31 March 2024.

PricewaterhouseCoopers LLP will continue as the Group's auditor until that time and will undertake the Group audit for the year ending 31 March 2024.

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Notes

1. Growth rates at constant exchange rates ("CER") exclude the impact of nil margin, pass-thru costs in FY 2022/23 totaling £5.0m. The average Sterling rate of exchange was unchanged against the Euro compared with the average rate for the same period last year, while strengthening 4% against the US Dollar and 7% on average against the three Nordic currencies. For the final quarter ended 31 March 2024, the average Sterling rate of exchange strengthened 3% against the Euro compared with the average rate for the same period last year, 5% against the US Dollar and 5% on average against the three Nordic currencies. Growth rates refer to the comparable prior year period unless stated.

2. Organic growth for the Group's continuing operations compared with last year is calculated at CER and is shown excluding the first 12 months of acquisitions post completion (including Magnasphere in January 2023, Silvertel in August 2023 and 2J in September 2023) and excluding the disposal of the Santon solar switches production unit.

3. Gearing ratio is defined as net debt divided by underlying EBITDA (including the annualisation of acquired businesses, adjusted for lease payments).

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 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 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 is committed to reducing the impact of its operations on the environment with an SBTi

aligned plan to reach net zero. With its key markets aligned with a sustainable future, the Group has been awarded an ESG "AA" 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 FTSE250, classified within the Electrical Components and Equipment subsector.

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