NEWS RELEASE

discoverIE Group plc - Trading Update

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discoverIE Group plc
Trading Update

Full year performance on track, positive order momentum

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 the four months ended 31 January 2024 ("the Period").

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

Orders in the Period grew by 3% organically[1] year-on-year with a similar sequential growth and were in line with sales. This is the first growth in orders since the quarter ending September 2022.

Group sales in the Period were 4% lower at CER following two years of strong growth when sales increased by around 50%. Revenue growth of 3% from acquisitions partly offset a 7% reduction in organic sales as customers processed their inventory reductions, as expected. Performance was similar in both divisions. Sales at the start of Q4 have returned to organic growth, with margins continuing to be robust.

Year-to-date ("YTD") Group sales increased by 1% at CER comprising 3% from acquisitions offset by organic sales being 2% lower. With strong gross margins and tight control of operating expenses, the Group continues to perform well through the cycle with YTD underlying profit higher than last year organically and augmented by the contribution from acquisitions.

Design wins increased strongly in the third quarter contributing to YTD growth of around 25%, with 90% being in our target growth markets. Design wins are a key driver of future organic revenues and we have a strong pipeline of opportunities in development.

The acquisitions of Silvertel in August 2023 and 2J Antennas in September 2023 are performing as expected with integrations proceeding as planned. Cash flow continued to be strong with gearing reducing to 1.5x at 31 December 2023 (30 September 2023: 1.6x).

In January 2024, the Group made a small, higher margin bolt-on acquisition for the Noratel magnetics cluster in North America for a mid-single digit EBIT multiple.

With a clear strategy focused on structural and sustainable international growth, a diversified customer base, a healthy order book and record pipeline of design wins and acquisition opportunities, the Group has a resilient business model that,

despite varied market conditions, 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. Organic growth for the Group's continuing operations compared with last year is calculated at constant exchange rates ("CER") and is shown excluding the first 12 months of acquisitions post completion (Magnasphere in January 2023, Silvertel in August 2023 and 2J in September 2023). In calculating CER, the average Sterling rate of exchange strengthened 1% against the Euro compared with the average rate for the same period last year, 5% against the US Dollar and 7% on average against the three Nordic currencies.

2. 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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