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discoverIE Group plc
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discoverIE Group plc

Preliminary results for the year ended 31 March 2025

**Strong through-cycle performance delivering record earnings & cash flow;
upgrading medium-term operating margin target to 17%**

discoverIE Group plc (LSE: DSCV, "discoverIE" or "the Group"), a leading international designer and manufacturer of customised electronics to industry, today announces its preliminary results for the year ended 31 March 2025 ("FY 2024/25" or "the year").

	FY 2024/25	FY 2023/24	Growth %	CER(2) growth %
Revenue	**£422.9m**	£437.0m	-3%	-2%
Adjusted operating profit(1)	**£60.5m**	£57.2m	+6%	+8%
Adjusted operating margin(1)	**14.3%**	13.1%	+1.2ppt	+1.2ppt
Adjusted profit before tax(1)	**£50.1m**	£48.2m	+4%	
Adjusted EPS(1)	**38.7p**	36.8p	+5%	
Reported profit before tax	**£32.0m**	£22.2m	+44%	
Reported fully diluted EPS	**25.0p**	15.8p	+58%	
Full year dividend per share	**12.5p**	12.0p	+4%	

Highlights

- **Adjusted operating profit up 8% CER**
  - Adjusted operating margin of 14.3% (H2: 14.8%), up 1.2ppts, well ahead of FY 2024/25 13.5% target
  - Record adjusted EPS up 5%, exceeding the top end of market expectations

- **Revenue down 2% CER as industry-wide inventory correction works through**
  - Full year sales -7% organic(3), improving through the year (H1: -10%, H2: -4%)

- **Orders return to growth up 2% organic, led by S&C up 12% (later-cycle M&C: -4%)**
  - Q4 pick-up with both divisions increasing by 15% organically

- **Excellent free cash flow(4) of £40.4m, up 9% with a conversion rate of 106%, well above 85% target**
  - Additionally, proceeds from Santon Solar Business & Acal BFi disposals received in full (£13m)
  - Buy-in of legacy defined benefit scheme (c.£1.5m cash savings per year)
  - Year-end gearing(5) of 1.3x, below the lower end of target range (1.5x to 2.0x)

- **Further progress towards other key targets**
  - ROCE(6) of 15.8% (up 0.1ppt) with ROTCE of 52%
  - Carbon emissions reduced by 59% since CY 2021(7), well on track for 65% target in CY 2025

- **Two earnings-accretive, bolt-on acquisitions for initial consideration of £29m**
  - c.£80m funding capacity for further acquisitions

- **Adjusted operating margin target upgraded to 17% by FY 2029/30 (from 15% by FY 2027/28)**

- **Outlook: Growth drivers remain strong with the Group well positioned**
  - Over £350m(8) of new design wins in the year support growth into the medium-term
  - High growth security market added as a fifth target market
  - Strong pipeline of acquisition opportunities
  - Group will benefit from further reductions in interest rates
  - Limited direct impact from US tariffs

Nick Jefferies, Group Chief Executive, commented:

Nick Jefferies, Group Chief Executive, commented:

"discoverIE delivered another strong performance with record operating profits and earnings, despite prolonged industry-wide destocking which resulted in 3% lower sales for the year. Adjusted operating margins increased to 14.3%, comfortably exceeding our target for the year, with excellent cash generation once again. Fourth quarter orders increased significantly in both divisions, as inventories normalised.

Our flexible production model together with Group-wide operating efficiencies more than offset lower sales, protecting profitability through this stage of the cycle. This is a great strength of the Group, enabling growth in operating profits and margins in each of the last 10 years (in-line in the Covid year) and reducing earnings cyclicality. We see the potential to deliver further manufacturing efficiencies and commercial synergies across the Group and have upgraded our five-year operating margin target to 17%.

Whilst we will pass on any incremental tariff costs, we continue to do all we can to mitigate them with our local manufacturing and expect limited direct impact, although remain mindful of the volatile economic conditions and its potential to impact customers' demand.

discoverIE is aligned with target markets which are underpinned by structural growth drivers and, with the addition of the security market during the year, our total market opportunity increased to over 30bn. With a strong pipeline of organic and inorganic opportunities, the Group is well placed to continue its resilient performance and development."

Analyst and investor presentation:

A results briefing for sell side analysts and investors will be held today at 9.30am (UK time) at the offices of Peel Hunt. If you would like to join in person or via the live webinar, please contact Burson Buchanan at discoverie@buchanan.uk.com.

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Notes:

(1) Following a review of alternative performance measures ("APMs") of other companies, the Group has renamed its 'Underlying' measures as 'Adjusted' in order to make the term consistent with other companies. The definitions of these APMs have not changed and are consistent with prior years. 'Adjusted operating profit', 'Adjusted operating margin', 'Adjusted EBITDA', 'Adjusted profit before tax', 'Adjusted EPS', 'Adjusted operating cash flow' and 'Free cash flow' are non-IFRS financial measures used by the Directors to assess the performance of the Group. These measures exclude acquisition and disposal related costs (amortisation of acquired intangible assets of £16.2m and net acquisition and disposal expenses of £1.9m) totalling £18.1m. Equivalent Adjusting Items within the FY 2023/24 adjusted results totalled £26.0m. 'Adjusted EBITDA' also excludes IFRS 16, non-cash share-based payments cost and IAS19 pension costs in line with the Group's banking covenant. For further information, see note 6 of the attached condensed consolidated financial statements.

(2) Growth rates at constant exchange rates ("CER"). In calculating CER for the year, 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.

(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 (Silvertel in August 2023, 2J Antennas Group ("2J") in September 2023, Shape, DTI and IKN in Q4 2023/24, Hivolt in August 2024 and Burster in January 2025) and excluding last year's announced disposal of the Santon solar business unit. For further information, see note 6 of the attached condensed consolidated financial statements.

(4) Free cash flow is cash flow available for the payment of dividends and investment in acquisitions. Free cash flow conversion is free cash flow divided by adjusted profit after tax. See definitions in note 6 of the attached condensed consolidated financial statements.

(5) Gearing ratio is defined as net debt divided by adjusted EBITDA (excluding IFRS 16; annualised for acquisitions).

(6) ROCE is defined as FY 2024/25 adjusted operating profit including the annualisation of acquisitions, as a percentage of net assets excluding net debt, deferred consideration related to disposed businesses and legacy defined benefit pension asset/(liability).

(7) CY 2025 target is to reduce scope 1 & 2 carbon emissions by 65% on an absolute basis (base year CY 2021).

(8) This represents estimated lifetime value (ELV)

(9) Unless stated, growth rates refer to the comparable prior year. Sequential growth compares to the immediately preceding period e.g. H2 2024/25 would be compared to H1 2024/25 on an organic basis.

(10) 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 and Industry (Technology Hardware) 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.

Strategic and Operational Review

Good progress towards our targets

The Group designs and manufactures essential, customised, high value-add, technically complex electronic products, enabling our customers to create better equipment. Despite prolonged industry destocking, we made further good progress this year towards our near and medium-term goals, delivering record earnings and operating margins while continuing to generate excellent cash flow.

The Group delivered record adjusted operating profit of £60.5m, up 8% at CER with second half profits up 12% CER compared with 4% CER in the first half. The Group's adjusted operating margin increased by 1.2ppt at CER to 14.3%, exceeding our 13.5% target for this financial year and, with a second half margin of 14.8%, we have raised our target to 17% by FY 2029/30 from 15% by FY 2027/28.

Adjusted operating profit growth was achieved with operational efficiencies, strong gross margins and tight control of operating expenses, more than offsetting the 3% reduction in sales (2% reduction at CER). Even with higher annualised finance costs (up 16%), adjusted EPS increased by 5% with H2 2024/25 adjusted EPS up by 15% compared to a first half reduction of 4%. Including adjusting items, being acquisition and disposal-related costs, fully diluted EPS increased by 58% on a reported basis.

Organically, sales were 7% lower, reflecting industry destocking and the normalisation of supply chains. Second half sales were 4% lower organically improving over the first half which reduced by 10%. This was led by the Group's major customers recovering strongly in H2, growing by 13% (H1 -4%) having led the run into destocking in the prior year and now leading the recovery.

Asia was the most resilient territory, increasing sales organically by 1%, while UK and German sales both reduced by 7%, Nordic sales by 3% and the rest of Europe sales by 4% (returning to growth in the second half). North America sales reduced by 16% following growth of 20% in the prior year.

Orders increased by 8% CER in the year and by 2% organically, with Asia up 6%, the US up 4% and Europe up 3% partially offset by the UK reducing by 1%. The book-to-bill ratio for the year increased to 0.97 from 0.89 last financial year. In the final quarter, orders grew by 15% organically in both divisions.

With continued strong design wins (up 5% this year and up 30% on two years ago), the Group is well positioned to accelerate growth as market conditions improve.

The Group order book at 31 March 2025 was £161m, representing c.4.5 months of annualised sales (slightly higher than historic normal levels) and providing good visibility for the year ahead (31 March 2024: £175m). The order book has reduced from a peak of c.7 months annualised sales in September 2022 when orders included earlier stocking-up amid constrained supply chains.

Free cash flow for the year increased by 9% to £40.4m, with a conversion rate of 106% being well ahead of our 85% target. Additionally, the proceeds of the Santon solar business disposal and the deferred consideration from the sale of Acal BFi three years earlier helped reduce net debt to £94.3m and gearing to 1.3x (31 March 2024: net debt of £104.0m and 1.5x gearing), below our target range and providing significant funding capacity.

A flexible business well positioned in a changing world

The Group is well positioned in an environment of rapidly changing global conditions, with a business model that is resilient, flexible and innovative.

- *Essential products*: the Group's products are designed-in and essential for customers' applications while amounting to a small proportion of their overall system cost, thereby driving both resilient gross margins and long-term repeating revenues.

- *Broad and flexible footprint*: a decentralised model with 41 manufacturing sites and operations around the world, able to support customers locally and with the decarbonisation of their supply chains.

- *Efficient supply chains:* our manufacturing uses a low proportion of bought-in components, the majority being manufactured in-house from raw materials and base components, reducing the Group's exposure to external supply chain disruptions.

- *Low energy intensity operations:* the large majority of the Group's energy exposure is electricity and energy costs represent less than 1% of Group revenues, limiting the Group's exposure to energy price rises and operational disruptions. Additionally, with the installation of solar panels at several of our sites as part of our project to reduce carbon emissions, this percentage is reducing.

Limited direct impact expected from US tariffs

Our flexible business model enables the direct impact of US tariffs to be minimised. Production can be moved to other countries. This was the case in 2018 when tariffs were introduced on US imports from China. To support our customers, we moved production destined for the US from China to our facilities in India and Mexico, while passing on tariff costs during the transition period.

This year, 24% of our Group sales were in the US of which just over half (52%) were manufactured locally in one of our seven US production sites, along with 18% coming from the UK, 13% from Europe, 13% from Mexico and Canada covered by the USMCA free trade agreement and 4% from Asia (none now from China). We are able to increase onshore manufacturing in the US if customers require, or to move production to another location, and once again substantially mitigate the effects of US tariffs on imports from around the Group.

Material imports from China into the US for local manufacturing currently amounts to c.£3-4m, which we expect to fully mitigate through re-sourcing or passing on price increases.

While the direct effects on the Group of the currently proposed tariffs are expected to be limited, we remain vigilant of the consequential effects that widespread tariffs could have on reducing demand from some customers. Conversely, we see new commercial opportunities arising from tariff-affected competitors.

Record operating margin and strong cashflow

This year saw further significant benefits derived from our flexible production model, operational efficiencies, tight control of operating expenses and continuing robust gross margins, which more than offset the reduction in organic sales. While Group sales for the year reduced by 2% CER to £422.9m, adjusted operating profit increased by 8% CER to £60.5m, with operating margins increasing by 1.2ppts at CER to 14.3%. Higher average net debt balances drove an increase in net finance costs for the year of 16% to £10.4m, resulting in adjusted profit before tax increasing by 4% to £50.1m, with adjusted earnings per share increasing by 5% to 38.7p (FY 2023/24: 36.8p). The Group will benefit if interest rates continue to reduce.

On a reported basis, including the impact of adjusting items of £18.1m, profit before tax for the year increased by 44% to £32.0m (FY 2023/24: £22.2m) with fully diluted earnings per share increasing by 58% to 25.0p (FY 2023/24: 15.8p).

Free cash flow of £40.4m was generated during the year, being 9% higher than last year and representing 106% of adjusted earnings, well ahead of the Group's 85% conversion target. Net debt (excluding IFRS 16) at 31 March 2025 reduced by £9.7m to £94.3m (31 March 2024: £104.0m). Gearing reduced to 1.3x (31 March 2024: 1.5x) while still investing £29m in the acquisitions of Burster and Hivolt. This gearing is below the lower end of our target range of 1.5x to 2.0x and, together with expected cash flow in the coming year, provides acquisition funding of c.£80m while keeping the Group within its target gearing range.

Increased dividend

The Board is recommending a 4% (0.35 pence) increase in the final dividend to 8.60 pence per share, giving a 4% increase in the full year dividend per share to 12.5 pence (FY 2023/24: 12.0 pence) and an adjusted earnings cover of 3.1 times (FY 2023/24: 3.1 times). The final dividend is payable on 1 August 2025 to Shareholders registered on 27 June 2025.

The Board believes in maintaining a progressive dividend policy along with a long-term dividend cover of over three times earnings on an adjusted basis. This approach, along with the continued development of the Group, will enable funding of both dividend growth and a higher level of investment in acquisitions from internally generated resources.

A Dividend Reinvestment Plan ("DRIP") is provided by Equiniti Financial Services Limited. The DRIP enables the Company's shareholders to elect to have their cash dividend payments used to purchase the Company's shares. More information can be found at www.shareview.co.uk/info/drip. The closing date for DRIP elections is 11 July 2025.

A proven growth strategy

The Group has been built through a focus on organic growth with enhanced operational efficiency, and 28 carefully selected, well-integrated acquisitions over the past 14 years to create a focused, growth-oriented, higher margin design and manufacturing business. We have a well-developed approach to capital allocation and see significant scope for further expansion, with a strong pipeline of investment opportunities in development. The Group operates in a c. 30bn fragmented market with many smaller players presenting numerous consolidation opportunities.

The Group's strategy comprises four elements:

1. Grow sales well ahead of GDP over the economic cycle by focusing on high quality growth target markets for design opportunities. Operating in several growth markets and technology areas derisks growth by reducing market and customer concentration, generating a smoother through cycle growth profile.

2. Acquire highly differentiated businesses with attractive growth prospects and strong operating margins, either as new platforms or as bolt-ons to existing clusters.

3. Generate efficiencies and improve operating margins through clustering of businesses to achieve operational efficiencies, moving up the value chain into higher margin products with increased product innovation and differentiation and value-based pricing.

4. Reduce our impact on the environment by achieving net zero carbon emissions.

These elements are underpinned by our core objectives of generating strong cash flows and long-term sustainable returns from a capital-light business model.

Security added as a fifth target market this year

At our Capital Markets Day in September 2024, the Group announced the addition of the security market as a fifth target market. Along with our other four target markets (industrial automation & connectivity, medical, renewable energy, and the electrification of transportation), security is another highly attractive and fragmented technology-rich market underpinned by a number of structural growth drivers. The Group is already making strong progress in realising opportunities in this fifth target market, particularly in areas such as data centre security.

Long-term growth in these target markets is being driven by increasing electronic content and by global megatrends such as the accelerating need for industrial automation and connectivity, increasing security concerns, an ageing affluent population, renewable sources of energy and the electrification of transport. In total, the five target markets accounted for around 80% of sales this year.

The Group's focus on these target markets has driven the Group's through-cycle organic revenue growth well ahead of GDP, as well as creating acquisition opportunities.

Continued progress on key strategic indicators

For more than 10 years, the Group's strategic progress and its financial performance have been measured through key strategic indicators ("KSIs") and key performance indicators. These are reviewed annually, and targets have been raised nine times previously, including in June 2023 when a five-year target was set of 15% adjusted operating margin. With the second-half margin reaching 14.8%, this margin target has now been upgraded again, this time to reach 17% in five years (by FY 2029/30). From this year, targets have been simplified into seven KSIs, which will be the key business drivers for the next stage of our development. Two previously monitored KSIs have now been largely achieved and so have been removed: (i) Sales beyond Europe (target 45%) reached 43% at the half year, having risen from 5% in FY 2013/14; (ii) Target market sales (target 85%) reached 80%, having risen from c.40% in FY 2013/14 when first set, and will likely remain around that level as new acquisitions are typically below this level when acquired so have a short-term offsetting effect against existing businesses. Dividend growth was also previously included as a KPI and while not one of the simplified KSIs, a progressive dividend policy remains.

For tracking purposes, the KSIs in the tables below remain as reported at the time rather than adjusted for disposals. Targets are for the medium-term unless stated, with medium-term defined as being around five years. This year's performance relative to last year is discussed below.

Key strategic indicators

	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	Target
1. Increase adjusted operating margin	6.3%	7.0%	8.0%	10.2%	10.9%	11.5%	13.1%	14.3%	17%(2)
2. Sales growth CER	11%	14%	8%	-1%	28%	15%	1%	-2%	Well ahead of GDP thru cycle
Organic	11%	10%	5%	-4%	18%	10%	-1%	-7%	
3. Adjusted EPS growth	16%	22%	11%	-8%	31%	20%	5%	5%	>10%
4. Adjusted operating cash conversion(3)	85%	93%	106%	128%	80%	94%	103%	103%	>85% of adjusted operating profit
5. Free cash conversion(3)	78%	94%	104%	136%	77%	95%	102%	106%	>85% of adjusted

conversion									earnings
6. ROCE(3)	13.7%	15.4%	16.0%	14.5%	14.7%	15.9%	15.7%	15.8%	>15%
7. Carbon emissions Scope 1 & 2 reduction(4)						35%	47%	59%	65% by end of CY 2025

(1) FY 2017/18 to FY 2019/20 are for total operations before disposals as reported at the time.
(2) By FY 2029/30
(3) Defined in note 6 of the attached condensed consolidated financial statements.
(4) Carbon emissions are measured on a calendar year basis (e.g. CY 2022 shown under FY 2022/23). Target is for absolute Scope 1 & 2 carbon emissions reduction of 65% by the end of CY 2025 from CY 2021, net zero Scope 1 & 2 by CY 2030 and net zero Scope 3 by CY 2040.

The Group made continued progress on its KSIs during the year, other than sales growth which was impacted by the prolonged period of industrial customer destocking:

- Adjusted operating margin was 14.3%, an increase of 1.2ppts on last year (FY 2023/24: 13.1%) taking growth in adjusted operating margin to over 9ppts in the last 10 years. The Group benefited in the year from operational efficiencies, tight cost control and robust gross margins augmented by higher margin acquisitions. The Group exceeded its target of 13.5% six months early and with a second half margin of 14.8%, our 15% target for FY 2027/28 has been raised to 17% by FY 2029/30.

- Sales reduced by 7% organically this year (H1 2024/25: -10%, H2 2024/25: -4%) due to prolonged industry destocking. We retain our focus on achieving strong through-cycle organic growth, which is supported by our pipeline of design wins. Over the last 10 years, sales have grown by 5% organically per annum on average.

- Excellent operational efficiencies, robust gross margins, tight control of operating costs, and contributions from acquisitions resulted in adjusted operating profit for the year increasing by 8% CER and adjusted EPS increasing by 5% despite the strength of Sterling during the year. In total, the Group has grown its adjusted EPS by 19% CAGR over the last 10 years.

- Adjusted operating cash flow and free cash flow conversion rates of 103% and 106% were well ahead of our 85% targets. Over the last 10 years, both adjusted operating cash conversion and free cash conversion have been consistently strong, averaging around 100% through-cycle, reflecting low capital expenditure requirements and efficient working capital.

- ROCE for the year was 15.8%, ahead of last year (FY 2023/24: 15.7%) and ahead of our 15% target. Further progress in the short term is impacted by the record number of acquisitions (seven) in the last two years (most acquisitions are dilutive to Group ROCE initially before growing). We acquire businesses with long-term growth prospects that are expected to generate high returns over time. For example, our acquisitions made up to FY 2017/18 generated a collective ROCE of 27% this year. We expect this to continue to grow and for acquisitions made more recently to grow similarly.

- Scope 1 & 2 carbon emissions reduced further during the year and in CY 2024 were 59% lower on an absolute basis than in CY 2021, excellent progress towards our reduction targets of 65% by the end of CY 2025 and net zero by CY 2030.

Divisional results

The divisional results for the Group for the year ended 31 March 2025 are set out and reviewed below.

	FY 2024/25			FY 2023/24(1)			Reported revenue growth	CER revenue growth	Organic revenue Growth
	Revenue £m	**Adjusted operating profit(2) £m**	**Adjusted operating margin**	Revenue £m	Adjusted operating profit(2) £m	Adjusted operating margin			
M&C	**247.4**	**36.3**	**14.7%**	260.1	39.8	15.3%	-7%	-5%	-11%
S&C	**175.5**	**36.0**	**20.5%**	169.5	28.6	16.9%	+2%	+4%	+1%
Unallocated		**(11.8)**			(12.3)				
Total (CER)	**422.9**	**60.5**	**14.3%**	429.6	56.1	13.1%		-2%	-7%
FX				7.4	1.1				
Total	**422.9**	**60.5**	**14.3%**	437.0	57.2	13.1%	-3%		

(1) Last year's results stated at CER
(2) Adjusted operating profit excludes acquisition and disposal-related costs

Magnetics & Controls division ("M&C")

The M&C division designs, manufactures and supplies highly differentiated magnetic and power components, embedded computing and interface controls, for industrial applications. The division operates across 16 countries and comprises two clusters (Magnetics and Embedded Systems) and four further businesses. Almost all products are manufactured in-house at one of the division's 22 manufacturing facilities, with its principal sites being in China, India, Mexico, Poland, Sri Lanka, Thailand, the UK and the US. Geographically, 6% of sales by destination are in the UK, 46% in the rest of Europe, 26% in North America and 22% in Asia. During the year, Noratel's Chinese operations completed the move to a new facility, delivering operational improvements and efficiencies.

Orders of £234.5m were 1% higher than last year at CER while reducing by 4% organically as customers normalised their inventory levels. There was continuing improvement through the second half which was up 4% organically compared to an 11% reduction in the first half, finishing the year strongly with 15% growth in the fourth quarter. The book-to-bill ratio for the year was 0.95 with improvement again in the second half to 0.99 (H1 2024/25: 0.91). The divisional order book at 31 March 2025 was £93.6m, being 4.5 months of sales, and being in line with historic norms.

Sales reduced by 11% organically, impacted by industry destocking. By territory, Asia grew by 11% for the year (having reduced by 24% last year). Conversely, North America reduced by 28% (having increased by 35% last year), the UK reduced by 9%, the Nordic region reduced by 8% and the rest of Europe by 12%. The industrial and security sectors led recovery in the second half, returning to growth, while others continued to destock.

There was a 6% contribution to sales from three acquisitions made in the last 20 months with Silvertel acquired in August 2023 plus Shape and DTI acquired in Q4 2023/24. Including these acquisitions, sales at CER reduced by 5%.

With the impact of translation from a stronger Sterling (on average), reported divisional revenue reduced by 7% to £247.4m (FY 2023/24: £265.1m reported and £260.1m at CER). Adjusted operating profit of £36.3m was £3.5m (-9%) lower than last year at CER and £4.3m lower on a reported basis (FY 2023/24: £40.6m), reflecting the net impact of the organic sales shortfall partially mitigated by flexible production, operational efficiencies and robust gross margins, with the adjusted operating margin reducing 0.6ppts to 14.7% (FY 2023/24: 15.3% at CER).

Sensing & Connectivity division ("S&C")

The S&C division designs, manufactures and supplies highly differentiated sensing and connectivity components for industrial applications. The division operates across nine countries and comprises four clusters and four further businesses. Almost all products are manufactured in-house at one of the division's 19 manufacturing facilities, with its principal sites being in Hungary, the Netherlands, Norway, Slovakia, the UK and the US. Geographically, 22% of sales by destination are in the UK, 48% in the rest of Europe, 24% in North America and 6% in Asia.

Divisional orders of £177.4m were particularly strong, increasing by 18% at CER and by 12% organically (up 15% in the final quarter) as earlier design wins generated new business, for a book-to-bill ratio of 1.01 improving from 0.89 last year. The increase in orders came from the industrial, security and medical sectors. As with the destocking phase, S&C exhibits earlier cycle characteristics than M&C. Overall, the divisional order book increased by 3% since 31 March 2024 to £67.0m, representing 4.5 months of sales, and being in line with historic norms.

Sales were 1% ahead of last year organically, with a pick-up through the year in industrial and connectivity applications along with strong demand in data security applications, offsetting continued destocking in other sectors. H2 organic sales increased by 6% compared with a 5% reduction in the first half. By region, the Nordics increased by 13% for the year, the rest of Europe by 7% and North America by 5%, while the UK was down 6% and Asia down 34%, mainly related to local customer project delays.

This year saw the acquisitions of Hivolt, a Northern Ireland-based specialist capacitor designer and manufacturer, and Burster, a German-based sensor manufacturer, into the division. Combined with a 3% sales increase from these acquisitions and acquisitions in the prior year, overall divisional sales increased by 4% CER. Including the impact of translation from a stronger Sterling on average, reported divisional revenue increased by 2% to £175.5m (FY 2023/24: £171.9m reported and £169.5m at CER).

Adjusted operating profit of £36.0m was £7.4m (+26%) higher than last year at CER and £7.1m (+25%) higher on a reported basis (FY 2023/24: £28.9m). The adjusted operating margin of 20.5% was 3.6ppts higher than last year at CER (FY 2023/24: 16.9%), reflecting the positive effect of operational efficiencies, robust gross margins and higher margin acquisitions.

Design wins driving future recurring revenues

Our business revenue is created by engineering development with customers and, as such, organic growth is achieved by winning new design opportunities that lead to pull-through demand. Project design wins are therefore an indicator of new business creation and are achieved by working with customers at an early stage in their project design cycle to identify opportunities. A design win is registered when our products are specified into our customers' designs.

The Group has a strong bank of design wins built up over many years, forming the basis of strong through-cycle organic growth. During the year, new design wins were registered with an estimated lifetime value of £355m, an increase of 5% over last year (and up 30% on two years ago). Conversion of design wins into revenue by some customers was delayed during the inventory destocking phase, and we expect that as this comes to an end, along with more buoyant market conditions, they will convert into new revenue growth.

Additionally, new project design activity remains at a high level, being broad-based across all target markets. The total pipeline of ongoing projects continues to be very strong

Acquisitions

The market is highly fragmented with many opportunities to acquire. Currently, the Group's pipeline consists of around 250 potential targets, of which a number are in the active outreach phase and live deal negotiation at any time.

The businesses we acquire are typically led by entrepreneurs who wish to remain with the business for a period following acquisition. We encourage this as it enables integration and helps retain a dynamic, decentralised and entrepreneurial culture.

entrepreneurial culture.

We acquire high-quality businesses that are successful with good long-term growth prospects, paying a price that reflects this quality while generating good returns for Shareholders. We invest in these businesses for growth and operational performance development. According to the circumstances, we add value in some or all of the following areas:

Strategy and operations:

- Creating a long-term strategy for growth with operational leverage
- Grouping businesses into clusters
- Generating operational efficiencies
- Internationalising sales channels
- Accelerating organic growth by focusing sales development onto target market areas, expanding the customer base including through cross-selling
- Developing the product range

People:

- Investing in management capability
- Enabling peer networking and collaboration
- Increasing diversity
- Succession planning and management transition

Investment:

- Capital investment in manufacturing and infrastructure
- Internationalising operations
- Expansion through further acquisitions
- Upgrading systems such as IT

Controls and support:

- Implementing robust financial measurement, KPIs and controls
- Finance and related support, such as treasury, banking, legal, tax and insurance
- Risk management and internal audit

Sustainability:

- Aligning sustainability strategies with those of the Group
- Creating carbon emission reduction plans
- Inclusion in the Group's SBTi-aligned net zero carbon emission reduction programme
- Providing training and development

The Group has acquired 28 design and manufacturing businesses over the last 14 years, with the Group's continuing revenues increasing to £423m in FY 2024/25 from £10m in FY 2009/10. By taking a long-term approach to creating compounding growth in acquired and integrated businesses, the Group has generated substantial value organically. As reported in the Finance section, our ROCE for each acquisition typically increases over time, broadly in line with the length of ownership.

During the year, the Group completed two high margin acquisitions as follows:

i) Hivolt Capacitors Limited ("Hivolt"), a Northern Ireland-based designer and manufacturer of custom-built capacitors for a wide range of high voltage applications for sale in the UK and internationally, mainly into the medical market. Hivolt was acquired in August 2024 into the S&C division, for an initial cash consideration of £3.8m on a debt free, cash free basis representing an EBIT multiple of 6x. Additionally, there is an earn-out of up to £0.9m payable subject to Hivolt's performance up to 31 March 2025.

ii) Burster Group ("Burster"), a German-based designer and manufacturer of specialist sensors for markets closely aligned to the Group's target markets. Burster was acquired in January 2025 into the Variohm sensors cluster in the S&C division for an initial cash consideration of €30.6m (£25.6m) on a debt free, cash free basis, representing an EBIT multiple of 8x. Additionally, there is an earn-out of up to £10.5m payable subject to Burster's performance in its year ending 31 December 2025.

The Group's operating model is well established and has facilitated the smooth integration of these and previously acquired businesses.

Sustainability and social responsibility

The Group creates innovative electronics that help improve the world and people's lives. This commitment is reflected in our focus on markets that are aligned with the UN Sustainable Development Goals (UN SDGs). More information on how we work with customers and suppliers to support the UN SDGs is available on our website at www.discoverIEplc.com.

As of June 2025, the Group has an MSCI ESG rating of "A" and Morningstar Sustainalytics Regional (Europe) Top Rated and Industry (Technology Hardware) Top Rated with a "Negligible" risk of experiencing material financial impacts from ESG factors. In February 2025, the Group was awarded a "B" for its 2024 climate disclosure by the Carbon Disclosure Project ("CDP"), a leading global environmental disclosure platform used by over 24,800 organisations worldwide. This marks a significant improvement from previous ratings and reflects the Group's efforts in improving climate disclosures.

In early 2025, the Group completed a reassessment of its climate-related risks and opportunities, incorporating newly acquired businesses. The assessment confirmed that there had been no material change in the Group's climate-related risk profile. Further details will be found in the Group's 2025 Annual Report and Accounts which will be published later this month and on its corporate website.

During the year, the Group continued its progress across a range of ESG-related areas, including the following:

- **Scope 1 & 2 emissions**: In CY 2024, Scope 1 & 2 emissions reduced by 59% compared to the CY 2021 baseline. The Group remains on track to achieve its intermediate target of a 65% reduction by the end of CY 2025 and its net zero goal for Scope 1 & 2 emissions by 2030.

- **Environmental targets:** The Group has also progressed well in its environmental targets. The proportion of Group revenue now covered by the ISO 14001 environmental accreditation increased to 74%, against our target of 80% (CY 2023: 69%). Additionally, 50% of the Group's car fleet is now electric or hybrid, meeting our FY25 target (CY 2023: 40%). The installation of solar panels at one of the Group's sites in China has now been completed, further advancing the Group's self-generation capacity. This initiative not only reduces emissions but also enhances energy security. Today, 83% of the electricity consumed across the Group comes from renewable or zero-emission sources (CY 2023: 72%), achieving our 80% clean electricity target a year early.

- **Scope 3 emissions:** Scope 3 emissions reporting has been enhanced. Following the initial screening of CY 2023 emissions, the Group has standardised its Scope 3 reporting process and requirements. The Group is committed to its net zero plan set out in 2022 and its net zero targets were approved by SBTi in May 2025.

- **Health & Safety:** Three more sites achieved the occupational health & safety ISO 45001 accreditation, bringing coverage to 73% of our global workforce (CY 2023: 60%). Reflecting the importance that we place on health & safety, the Group has adopted a revised Group Health & Safety Policy, as well as more rigorous measures to capture and record incidents occurring and improved near-miss reporting. As a result, the number of reported lost time incidents increased in 2024. Further details will be found in the Group's 2025 Annual Report and Accounts.

- **Cyber security and AI governance:** The Group has rolled out a broader and increased level of cyber security awareness training and is currently developing a formal governance framework for the use of artificial intelligence, addressing both the significant opportunities that this brings to the Group, as well as the risks it poses.

- **Learning & development:** In addition to local training that individual businesses already conduct, the Group has introduced a new online learning and development platform, which has been adopted by 10 of our businesses already. A series of knowledge sharing webinars has also been introduced to encourage collaboration and the exchange of expertise and best practices across the Group. An industrial placement scheme has been launched in partnership with the University of Surrey, with the first group of engineering students having started training in September 2024.

Summary and outlook

discoverIE delivered another strong performance with record operating profits and earnings, despite prolonged industry-wide destocking which resulted in 3% lower sales for the year. Adjusted operating margins increased to 14.3%, comfortably exceeding our target for the year, with excellent cash generation once again. Fourth quarter orders increased significantly in both divisions, as inventories normalised.

Our flexible production model together with Group-wide operating efficiencies more than offset lower sales, protecting profitability through this stage of the cycle. This is a great strength of the Group, enabling growth in operating profits and margins in each of the last 10 years (in-line in the Covid year) and reducing earnings cyclicality. We see the potential to deliver further manufacturing efficiencies and commercial synergies across the Group and have upgraded our five-year operating margin target to 17%.

Whilst we will pass on any incremental tariff costs, we continue to do all we can to mitigate them with our local manufacturing and expect limited direct impact, although remain mindful of the volatile economic conditions and its potential to impact customers' demand.

discoverIE is aligned with target markets which are underpinned by structural growth drivers and, with the addition of the security market during the year, our total market opportunity increased to over 30bn. With a strong pipeline of organic and inorganic opportunities, the Group is well placed to continue its resilient performance and development.

Nick Jefferies
Group Chief Executive

Group Financial Results

Revenue and orders

Group sales of £422.9m were 2% lower than last year at CER and 3% lower reported (FY 2023/24: £437.0m). Seven acquisitions in the last two years (Silvertel, 2J, Shape, IKN and DTI last financial year plus Hivolt and Burster this year), added 7% to revenue while the disposal of the Santon solar business announced last year reduced sales by 2%. Organic sales reduced by 7% following a year of customer destocking.

Revenue (£m)	FY 2024/25	FY 2023/24	%
Organic sales	388.3	415.9	-7%
Acquisitions	30.7		
Disposals	3.9	13.7	
Sales at CER	422.9	429.6	2%

Sales at CER	422.9	429.6	-2%
FX translation		7.4	
Reported sales	422.9	437.0	-3%

Orders for the year were £411.9m, 8% higher at CER than last year (FY 2023/24: £382.9m). The extent of customer destocking reduced in the year compared with last year with a book to bill ratio of 0.97 (FY 2023/24: 0.89), with orders in the year increasing by 2% organically.

The Group order book continued to normalise during the year, ending at £161m (c.4.5 months of annualised sales, consistent with pre-Covid levels) (31 March 2024: £175m).

Group operating profit and margin

Group adjusted operating profit for the year was £60.5m, an 8% increase on last year at CER and up 6% reported (FY 2023/24: £57.2m). This delivered an adjusted operating margin of 14.3%, which was 1.2ppt higher than last year at CER and on a reported basis (FY 2023/24: 13.1%). We exceeded our 13.5% near-term target set for this year and with the H2 operating margin of 14.8% already close to our medium target of 15%, we've increased our target to 17% by FY 2029/30.

Group reported operating profit for the year (including acquisition and disposal-related costs as discussed below within Adjusting items) was £42.4m, 36% higher than last year (FY 2023/24: £31.2m).

£m	**FY 2024/25**			FY 2023/24		
	Operating profit	**Finance cost**	**Profit before tax**	Operating profit	Finance cost	Profit before tax
Adjusted	60.5	(10.4)	50.1	57.2	(9.0)	48.2
Adjusting items:						
Amortisation of acquired intangibles	(16.2)	-	(16.2)	(16.2)	-	(16.2)
Net acquisition & disposal expenses	(1.9)	-	(1.9)	(9.8)	-	(9.8)
Reported	42.4	(10.4)	32.0	31.2	(9.0)	22.2

As shown below, adjusted operating profit growth has been achieved through a combination of robust gross margins, operational efficiencies and accretive acquisitions, offsetting the impact of customer destocking on organic sales.

£m	**Adjusted operating profit**
FY 2023/24	57.2
Gross profit on organic sales reduction	(11.4)
Organic gross margin improvement	6.2
Organic operational efficiencies	2.8
Organic profit reduction	(2.4)
Profit from acquired companies	6.8
CER growth in operating profits	4.4
Foreign exchange impact	(1.1)
Net growth in operating profits	3.3
FY 2024/25	**60.5**

Through a number of manufacturing and operating initiatives, organic gross margins improved by 1.6ppts and organic operating costs reduced by 2% with reductions shared across divisions and at Head Office. Gross margin improvement was delivered despite volume reduction which reflects the Group's ability to flex capacity resources according to volume.

Sterling was 1% stronger this year compared with our other major currencies (the Euro, US dollar and Nordic currencies), giving rise to a reduction in adjusted operating profits on translation of £1.1m for the year.

UK employers' National Insurance rates which were raised in the UK budget in October 2024, will increase costs for the Group by c.£0.8m per year from April 2025.

Adjusting items

Adjusting items for the year comprise the amortisation of acquired intangibles of £16.2m (FY 2023/24: £16.2m) together with net acquisition and disposal expenses of £1.9m (FY 2023/24: £9.8m).

The amortisation charge for the year of £16.2m is in line with last year, with the increased effect of recent acquisitions offset by FX movements.

Net acquisition and disposal expenses of £1.9m comprise costs associated with recent acquisitions of £1.4m and integration costs of £3.1m (related to the establishment of our operating clusters, mainly associated with removing duplicate positions in our Magnetics and Sensors clusters) offset by a gain of £2.6m. This gain comprises £2.1m profit generated by the sale of the non-core Santon solar business announced last year and a net credit of £0.5m, being the movement in the fair value of contingent consideration on past acquisitions.

Financing costs

Net finance costs for the year were £10.4m (FY 2023/24: £9.0m) and include a £1.0m charge for leased assets under IFRS 16 (FY 2023/24: £0.7m) and a £0.6m charge for amortised upfront facility costs (FY 2023/24: £0.6m). Net finance costs related to our banking facilities were £8.8m (FY 2023/24: £7.7m), an increase of 14%, reflecting higher average net debt balances during the year. The impact of interest rate increases and reductions over the last two years was largely neutral.

During the year, interest rates started to reduce from the highs at the end of last year, with the Sterling base rate reducing by 0.75ppt to 4.5%, the US Dollar Federal rate by 1ppt to 4.5% and the ECB lending rate by 1.85ppts to 2.65%, these being the Group's three principal borrowing currencies. Since the year end, Sterling and ECB lending rates have both reduced by a further 0.25ppt. A further 1ppt reduction in interest rates for all three of our principal borrowing currencies would reduce annual finance costs by approximately £1.3m and increase annual EPS by c.1.0p or c.3%.

Adjusted tax rate

The adjusted effective tax rate ("ETR") for the year was 24% which was 1ppt lower than last year (FY 2023/24: 25%) mainly due to increased recognition of tax losses.

The overall ETR of 23% was 1ppt lower than the adjusted ETR as shown in the table below. Last year's overall ETR was 7ppts higher (FY 2023/24: 30%) mainly due to there being a lower rate of tax relief that year on net acquisition and disposal expenses (within adjusted items above).

£m	FY 2024/25		FY 2023/24	
	PBT	ETR	PBT	ETR
Adjusted	50.1	24%	48.2	25%
Adjusting items:				
Amortisation of acquired intangibles	(16.2)	19%	(16.2)	22%
Net acquisition & disposal expenses	(1.9)	79%	(9.8)	16%
Total reported	32.0	23%	22.2	30%

Profit before tax and EPS

While adjusted operating profit was up 8% at CER, higher net finance costs resulted in adjusted profit before tax being up 4% (FY 2023/24: £48.2m) at £50.1m (+£1.9m) with adjusted EPS for the year increasing by 5% to 38.7p (FY 2023/24: 36.8p).

£m	FY 2024/25		FY 2023/24	
	PBT	EPS	PBT	EPS
Adjusted	50.1	38.7p	48.2	36.8p
Adjusting Items:				
Amortisation of acquired intangibles	(16.2)		(16.2)	
Net acquisition & disposal expenses	(1.9)		(9.8)	
Reported	32.0	25.0p	22.2	15.8p

Reported profit before tax was £32.0m, 44% higher than last year (FY 2023/24: £22.2m) with reported fully diluted earnings per share of 25.0p, 58% ahead of last year (FY 2023/24: 15.8p).

Working capital and asset returns ratios

Working capital at 31 March 2025 was £79.0m, equivalent to 17.2% of fourth quarter annualised sales at CER with a net additional £3.1m of working capital from acquisitions and disposals during the last 12 months offset by organic working capital reductions of £0.3m and £1.3m from foreign exchange translation. Excluding acquisitions this year which had high working capital, the equivalent working capital percentage was 16.5%. This is 0.1ppt lower than last year when working capital was £77.5m or 16.6% of fourth quarter annualised sales.

Working capital KPIs have remained robust with debtor days of 46 (four days below last year), creditor days of 80 (in line with last year) and stock turns of 3.1 (compared to 3.3 last year).

ROCE for the year of 15.8% was 0.8ppts ahead of our 15% target and 0.1ppt ahead of the ROCE reported last year (FY 2023/24: 15.7%).

Organic ROCE (which excludes acquisitions completed in the last 18 months), was 17.5%; although 0.3ppts down on last year due to destocking, we expect this to grow well going forward. The effect of compounding growth on acquisitions over time can be seen in the ROCE for those businesses acquired more than seven years ago which in aggregate have a ROCE of 27% including an apportionment of Group central costs.

Return on Tangible Capital Employed ("ROTCE") for the year, which excludes goodwill, intangible assets and non-operational assets, was 52.1% and illustrates both the strong returns being generated by the Group's operational assets, and the capital-light requirements of those businesses with capital expenditure of only 1.4% of sales in the year (FY 2023/24: 1.1%). ROTCE was 1.9ppts below last year (FY 2023/24: 54.1%) due to higher right of use assets this year.

Cash flow

Net debt at 31 March 2025, excluding leases, was £94.3m, compared with £104.0m at 31 March 2024, with the reduction in the year of £9.7m driven by strong free cash generation and disposal proceeds partly offset by acquisitions and dividends.

£m	**FY 2024/25**	**FY 2023/24**
Opening net debt	(104.0)	(42.7)
Free cash flow (see table below)	40.4	37.0
Dividends	(11.7)	(11.2)
Acquisitions & integrations	(33.3)	(85.3)
Disposals	13.5	(0.1)
Equity issuance (net of taxes)	-	(0.3)
Foreign exchange impact	0.8	(1.4)
Net debt at 31 March	**(94.3)**	**(104.0)**

Investment in acquisitions and integrations this year of £33.3m comprised £24.3m for the acquisition of Burster in January 2025, £3.5m for the acquisition of Hivolt in July 2024, £2.3m payment of earnouts, and £3.2m of acquisition and integration expenses. Net disposal receipts of £13.5m included £7.2m related to the disposal of the Santon solar business announced last year and £5.8m being the deferred consideration from the disposal of Acal BFi which completed in March 2022. All proceeds have now been received in full, and on time, in relation to both these disposals.

Dividends of £11.7m, were paid during the year, an increase of 4.5% over the prior year. The impact of stronger Sterling in the year led to an FX gain of £0.8m compared with an FX loss last year of £1.4m. The Group's policy is to hold net debt in currencies aligned to the currency of its cash flows as a natural hedge.

Adjusted operating cash flow and free cash flow for the year (see definitions in note 6 to the summary consolidated financial statements) compared with last year are shown below:

£m	**FY 2024/25**	**FY 2023/24**
Adjusted profit before tax	**50.1**	**48.2**
Net finance costs	10.4	9.0
Non-cash items(1)	15.1	15.9
Adjusted EBITDA	**75.6**	**73.1**
IFRS 16 - lease payments	(7.5)	(6.8)
EBITDA (pre IFRS 16)	**68.1**	**66.3**
Changes in working capital	0.3	(2.2)
Capital expenditure	(6.1)	(4.9)
Adjusted operating cash flow	**62.3**	**59.2**
Finance costs	(9.0)	(7.7)
Taxation	(10.6)	(12.5)
Legacy pension	(2.3)	(2.0)
Free cash flow	**40.4**	**37.0**

1. Non-cash items are depreciation, amortisation and share-based payments.

Adjusted EBITDA (pre IFRS 16 lease payments) of £68.1m was 3% higher than last year (FY 2023/24: £66.3m) with operational efficiencies and contributions from the seven acquisitions made in the last two years offsetting the cash impact of reduced organic sales.

During the year, the Group released £0.3m into working capital (compared to a £2.2m investment last year) reflecting reduced organic sales. Capital expenditure of £6.1m was invested during the year, representing 1.4% of sales, a £1.2m increase over last year (FY 2023/24: £4.9m, 1.1% of sales) reflecting the capital-light nature of the business model. This year's investment includes a facility move in China and various new production line extensions. Capital expenditure levels are expected to increase to c.£8m for next year.

A record £62.3m of adjusted operating cash flow was generated in the year, an increase of 5% on last year (FY 2023/24: £59.2m) representing 103% of adjusted operating profit, well ahead of our 85% target (FY 2023/24: 103%). Over the last 10 years, the Group has consistently achieved high levels of operating cash conversion, averaging over 100%.

Finance cash costs of £9.0m were £1.3m higher than last year, reflecting higher average net debt balances during the year, while corporate income tax payments of £10.6m were £1.9m lower than last year reflecting changes in the timing of payments.

Free cash flow (being cash flow before dividends, acquisitions and equity fund raises) of £40.4m was generated in the year, an increase of 9% over last year (FY 2023/24: £37.0m) representing a free cash conversion of 106% of adjusted earnings, again well ahead of our 85% target.

Banking facilities

The Group has a £240m syndicated banking facility which extends to August 2027. In addition, the Group has an £80m accordion facility which it can use, with bank approval, to extend the total facility up to £320m. The syndicated facility is available both for acquisitions and for working capital purposes, and comprises seven lending banks.

With net debt (excluding IFRS 16 leases in accordance with our banking covenants) at 31 March 2025 of £94.3m, the Group's gearing ratio at the end of the year (being net debt excluding IFRS 16 leases divided by Adjusted EBITDA as annualised for acquisitions) was 1.3x compared with a target gearing range of between 1.5x and 2.0x. Together with cash generation during FY 2025/26, the Group has access to acquisition funding of c.£80m for the year ended 31 March 2026 while remaining within our target gearing range.

Defined benefit pension scheme

In January 2025, the Group completed the buy-in of its legacy UK defined benefit pension scheme with Just Retirement Limited for a premium of £29.1m, funded primarily from existing scheme assets. The buy-in delivers greater security to scheme members, whilst substantially removing all of the Group's exposure to defined benefit liabilities and investment, longevity, interest rate and inflation risks in respect of the scheme. Following the buy-in, future pension cash costs should be c.£1.5m per year lower than this year.

Balance sheet

Net assets of £308.0m at 31 March 2025 were £6.4m higher than at the end of the last financial year (31 March 2024: £301.6m). The increase primarily relates to net profits for the year of £24.6m, partially offset by dividends paid during the year of £11.7m. The movement in net assets is summarised below:

£m	**FY 2024/25**
Net assets at 31 March 2024	301.6
Net profit after tax	24.6
Dividend paid	(11.7)
Currency net assets - translation impact	(3.7)
Loss on defined benefit pension scheme	(3.5)
Share-based payments (inc tax)	0.7
Net assets at 31 March 2025	**308.0**

Risks and uncertainties

The principal risks faced by the Group are covered in more detail in the Group's 2025 Annual Report and Accounts, which will be published later this month. These risks comprise: the economic environment, particularly linked to the geopolitical issues arising from the ongoing conflicts in Ukraine and in the Middle East; the imposition of US trade tariffs and counter tariffs; the performance of acquired companies; climate-related risks; loss of major customers or suppliers; technological changes; major business disruption; cyber security; loss of key personnel; control risk; product liability; liquidity and debt covenants; exposure to adverse foreign currency movements; and non-compliance with legal and regulatory requirements.

The Board reviewed the Group's principal risks and the mitigating actions and processes in place during the financial year. The Board's view is that risks associated with the macroeconomic environment, including the impact from US tariffs, have increased during the financial year with no material change to the relative importance or quantum of the Group's other principal risks.

The risk assessment and review are an ongoing process, and the Board will continue to monitor risks and the mitigating actions in place. The Group's risk management processes cover identification, impact assessment, likely occurrence and mitigation actions where practicable. Some level of risk, however, will always be present. The Group is well positioned to manage such risks and uncertainties, if they arise, given its strong balance sheet, committed banking facility of £240m and the adaptability we have as an organisation.

Simon Gibbins
Group Finance Director

Consolidated Statement of Profit or Loss

for the year ended 31 March 2025

	Notes	**2025 £m**	2024 £m
Revenue	4	**422.9**	437.0
Operating costs		**(380.5)**	(405.8)
Operating profit	7	**42.4**	31.2
Finance income		**3.7**	3.9
Finance costs		**(14.1)**	(12.9)
Profit before tax		**32.0**	22.2
Tax expense		**(7.4)**	(6.7)
Profit for the year		**24.6**	15.5

Earnings per share	11		
Basic, profit for the year		**25.6p**	16.2p
Diluted, profit for the year		**25.0p**	15.8p

Supplementary Statement of Profit or Loss information

for the year ended 31 March 2025

Alternative performance measures	Notes	**2025 £m**	2024 £m
Operating profit		**42.4**	31.2
Add back: Net acquisition and disposal expenses		**1.9**	9.8
Amortisation of acquired intangible assets		**16.2**	16.2
Adjusted operating profit	6	**60.5**	57.2
Profit before tax		**32.0**	22.2
Add back: Net acquisition and disposal expenses		**1.9**	9.8
Amortisation of acquired intangible assets		**16.2**	16.2
Adjusted profit before tax	6	**50.1**	48.2
Adjusted earnings per share - diluted	6	**38.7p**	36.8p
Adjusted earnings per share - basic	6	**39.7p**	37.8p

The above consolidated Statement of Profit or Loss should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

for the year ended 31 March 2025

	Notes	**2025 £m**	2024 £m
Profit for the year		**24.6**	15.5
Other comprehensive loss:			
Items that will not be subsequently reclassified to profit or loss:			
Actuarial loss on defined benefit pension scheme	16	**(4.7)**	(1.2)
Tax credit relating to defined benefit pension scheme		**1.2**	0.3
		(3.5)	(0.9)
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of foreign subsidiaries		**(3.7)**	(7.7)
		(3.7)	(7.7)
Other comprehensive loss for the year, net of tax		**(7.2)**	(8.6)
Total comprehensive income for the year, net of tax		**17.4**	6.9

The above consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

as at 31 March 2025

	Notes	**2025 £m**	2024 £m
Non-current assets			
Property, plant and equipment		**23.0**	20.5
Intangible assets - goodwill	12	**244.2**	231.7
Intangible assets - other		**92.2**	97.8
Right of use assets		**27.4**	20.6
Pension asset		**-**	0.3
Other receivables		**-**	0.2
Deferred tax assets		**10.1**	9.9
		396.9	381.0
Current assets			
Inventories		**82.9**	80.1
Trade and other receivables		**74.4**	88.8
Current tax assets		**1.5**	1.3
Cash and cash equivalents		**139.3**	110.8
Assets held for sale	9	**-**	6.7
		298.1	287.7
Total assets		**695.0**	668.7
Current liabilities			
Trade and other payables		**(81.1)**	(87.5)
Loans and borrowings		**(95.0)**	(78.7)
Lease liabilities		**(6.2)**	(5.7)
Current tax liabilities		**(8.2)**	(8.3)
Provisions		**(5.0)**	(5.2)

Provisions		[illegible]	[illegible]
		(195.5)	(185.4)
Non-current liabilities			
Trade and other payables		**(6.2)**	(4.6)
Loans and borrowings		**(138.6)**	(136.1)
Lease liabilities		**(21.2)**	(14.4)
Pension liability	16	**(0.5)**	-
Provisions		**(4.0)**	(3.6)
Deferred tax liabilities		**(21.0)**	(23.0)
		(191.5)	(181.7)
Total liabilities		**(387.0)**	(367.1)
Net assets		**308.0**	301.6
Equity			
Share capital	15	**4.8**	4.8
Share premium		**192.0**	192.0
Merger reserve		**2.9**	2.9
Currency translation reserve		**(5.8)**	(2.1)
Retained earnings		**114.1**	104.0
Total equity		**308.0**	301.6

The above consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

The Financial Statements were approved by the Board of Directors on 3 June 2025 and signed on its behalf by:

Nick Jefferies Group Chief Executive

Simon Gibbins Group Finance Director

Consolidated Statement of Changes in Equity

for the year ended 31 March 2025

	Attributable to equity holders of the Company					
	Share capital £m	**Share premium £m**	**Merger reserve £m**	**Currency translation reserve £m**	**Retained earnings £m**	**Total equity £m**
At 1 April 2023	**4.8**	**192.0**	**2.9**	**5.6**	**98.3**	**303.6**
Profit for the year	-	-	-	-	15.5	15.5
Other comprehensive loss	-	-	-	(7.7)	(0.9)	(8.6)
Total comprehensive (loss)/income	-	-	-	(7.7)	14.6	6.9
Share-based payments including tax	-	-	-	-	2.3	2.3
Dividends (note 13)	-	-	-	-	(11.2)	(11.2)
At 31 March 2024	**4.8**	**192.0**	**2.9**	**(2.1)**	**104.0**	**301.6**
Profit for the year	-	-	-	-	24.6	24.6
Other comprehensive loss	-	-	-	(3.7)	(3.5)	(7.2)
Total comprehensive (loss)/income	-	-	-	(3.7)	21.1	17.4
Share-based payments including tax	-	-	-	-	0.7	0.7
Dividends (note 13)	-	-	-	-	(11.7)	(11.7)
At 31 March 2025	**4.8**	**192.0**	**2.9**	**(5.8)**	**114.1**	**308.0**

The above consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

for the year ended 31 March 2025

	Notes	**2025 £m**	2024 £m
Net cash flow from operating activities	14	**46.4**	41.2
Investing activities			
Acquisition of businesses, net of cash acquired		**(27.7)**	(82.8)
Contingent consideration related to business acquisitions		**(2.3)**	-
Proceeds from business disposals		**13.3**	-
Purchase of property, plant and equipment		**(5.4)**	(4.8)
Purchase of intangible assets - software		**(0.7)**	(0.1)
Interest received		**3.5**	3.9
Net cash used in investing activities		**(19.3)**	(83.8)
Financing activities			
Proceeds from borrowings		**37.5**	79.4
Repayment of borrowings		**(33.2)**	(28.9)
Payment of lease liabilities		**(6.5)**	(6.1)
Dividends paid	10	**(11.7)**	(11.2)
Net cash (used in)/generated from financing activities		**(13.9)**	33.2
Net increase in cash and cash equivalents[1]		**13.2**	(9.4)
Net cash and cash equivalents at 1 April		**31.5**	43.4
Effect of exchange rate fluctuations		**(1.0)**	(2.5)
Net cash and cash equivalents at 31 March		**43.7**	31.5

Reconciliation to cash and cash equivalents in the consolidated Statement of Financial Position		
Net cash and cash equivalents shown above	**43.7**	31.5
Add back: bank overdrafts	**95.6**	79.3
Cash and cash equivalents presented in current assets in the consolidated Statement of Financial Position	**139.3**	110.8

The above consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Group consolidated Financial Statements

for the year ended 31 March 2025

1. Publication of non-statutory accounts

The preliminary results were authorised for issue by the Board of Directors on 3 June 2025. The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 March 2025 or 31 March 2024, but is derived from those accounts. Statutory accounts for 2024 have been delivered to the Registrar of Companies whereas those for 2025 will be delivered following the Company's Annual General Meeting. The auditors have reported on those accounts; their report was unqualified and did not contain a statement under section 237 (2) or (3) of the Companies Act 2006.

2. Basis of preparation

The Group's consolidated Financial Statements have been prepared in accordance with UK-adopted International Accounting Standards (UK adopted IAS) and with requirements of the Companies Act 2006 applicable to companies reporting under those standards. The consolidated financial statements are prepared under the historical cost convention, unless otherwise stated.

The Group consolidated Financial Statements are presented in pounds sterling and all values are rounded to the nearest hundred thousand except as otherwise indicated.

3. Going concern

In line with IAS 1 "Presentation of Financial Statements" and revised guidance on "risk management, internal control and related financial and business reporting", management has taken into account all available information about the future for a period of at least, but not limited to, 12 months from the date of approval of the Financial Statements when assessing the Group's and Company's ability to continue as a going concern.

The Group's business activities, together with factors which may adversely impact its future development, performance and position, are set out above in this press release. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Strategic and Operational Review section of this press release.

The Group's forecasts and projections, taking account of the sensitivity analysis of changes in trading performance, show that the Group is well placed to operate within its current debt facilities of £240m committed up to the end of August 2027.

The Viability Base Case has been subjected to sensitivity analysis involving flexing a number of the underlying key assumptions, both individually and in conjunction. The sensitivities take into account the principal risks and uncertainties, notably instability in the economic environment, underperformance of acquired businesses, climate-related risks, loss of key customers and suppliers, major business disruption, liquidity restriction, debt covenants, interest rate increases, the impact of US tariffs and counter tariffs and adverse foreign currency movements.

The most severe but plausible downside scenario assumes a worsening of the economic environment caused by a number of factors including geo-political events, the impact of US tariffs and counter tariffs and significant reduction in consumer demand due to continuing inflationary pressures and elevated interest rates. This downside scenario results in a significant decline in the second half sales of FY 2025/26, with FY 2026/27 sales flat on the reduced FY2025/26 level, and modest growth in FY 2027/28. Additionally, gross margin was reduced, working capital materially increased, significant one-off expenditures included (product liability, major customer insolvency or litigation, climate change, cyber-security incident, inventory obsolescence), interest rates increased and the Group effective tax rate increased.

After factoring in these significant additional downsides to the Viability Base Case, there remains good headroom both in terms of liquidity and our debt covenants. This is supported by the fact that the Group sells a wide portfolio of different products across a diverse set of industries and geographies, has low customer / supplier concentration, a global supply chain network, diverse manufacturing capacity, and has well-established relationships with its customers. These factors are considered important in mitigating many of the risks that could affect the long-term viability of the Group. As a consequence, the Directors believe that the Group is well placed to manage its principal risks and uncertainties as disclosed in the Strategic Report.

Reverse stress testing has also been applied to the most plausible downside scenario to determine the level of additional downside that would be required before the Group would breach its debt covenants or current liquidity headroom during the assessment period. The reverse stress test was conducted on the basis that certain mitigating actions would be undertaken to reduce overheads and capital expenditure during the period as sales declined and, on that basis, a fall in adjusted operating margin to below 6.7% in FY 2025/26 would be required before such a breach occurred. The Board considers the possibility of such a scenario to be remote and further mitigation, such as hiring freezes, pay and bonus reductions, headcount reductions, reduction in planned capital expenditure, equity raises and suspension of dividend payments, would be available if future trading conditions indicated that such an outcome were possible.

The Company acts as a holding company for investments in the subsidiaries and does not engage in any trading activities directly and thus is dependent on the trading activities of its subsidiaries. The Company holds sufficient net current assets as at 31 March 2025 to continue as a going concern.

The Directors are confident that the Company and the Group have sufficient resources to continue in operational existence for at least 12 months from the date of approval of the Financial Statements. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

4. Revenue

Group revenue is analysed below:

	2025 £m	2024 £m

Sale of goods	**417.7**	431.4
Rendering of services	**5.2**	5.6
Total revenue	**422.9**	437.0

5. Operating segment information

The Reportable Operating Segments of the Group include two distinct divisions, Magnetics & Controls ("M&C") and Sensing & Connectivity ("S&C"). Within each of these reportable operating segments are aggregated business units with similar characteristics such as the nature of customers, products, risk profile and economic characteristics.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is reported and evaluated based on operating profit or loss earned by each segment. Unallocated costs relate to central head office administration costs that are not directly attributable to the Operating Segments.

Segment revenue and results

	Magnetics & Controls	Sensing & Connectivity	Unallocated Costs	Total
2025	**£m**	**£m**	**£m**	**£m**
Revenue	**247.4**	**175.5**	**-**	**422.9**
Result				
Adjusted operating profit/(loss)	36.3	36.0	(11.8)	60.5
Net acquisition and disposal expenses	0.5	(2.4)	-	(1.9)
Amortisation of acquired intangible assets	(6.3)	(9.9)	-	(16.2)
Operating profit/(loss)	**30.5**	**23.7**	**(11.8)**	**42.4**

	Magnetics & Controls	Sensing & Connectivity	Unallocated Costs	Total
2024	**£m**	**£m**	**£m**	**£m**
Revenue	**265.1**	**171.9**	**-**	**437.0**
Result				
Adjusted operating profit/(loss)	40.6	28.9	(12.3)	57.2
Net acquisition and disposal expenses	(2.2)	(7.6)	-	(9.8)
Amortisation of acquired intangible assets	(6.6)	(9.6)	-	(16.2)
Operating profit/(loss)	**31.8**	**11.7**	**(12.3)**	**31.2**

6. Adjusted performance measures

These Financial Statements include adjusted performance measures that are not prepared in accordance with IFRS. These alternative performance measures have been selected by management to assist them in making operating decisions as they represent the underlying operating performance of the Group and facilitate internal comparisons of performance over time.

Adjusted performance measures are presented in these Financial Statements as management believe they provide investors with a means of evaluating performance of the Group on a consistent basis, similar to the way in which management evaluates performance, that is not otherwise apparent on an IFRS basis, given that certain strategic non-recurring and acquisition-related items that management does not believe are indicative of the underlying operating performance of the Group are included when preparing financial measures under IFRS. The trading results of acquired businesses are included in adjusted performance.

The Directors consider there to be the following key adjusted performance measures:

Adjusted operating profit

"Adjusted operating profit" is defined as operating profit excluding acquisition and disposal related costs (namely amortisation of acquired intangible assets and acquisition and disposal expenses).

Acquisition and disposal expenses comprise transaction costs relating to acquisitions and disposals, contingent consideration relating to the retention of former owners of acquired businesses, adjustments to previously estimated contingent consideration, costs related to integration of acquired businesses into the Group and restructuring costs and expenses incurred in relation to the disposal of the Santon solar business unit, including its losses incurred following the announcement of its closure.

Adjusted EBITDA

"Adjusted EBITDA" is defined as adjusted operating profit with depreciation, amortisation, equity-settled share-based payment expense and IAS 19 pension cost added back.

Adjusted operating margin

"Adjusted operating margin" is defined as adjusted operating profit divided by revenue.

Adjusted profit before tax

"Adjusted profit before tax" is defined as profit before tax excluding acquisition and disposal related costs (namely amortisation of acquired intangible assets and acquisition and disposal expenses).

Adjusted tax charge / Adjusted effective tax rate ("ETR")

"Adjusted tax charge" is defined as the tax charge adjusted for the tax effect of the acquisition and disposal related costs (namely amortisation of acquired intangible assets and acquisition and disposal expenses).

"Adjusted ETR" is defined as adjusted tax charge divided by adjusted profit before tax.

Adjusted profit after tax

"Adjusted profit after tax" is defined as "Adjusted profit before tax less adjusted tax charge.

Adjusted earnings per share

"Adjusted earnings per share - diluted" is calculated as adjusted profit before tax reduced by the adjusted effective tax charge, divided by the weighted average number of ordinary shares (for diluted earnings per share purposes) in issue during the year.

"Adjusted earnings per share - basic" is calculated as adjusted profit before tax reduced by the adjusted effective tax charge, divided by the weighted average number of ordinary shares (for basic earnings per share purposes) in issue during the year.

Adjusted operating cash flow / Adjusted operating cash conversion

"Adjusted operating cash flow" is defined as adjusted EBITDA, plus/minus the investment in, or release of, working capital and less the cash cost of capital expenditure and lease payments.

"Adjusted operating cash conversion" is defined as adjusted operating cash flow divided by adjusted operating profit.

Free cash flow / Free cash flow conversion

"Free cash flow" is defined as net cash flow before dividend payments, the cost of acquisitions and proceeds from business disposals.

"Free cash flow conversion" is free cash flow divided by adjusted profit after tax.

Return on capital employed ("ROCE") / Return on tangible capital employed ("ROTCE")

"ROCE" is defined as adjusted operating profit, including the annualisation of profits of acquired businesses, as a percentage of net assets excluding net debt, deferred consideration related to discontinued operations, assets held for sale and legacy defined benefit pension asset/(liability).

"ROTCE" is defined as ROCE excluding the value of acquired goodwill and intangibles, lease liabilities, provisions and tax balances.

Organic and CER revenue growth

"CER revenue growth" is defined as growth rates at constant exchange rates.

"Organic revenue growth" is defined as CER revenue growth adjusted for the effect of acquisitions in the last 12 months and excluding last year's announced disposal of the Santon solar business unit.

Gearing ratio

Gearing ratio is defined as net debt divided by adjusted EBITDA, including the annualisation of acquired businesses, excluding lease payments.

The tables below show the reconciliation to the IFRS reporting measures, for the main adjusted performance measures used by the Group.

Adjusted operating profit / Adjusted EBITDA

Adjusted operating profit and EBITDA are calculated as follows:

			2025 £m	2024 £m
Operating profit			**42.4**	31.2
Add back	Net acquisition and disposal expenses	(a)	**1.9**	9.8
	Amortisation of acquired intangibles		**16.2**	16.2
Adjusted operating profit			**60.5**	57.2
Add back	Depreciation and amortisation		**12.4**	12.5
	Share-based payment and IAS 19 pension cost		**2.7**	3.4
Adjusted EBITDA			**75.6**	73.1

a. Net acquisition and disposal expenses comprise £1.4m of transaction costs in relation to the acquisition of Burster, Hivolt and ongoing transactions and £3.1m of integration expenses related to the establishment of our operating clusters mainly associated with removing duplicate positions in our Magnetics and Sensing clusters, offset by £0.5m credit relating to the movement in fair value of contingent consideration and assets acquired on past acquisitions and £2.1m gain on disposal of the Santon solar business as announced in the prior year.

   During the prior year, net acquisition and disposal expenses of £9.8m comprised £3.1m of transaction costs in relation to the acquisition of Silvertel, 2J, Shape, DTI, IKN and ongoing transactions, £0.8m charge relating to the movement in fair value of contingent consideration and assets acquired on past acquisitions and £5.9m of costs in relation to the disposal of the Santon solar business unit.

Adjusted profit before tax

Adjusted profit before tax is calculated as follows:

		2025 £m	2024 £m
Profit before tax		**32.0**	22.2
Add back	Net acquisition and disposal expenses	**1.9**	9.8
	Amortisation of acquired intangible assets	**16.2**	16.2
Adjusted profit before tax		**50.1**	48.2

Adjusted effective tax rate

Adjusted effective tax rate ("ETR") is calculated as follows:

	2025 £m	2024 £m
Adjusted profit before tax	**50.1**	48.2
Total tax charge	**7.4**	6.7
Add back tax effect of net acquisition and disposal expenses and amortisation of acquired		

intangible assets	**4.6**	5.3
Adjusted tax charge	**12.0**	12.0
Adjusted effective tax rate	**24.0%**	24.9%

Adjusted profit after tax / Adjusted earnings per share

Adjusted profit after tax and earnings per share are calculated as follows:

		2025 £m	2024 £m
Profit for the year		**24.6**	15.5
Add back	Net acquisition and disposal expenses	**1.9**	9.8
	Amortisation of acquired intangible assets	**16.2**	16.2
Tax charge relating to the above adjustments		**(4.6)**	(5.3)
Adjusted profit after tax		**38.1**	36.2

	2025 Number	2024 Number
Weighted average number of shares for basic earnings per share	**96,028,934**	95,835,775
Effect of dilution - share options	**2,398,601**	2,450,593
Adjusted weighted average number of shares for diluted earnings per share	**98,427,535**	98,286,368
Adjusted earnings per share - diluted	**38.7p**	36.8p
Adjusted earnings per share - basic	**39.7p**	37.8p

Adjusted operating cash flow / Free cash flow

	2025 £m	2024 £m
Adjusted EBITDA	**75.6**	73.1
Lease payments	**(7.5)**	(6.8)
EBITDA (incl. lease payments)	**68.1**	66.3
Changes in working capital	**0.3**	(2.2)
Capital expenditure	**(6.1)**	(4.9)
Adjusted operating cash flow	**62.3**	59.2
Net interest paid	**(9.0)**	(7.7)
Tax payments	**(10.6)**	(12.5)
Legacy pension scheme funding	**(2.3)**	(2.0)
Free cash flow	**40.4**	37.0

ROCE / ROTCE

ROCE and ROTCE are calculated as follows:

		2025 £m	2024 £m
Net assets		**308.0**	301.6
Less:	Deferred consideration in relation to disposed businesses	**(0.3)**	(6.3)
	Net debt	**94.3**	104.0
	IAS 19 pension (asset)/liability	**0.5**	(0.3)
	Assets held for sale	**-**	(6.7)
Capital employed		**402.5**	392.3
Less:	Goodwill	**(244.2)**	(231.7)
	Acquired intangible assets	**(90.4)**	(96.2)
	Deferred tax assets and liabilities	**10.9**	13.1
	Current tax assets and liabilities	**6.7**	7.0
	Lease liabilities	**27.4**	20.1
	Provisions	**9.0**	8.8
Trading capital employed		**121.9**	113.4
Adjusted operating profit		**60.5**	57.2
Add:	Annualisation of acquired businesses	**3.0**	4.2
Annualised operating profit		**63.5**	61.4
ROCE		**15.8%**	15.7%
ROTCE		**51.7%**	54.1%

Organic and CER revenue growth

Organic and CER revenue growth are calculated as follows:

	2025 £m	2024 £m
Revenue	**422.9**	437.0
FX translation impact	**-**	(7.4)
Adjusted (CER) revenue	**422.9**	429.6
Acquisitions and disposals	**(34.6)**	(13.7)
Organic revenue	**388.3**	415.9

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 (Silvertel in August 2023, 2J Antennas Group ("2J") in September 2023, Shape, DTI and IKN in Q4 2023/24, Hivolt in August 2024 and Burster in January 2025) and the results of last year's announced disposal of the Santon solar business unit.

Gearing ratio

Gearing ratio is calculated as follows:

	2025 £m	2024 £m
Net debt	**94.3**	104.0
Adjusted EBITDA	**75.6**	73.1
Lease payments	**(7.5)**	(6.8)
Annualisation of acquired businesses	**3.0**	4.2
Covenant EBITDA	**71.1**	70.5
Gearing ratio	**1.3**	1.5

7. Operating profit

	2025 £m	2024 £m
Revenue	**422.9**	437.0
Direct materials/direct labour	**(236.8)**	(255.0)
Other cost of goods sold	**(4.6)**	(5.0)
Selling and distribution costs	**(40.9)**	(41.0)
Administrative expenses	**(98.2)**	(104.8)
Operating profit	**42.4**	31.2

8. Business combinations

Acquisitions in the year ended 31 March 2025

Acquisition of Hivolt

On 1 August 2024, the Group completed the acquisition of 100% of the outstanding ordinary shares of Hivolt Capacitors Limited ("Hivolt"), a company incorporated in the United Kingdom. Hivolt is a designer and manufacturer of custom-built capacitors for specialised applications involving high voltages and the acquisition is set to strengthen the Group's position in the electronics market and enhance its offering across key target sectors, including medical and transportation.

Hivolt was acquired for an initial consideration of £3.8m on a cash free, debt free basis, before expenses, funded from the Group's existing debt facilities. The cash consideration paid of £8.5m includes cash acquired of £5.0m net of deductions for accrued tax and other liabilities and adjustments of £0.3m. In addition, a contingent payment of up to £0.9m will be payable subject to Hivolt achieving certain financial performance conditions over the period between 1 April 2024 and 31 March 2025.

The fair value of the identifiable assets and liabilities of Hivolt at the date of acquisition was:

	Fair value recognised at acquisition £m
Intangible assets - other *(incl. customer relationships)*	2.6
Property, plant and equipment	0.1
Right of use assets	0.2
Inventories	0.6
Trade and other receivables	0.2
Cash acquired	5.0
Trade and other payables	(0.4)
Current tax liabilities	(0.1)
Deferred tax liabilities	(0.7)
Lease liabilities	(0.2)
Total identifiable net assets	**7.3**
Goodwill arising on acquisition	**2.1**
Total investment	**9.4**
Discharged by	
Initial cash consideration	8.5
Contingent consideration	0.9
	9.4

Net cash outflows in respect of the acquisition comprise:

	Total £m
Cash consideration	8.5
Transaction costs (included in operating cash flows) [1]	0.1
Net cash acquired	(5.0)
	3.6

1) Acquisition costs of £0.1m were expensed as incurred in the period ended 31 March 2025. These were included within operating costs.

Included in cash flow from investing activities is the cash consideration of £8.5m, offset by the net cash acquired of £5.0m.

The goodwill is attributable to the workforce and the high profitability of the acquired business. It will not be deductible for tax purposes. Included in the £2.1m of goodwill recognised above are certain intangible assets that cannot be individually separated and reliably measured, due to their nature. These include the value of expected operational benefits. All the acquired receivables are expected to be collected.

Acquisition of Burster

On 15 January 2025, the Group completed the acquisition of the Burster Group ("Burster"), by acquiring the limited partnership interest in burster präzisionsmesstechnik GmbH & Co. KG. Burster is a German-based designer and manufacturer of specialist sensors.

Burster was acquired for an initial consideration of £25.6m on a cash free, debt free basis, before expenses, funded from the Group's existing debt facilities. The cash consideration paid of £25.5m includes cash acquired of £1.3m net of deductions for accrued tax and other liabilities and adjustments of £1.4m. In addition, a contingent payment of up to £10.5m (€12.4m) will be payable subject to Burster achieving certain financial performance conditions in its year ending 31 December 2025.

The fair value of the identifiable assets and liabilities of Burster at the date of acquisition was:

	Fair value recognised at acquisition £m
Intangible assets - other *(incl. customer relationships)*	9.1
Property, plant and equipment	1.5
Right of use assets	2.8
Inventories	6.8
Trade and other receivables	0.9
Cash acquired	1.3
Trade and other payables	(1.3)
Current tax liabilities	(0.4)
Lease liabilities	(2.8)
Total identifiable net assets	**17.9**
Goodwill arising on acquisition	**13.4**
Total investment	**31.3**
Discharged by	
Initial cash consideration	25.5
Contingent consideration	5.8
	31.3

Net cash outflows in respect of the acquisition comprise:

	Total £m
Cash consideration	25.5
Transaction costs (included in operating cash flows) [1]	0.7
Net cash acquired	(1.3)
	24.9

1) Acquisition costs of £0.7m were expensed as incurred in the period ended 31 March 2025. These were included within operating costs.

Included in cash flow from investing activities is the cash consideration of £25.5m, offset by the net cash acquired of £1.3m.

The goodwill is attributable to the workforce and the high profitability of the acquired business. It will be deductible for tax purposes. Included in the £13.4m of goodwill recognised above are certain intangible assets that cannot be individually separated and reliably measured, due to their nature. These include the value of expected operational benefits. All the acquired receivables are expected to be collected.

9. Business disposed

During the year ended 31 March 2025, the Group completed the disposal of its Santon solar business unit (the "disposal group") based in the Netherlands, which was previously classified as held for sale, for consideration of £2.6m.

In conjunction with this disposal, the Group also completed the sale of its manufacturing facility in the Netherlands for a total consideration of £5.0m. The overall loss on disposal was £3.8m, of which £2.1m gain was recognised in the year and £5.9m loss in the prior year.

loss in the prior year.

The disposals of both the solar business unit and the manufacturing facility generated a net cash inflow of £7.2m after costs.

The disposal group is not considered to be a major line of operation. Accordingly, its results are not presented as a discontinued operation for the years ended 31 March 2025 and 31 March 2024.

10. Dividends

Dividends recognised in equity as distributions to equity holders in the year:	**2025 £m**	2024 £m
Equity dividends on ordinary shares:		
Final dividend for the year ended 31 March 2024 of 8.25p (2023: 7.90p)	**7.9**	7.6
Interim dividend for the year ended 31 March 2025 of 3.90p (2024: 3.75p)	**3.8**	3.6
Total amounts recognised as equity distributions during the year	**11.7**	11.2

Proposed for approval at AGM:	**2025 £m**	2024 £m
Equity dividends on ordinary shares:		
Final dividend for the year ended 31 March 2025 of 8.60p (2024: 8.25p)	**8.3**	7.9
Summary		
Dividends per share declared in respect of the year	**12.50p**	12.00p
Dividends per share paid in the year	**12.15p**	11.65p
Dividends paid in the year	**£11.7m**	£11.2m

11. Earnings per share

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is the basic earnings per share after allowing for the dilutive effect of the conversion into ordinary shares of the weighted average number of options outstanding during the year.

The following reflects the income and share data used in the basic and diluted earnings per share calculations.

	2025 £m	2024 £m
Profit after tax for the year	**24.6**	15.5

	2025 Number	2024 Number
Weighted average number of shares for basic earnings per share	**96,028,934**	95,835,775
Effect of dilution - share options	**2,398,601**	2,450,593
Adjusted weighted average number of shares for diluted earnings per share	**98,427,535**	98,286,368
Basic earnings per share	**25.6p**	16.2p
Diluted earnings per share	**25.0p**	15.8p

At the year-end, there were 2,648,415 ordinary share options in issue that could potentially dilute adjusted earnings per share in the future, of which 2,398,601 are currently dilutive (2024: 2,713,941 in issue and 2,450,593 dilutive).

12. Intangible assets - goodwill

Cost	£m
At 1 April 2023	188.1
Business acquired (note 11)	49.3
Exchange adjustments	(4.0)
At 31 March 2024	233.4
Business acquired (note 11)	15.5
Disposal	(1.7)
Exchange adjustments	(3.0)
At 31 March 2025	**244.2**

Impairment	£m
At 31 March 2024	(1.7)
Disposal	1.7
At 31 March 2025	**-**

Net book value at 31 March 2025	**244.2**
Net book value at 31 March 2024	231.7

The Group's operations are organised into two distinct divisions, Magnetics & Controls ("M&C") and Sensing & Connectivity ("S&C"). Each of these divisions comprises two sub-divisions. Within each sub-division are aggregated business units ("CGUs") that share similar characteristics such as the nature of customers, products, risk profile and economic characteristics.

With the increased number of acquisitions and the anticipated synergies across the Group's businesses in particular within a sub-division, the Group's management has transitioned from monitoring individual CGUs separately to aggregating the performance outputs of each of the four sub-divisions. This approach is adopted to facilitate the assessment of performance, resource allocation, and strategic decision-making.

For the year ended 31 March 2025, the Group's management has determined that the lowest level within the Group at which the goodwill is monitored for internal management purposes consists of the four sub-divisions, each comprising a number of CGUs. Therefore, according to IAS 36.82, goodwill is tested for impairment at the level that reflects the way the Group manages its operations and with which the goodwill would naturally be associated.

The carrying value of goodwill is analysed as follows:

	2025 £m	Restated[1] 2024 £m
Magnetics & Controls	**104.9**	106.4
Magnetics	38.2	38.5
Controls	66.7	67.9
Sensing & Connectivity	**139.3**	125.3
Sensing	73.0	60.2
Connectivity	66.3	65.1
Total	**244.2**	231.7

[1] Prior year restated to change presentation from individual CGUs to the four sub-divisions after changes to the way goodwill is tested for impairment as described above.

The movement in goodwill compared to prior year relates mainly to the movement in foreign exchange rates and to Hivolt and Burster which were acquired in the year into the Sensing & Connectivity division.

13. Movements in cash and net debt

Year to 31 March 2025	1 April 2024 £m	Cash flow £m	Non-cash changes £m	**31 March 2025 £m**
Bank loans over one year	(137.5)	(4.3)	2.4	**(139.4)**
Capitalised debt costs	2.0	-	(0.6)	**1.4**
Lease liability	(20.1)	7.5	(14.8)	**(27.4)**
Liabilities arising from financing activities	**(155.6)**	**3.2**	**(13.0)**	**(165.4)**
Cash and cash equivalents	110.8	29.6	(1.1)	**139.3**
Bank overdrafts	(79.3)	(16.4)	0.1	**(95.6)**
Net cash	**31.5**	**13.2**	**(1.0)**	**43.7**
Net debt (incl. lease liability)	**(124.1)**	**16.4**	**(14.0)**	**(121.7)**
Remove: lease liability	20.1	(7.5)	14.8	**27.4**
Net debt [1]	**(104.0)**	**8.9**	**0.8**	**(94.3)**

[1] Net debt is an alternative performance measure as it is not defined in IFRS. The most directly comparable IFRS measure is the aggregate of loans and borrowings (current and non-current) and cash and cash equivalents.

Bank loans over one year above include £139.3m (2024: £137.4m) drawn down against the Group's revolving credit facility.

Bank overdrafts reflect the aggregated gross overdrawn balances of Group companies (even if those companies have other positive cash balances). The overdrafts and cash and cash equivalents are held with the Group's relationship banks.

Year to 31 March 2024	1 April 2023 £m	Cash flow £m	Non-cash changes £m	31 March 2024 £m
Bank loans over one year	(88.1)	(51.1)	1.7	(137.5)
Capitalised debt costs	2.0	0.6	(0.6)	2.0
Lease liability	(18.8)	6.8	(8.1)	(20.1)
Liabilities arising from financing activities	(104.9)	(43.7)	(7.0)	(155.6)
Cash and cash equivalents	83.9	29.2	(2.3)	110.8
Bank overdrafts	(40.5)	(38.6)	(0.2)	(79.3)
Net cash	43.4	(9.4)	(2.5)	31.5
Net debt (incl. lease liability)	(61.5)	(53.1)	(9.5)	(124.1)
Remove: lease liability	18.8	(6.8)	8.1	20.1
Net debt	(42.7)	(59.9)	(1.4)	(104.0)

14. Reconciliation of cash flows from operating activities

	2025 £m	2024 £m
Profit for the year	**24.6**	15.5
Tax expense	**7.4**	6.7
Net finance costs	**10.4**	9.0
Depreciation of property, plant and equipment	**4.5**	4.7
Depreciation of right of use assets	**7.3**	6.6
Amortisation of intangible assets - other	**16.6**	16.5
Write-down of assets related to disposal group - other intangible assets	**-**	1.0
Write-down of asset related to disposal group - goodwill		1.7

Write-down of asset related to disposal group - goodwill	-	1.7
Loss on disposal of property, plant and equipment	-	0.2
Loss on disposal of intangible assets	**0.1**	-
Change in provisions	**0.1**	2.6
Pension scheme funding	**(2.3)**	(2.0)
IAS 19 pension charge	**0.7**	0.8
Gain on disposal of business	**(2.1)**	-
Associated taxes on LTIPs	-	(0.3)
Impact of equity-settled share-based payment expense and associated taxes	**2.0**	2.6
Operating cash flows before changes in working capital	**69.3**	65.6
Decrease in inventories	**5.4**	14.5
Decrease/(Increase) in trade and other receivables	**5.8**	(3.0)
Decrease in trade and other payables	**(10.0)**	(11.1)
Decrease in working capital	**1.2**	0.4
Cash generated from operations	**70.5**	66.0
Interest paid	**(12.5)**	(11.6)
Interest paid on lease liabilities	**(1.0)**	(0.7)
Income taxes paid	**(10.6)**	(12.5)
Net cash flow from operating activities	**46.4**	41.2

15. Share capital

Allotted, called up and fully paid	**2025 Number**	**2025 £m**	2024 Number	2024 £m
Ordinary shares of 5p each	**96,356,109**	**4.8**	96,356,109	4.8

During the year to 31 March 2025, no shares were issued to the Group's Employee Benefit Trust (2024: nil). At 31 March 2025 the Trust held 299,219 shares (2024: 414,600). During the year to 31 March 2025, employees exercised 115,381 share options under the terms of the various share option schemes (2024: 275,492).

16. Pension

The acquisition of the Sedgemoor Group in June 1999 brought with it certain defined benefit pension schemes, together "the Sedgemoor Scheme". The Sedgemoor Scheme is funded by the Group, provides retirement benefits based on final pensionable salary and its assets are held in a separate trustee-administered fund.

Following the acquisition of the Sedgemoor Group, the Sedgemoor Scheme was closed to new members. Shortly thereafter, employees were given the opportunity to join the discoverIE scheme and future service benefits ceased to accrue to members under the Sedgemoor Scheme.

Contributions to the Sedgemoor Scheme are determined in accordance with the advice of independent, professionally qualified actuaries and are set based upon funding valuations carried out every three years.

On 21 January 2025, the Trustee entered into a bulk annuity "buy-in" policy with an insurance company. This policy covers all known current members of the Scheme and its fair value matches the present value of the benefits insured. To fund the premium, the Group paid cash contributions to the Scheme of £4.5m in 2025, of which £3.0m came from an escrow account set up to the benefit of the Trustee.

Other than the Trustee bank account, the buy-in policy is the only asset now held by the Trustee as part of the Scheme's investment strategy. Under the terms of the policy, the Trustee will receive income equal to the pension benefits that have been insured. This largely removes exposure to the Group from pension scheme investment, inflation and longevity risks. Residual differences between the benefits currently insured under the buy-in policy and those paid out by the Fund are allowed for within the IAS19 figures.

Based upon the results of the triennial funding valuation at 31 March 2024, the Sedgemoor Scheme's Trustee agreed with Sedgemoor Limited on behalf of the participating employers to make regular payments totalling £0.4m over the year to 31 March 2026, with subsequent contributions of £0.4m p.a. increasing by 3% each April payable over the period to May 2030. These contributions, payable monthly, will continue to be paid into an escrow account to the benefit of the Trustee unless and until the scheme is wound up. In addition, 12 payments of £50k will be paid monthly from June 2025 to May 2026 directly to the Scheme. Additional payments to either the Scheme or the escrow account will also be made to cover any back payments due to members following completion of the data cleansing and GMP equalisation projects, currently estimated to be £0.9m and are due to be paid in instalments from Q4 calendar 2025 to Q2 calendar 2026. For the year ended 31 March 2025, a total of £0.8m (2024: £2.0m) was paid into the escrow account and £1.5m was paid directly into the Scheme (2024: nil).

17. Exchange rates

The profit and loss accounts of overseas subsidiaries are translated into Sterling at average rates of exchange for the year and Statements of Financial Position are translated at year-end rates. The main currencies are the US Dollar, the Euro and the Norwegian Krone. Details of the exchange rates used are as follows:

	Year to 31 March 2025		Year to 31 March 2024	
	Closing rate	**Average rate**	Closing Rate	Average rate
US Dollar	**1.2947**	**1.2754**	1.2643	1.2566
Euro	**1.1971**	**1.1883**	1.1695	1.1585
Norwegian Krone	**13.6624**	**13.8861**	13.6814	13.3524

18. Event after the reporting date

There were no matters arising, between the balance sheet date and the date on which these Financial Statements were approved by the Board of Directors, requiring adjustment in accordance with IAS 10 "Events after the Reporting Period". The following important non-adjusting events should be noted:

Dividends

A final dividend of 8.60p per share (2024: 8.25p), amounting to a dividend of £8.3m (2024: £7.9m) and bringing the total dividend for the year to 12.50p (2024: 12.0p), was declared by the Board on 3 June 2025. The Group Financial Statements do not reflect this dividend.

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[1] Further information on the consolidated Statement of Cash Flows is provided in note 14.