5 DECEMBER 2023

discoverIE Group plc

Interim results for the six months ended 30 September 2023

Strong operating profit growth and progress towards margin targets

discoverIE Group plc (LSE: DSCV, "discoverIE" or "the Group"), a leading international designer and manufacturer of customised electronics to industry, today announces its interim results for the six month period ended 30 September 2023 ("H1 2023/24" or "the Period").

	H1 2023/24	H1 2022/23	Growth %	CER[3] growth %
Revenue[1]	**£222.0m**	£222.6m	0%	+4%
Underlying operating profit[2]	**£28.6m**	£25.6m	+12%	+17%
Underlying operating margin[1,2]	**12.9%**	11.5%	+1.4ppts	+1.4ppts
Underlying profit before tax[2]	**£25.1m**	£23.5m	+7%	
Underlying EPS[2]	**19.2p**	17.8p	+8%	
Reported profit before tax	**£16.0m**	£14.8m	+8%	
Reported fully diluted EPS	**11.7p**	10.9p	+7%	
Interim dividend per share	**3.75p**	3.55p	+6%	

Highlights

- **Sales growth with operating efficiencies driving strong first half results**
  - Group sales up 4% CER on strong comparators (+23% CER last year)
  - Organic[4] sales up 1% (M&C: +2%; S&C: +1%)
  - Gross margins robust and significant operational efficiencies
  - Underlying operating profit up 17% CER
  - Underlying EPS up 8%

- **Further good progress towards key targets**
  - Underlying operating margin increased by 1.4ppts to 12.9%
  - Operating cash flow for the last 12 months up 36% with a 91% conversion rate[5]
  - ROCE[6] of 15.1%, in line with target
  - Carbon emissions reduced by c.45% in absolute terms since CY 2021[7]

- **Supply chain, order book and lead times normalised**
  - Period end order book of £203m, c.5 months of sales, provides good forward visibility

- **Excellent acquisition returns of 19.2% EBIT ROI[8] demonstrate value creation**

- **Two high-margin acquisitions completed for £65m**
  - 2J and Silvertel integrations underway and progressing as planned
  - Period-end gearing[9] of 1.6x at lower end of target range 1.5x to 2.0x

- **Group well positioned for further growth**
  - Record bank of design wins (up 23% to £190m ELV[10]), with significant further opportunities
  - Strong acquisition pipeline
  - On track to deliver full year underlying earnings in line with the Board's expectations

Nick Jefferies, Group Chief Executive, commented:

"discoverIE performed well in the first half. Our operational focus and sustained strong sales levels, which follows two years of growth at over 20% per year, delivered significant efficiencies with underlying operating profit increasing by 17% at constant exchange rates. We are making excellent progress towards our margin targets with a 1.4ppts increase in underlying operating margin, reflecting the leverage in our technology clusters, that is enabling efficiencies and creating value from acquisitions.

As expected, the order book ended the Period at c.5 months of sales, almost back to historic norms and the book-to-bill ratio is improving indicating that the supply chain inventory correction in our markets is largely complete. Since the period end orders have continued to strengthen being ahead of sales and growing organically over last year.

The returns generated from our acquisitions exceed, increasingly over time, our cost of capital and demonstrate the value creation of long-term compounding organic growth with integration efficiencies. Over two-thirds of the Group's operating profit growth over the last 12 years was generated from the organic growth of our businesses since their acquisition and integration. We are well positioned to continue this proven approach and remain a consolidator in a fragmented market for customised industrial electronics.

Additionally, our capital light model is highly cash generative; over the last 12 months, operating cash flow increased by 36% to £50m, a 91% conversion rate supporting further self-funding of acquisitions.

We are focused on generating organic growth in sustainable markets, enhanced by earnings accretive acquisitions, and to this end our design wins and our acquisition pipeline are stronger than ever.

The Group is well positioned to continue making good progress and remains on track to deliver full year underlying earnings in line with the Board's expectations."

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 Buchanan at discoverie@buchanan.uk.com.

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Notes:

(1) Revenue for H1 2022/23 and the related underlying operating margin have been restated to include £2.9m of one-off increase in semiconductor costs at nil margin passed through to customers. £5m of similar costs passed through to customers were included in revenue for FY 2022/23. See note 2 of the attached condensed consolidated interim financial statements.

(2) 'Underlying Operating Profit', 'Underlying Operating Margin", 'Underlying EBITDA', 'Underlying Profit before Tax' and 'Underlying EPS' are non-IFRS financial measures used by the Directors to assess the underlying performance of the Group. These measures exclude acquisition-related costs (amortisation of acquired intangible assets of £7.7m and acquisition expenses of £1.4m) totalling £9.1m. Equivalent underlying adjustments within the H1 2022/23 underlying results totalled £8.7m. For further information, see note 7 of the attached condensed consolidated interim financial statements.

(3) Growth rates at constant exchange rates ("CER"). The average Sterling rate of exchange weakened 2% against the Euro compared with the average rate for the same period last year whilst strengthening 9% on average against the three Nordic currencies and 3% against the US Dollar.

(4) 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 (CDT in June 2022, Magnasphere in January 2023, Silvertel in August 2023 and 2J in September 2023).

(5) Operating cash flow is cash flow from operations including investment in working capital and capital expenditure.

(6) ROCE is defined as annualised H1 2023/24 underlying operating profit including the annualisation of acquisitions, as a percentage of net assets excluding net debt, deferred consideration related to discontinued operations 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) EBIT ROI for acquisitions is the total annualised H1 2023/24 underlying operating profit for each business owned for greater than two years divided by total cost of those acquisitions including acquisition expenses, earn outs (as accrued) and integration costs.

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

(10) ELV is estimated lifetime value

(11) Unless stated, growth rates refer to the comparable prior year period.

(12) 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 customer relationships.

With a focus on sustainable key markets driven by structural growth and increasing electronic content, namely renewable energy, medical, electrification of transportation and industrial automation & connectivity, the Group aims to achieve organic growth that is well ahead of GDP and to supplement that with complementary acquisitions. The Group is committed to reducing the impact of its operations on the environment with an SBTi aligned plan to reach net zero. With its key markets aligned with a sustainable future, the Group has been awarded an ESG "AA" rating by MSCI and is Regional (Europe) Top Rated by Sustainalytics.

The Group employs c.4,500 people across 20 countries with its principal operating units located in Continental Europe, the UK, China, Sri Lanka, India and North America.

discoverIE is listed on the Main Market of the London Stock Exchange and is a member of the FTSE250, classified within the Electrical Components and Equipment subsector.

Strategic, Operational and Financial Review

Good progress towards our targets

The Group designs and manufactures niche, customised, innovative electronics. We have made good progress this Period towards our near and medium-term goals of increasing operating margins, supplying UN SDG-aligned target markets internationally, and generating consistently strong cash flow.

The Group delivered sales growth of 4% at CER, underlying operating profit growth of 17% at CER and underlying EPS growth of 8%. This continued the good progress of the previous four years which saw compound annualised growth in the ongoing Group of 10% in organic sales, 32% in underlying operating profit and 25% in underlying EPS.

Despite economic headwinds, organic sales growth was very strong in North America, up by 35%, driven by organic growth in key target market customers, easing of semiconductor supply chains and localisation of production by some customers; good organic growth was also achieved in a number of key territories with the UK increasing by 6%, Nordics by 5%, and Eastern Europe by 5%. In total, these regions accounted for 61% of Group revenues. These were largely offset by reductions in Asia (mainly China and India) which was down by 23% particularly as customers' production localisation continued, resulting in Group organic sales growth of 1%.

Robust gross margins and tight operating cost management led to an underlying operating margin of 12.9%, up 1.4ppts year-on-year and another significant step towards achieving our Group targets of 13.5% by FY 2024/25, and 15% in the medium-term.

During the Period, expansion of the Group's production capacity in Germany and Thailand was completed and we continued with the building of a new facility in India which is expected to be operational in the next financial year.

Following constraints last year, supply chains have now returned to normal. Accordingly, the Group order book, which peaked a year ago at £257m (c.7 months of sales), has normalised as expected, converting into sales during the second half of last year and the first half this year. The order book at 30 September 2023 was £203m, representing c.5 months of sales. Other than a couple of businesses with specific reasons for longer order books, the Group's order books are back to normal levels with Group orders returning to sequential growth in the second quarter of 2%.

The quarterly book-to-bill ratio improved sequentially in the first half with a Period exit rate close to 1:1 indicating that customer inventory corrections are largely complete. With strong growth in design wins (up 23% this Period), the Group is well positioned to accelerate growth as end market demand conditions strengthen.

Positioned well in a changing world

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

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

- *Broad footprint*: a decentralised model with 34 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 our exposure to external supply chain disruptions.

- *Low energy intensity operations:* the large majority of the Group's energy exposure is electricity and with operations mainly being manual or semi-automated, energy costs represent less than 1% of Group revenues, limiting the Group's exposure to energy price rises and operational disruptions.

With a capital light business model, a differentiated product portfolio, a strong balance sheet and low customer concentration (the Group's largest customer is c.7% of Group sales), the Group has grown strongly and consistently over the last decade whilst proving resilient through economic downturns, most recently experienced with the pandemic. We expect this to continue to be the case in a changing world.

Continued Financial Progress

Group sales for the first half increased by 4% at CER to £222.0m notwithstanding strong comparators (+23% CER growth in the prior period and 20% CER the year before that). Combined with significant operating efficiencies, first half underlying operating profit increased by 17% CER to £28.6m. Conversely interest rate rises over the last 12 months increased finance costs by £1.4m to £3.5m resulting in underlying profit before tax growth of 7% (up to £25.1m) with underlying earnings per share up 8% to 19.2p (H1 2022/23: 17.8p).

After underlying adjustments for the inclusion of acquisition-related costs, profit before tax for the Period on a reported basis increased by 8% to £16.0m (H1 2022/23: £14.8m) with fully diluted earnings per share increasing by 7% to 11.7p (H1 2022/23: 10.9p).

Free cash flow of £30.5m was generated over the last 12 months, being 26% higher than the prior 12 month period and representing 85% of underlying earnings, in line with the Group's conversion target. Net debt at 30 September 2023 increased to £111.3m (30 September 2022: £45.2m) with a gearing ratio of 1.6x following the acquisitions of Magnasphere in the second half last year and 2J and Silvertel this half, for a combined investment of £83m. This gearing is towards the lower end of our target range of 1.5x to 2.0x.

Increased Dividend

The Board is pleased to declare an increase in the interim dividend of 6% to 3.75p per share (H1 2022/23: 3.55p per share). Since 2010, the annual dividend per share has more than doubled.

The Board believes in maintaining a progressive dividend policy along with a long-term dividend cover of over three times earnings on an underlying basis (FY 2022/23: dividend cover of 3.1x). 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.

The interim dividend is payable on 24 January 2024 to shareholders registered on 15 December 2023. Alongside the interim dividend, the Company is starting a Dividend Re-Investment Programme ("DRIP"), details of which are available from the Company's Registrars, Equiniti. The final date for DRIP elections for the interim dividend will be 3 January 2024.

Sustainability and Social Responsibility

The Group creates innovative electronics that help customers produce new technologies for a sustainable world. Our focus on sustainability forms the core of our target markets where, through focused initiatives, we aim to grow our revenues organically ahead of the wider industrial market. These trends are reported in our key strategic indicators as target market sales. Additionally, the Group has reduced focus on market areas that are inconsistent with a long-term sustainability agenda.

Our target markets are aligned to the UN Sustainable Development Goals with our target of generating around 85% of new design wins from these markets. We achieved 89% during the Period, while sales from target markets were 76% of Group sales. We also aim to increase the proportion of the Group's operations covered by ISO 14001, the international standard for environmental management to 80% by CY 2025. Please refer to the Group's Impact Report which is available on the Group's website and illustrates how we are helping to meet the global sustainability agenda.

The Group was awarded the MSCI ESG "A" Rating in April 2022, which was subsequently upgraded to "AA" rating in July 2023, being in the top 16% of all companies surveyed; the Group is also rated by Morningstar Sustainalytics as one of the Regional (Europe) Top Rated companies in 2023, a recognition given to companies that have achieved the highest scores in ESG risk management.

During the Period, a number of initiatives were undertaken to improve our sustainability and diversity including:

Environmental

- Further progress made on net zero targets including: more solar panel installations under consideration at sites in Sri Lanka, China, India and Mexico; opened the Group's first carbon-neutral facility in Germany in September 2023;
- Four more sites achieved ISO 14001 Environmental Management Systems accreditation, bringing the total number of sites to 34, or 61% of Group facilities;
- Energy audit programme continued; on track to meet our CY 2025 target of 80% of Group sites completing energy audits since 2018;
- Established a new carbon reporting system to help streamline data collection, consolidation and reporting on greenhouse gases, particularly Scope 3 emissions;
- Continued education and mapping of Scope 3 emissions through Group-wide emission awareness and reporting webinars.

Social

- Two more sites in Europe achieved ISO 45001 Occupational Health & Safety Management Systems accreditation;
- Initiated a learning & development platform that enables operating businesses to manage people development and skill gaps consistently;
- Established an industrial placement scheme for engineering undergraduates with the University of Surrey.

Governance

- Enhanced ESG accountability by establishing three-year ESG objectives and KPIs for each operating business;
- MSCI ESG rating upgraded to AA from A;
- Launched Business Ethics Policy and Sustainability Policy;
- Completed Carbon Disclosure Project ("CDP") full disclosure for the first time;
- Increased transparency by reporting on Sustainable Finance Disclosure Regulation Principal Adverse Impact (PAI) indicators;
- Preparation for IFRS Sustainability Reporting underway with dedicated resources in place.

A Proven Growth Strategy

The Group has been built through a focus on organic growth together with operational efficiency, alongside 23 carefully selected and well-integrated acquisitions over the past 12 years to create a focused, growth-oriented, higher margin design and manufacturing business. We have a well-developed approach to acquisitions and capital allocation and see significant scope for further expansion with a strong pipeline of opportunities in development.

The Group's strategy comprises four elements:

1. Grow sales well ahead of GDP over the economic cycle by focusing on the structural growth markets that form our sustainable target markets;

2. Improve operating margins by moving up the value chain into higher margin products;

3. Acquire businesses with attractive growth prospects and strong operating margins;

4. Further internationalise the business by expanding operations in North America and Asia.

These elements are underpinned by core objectives of generating strong cash flows from a capital-light business model and delivering long-term sustainable returns while progressing towards net zero carbon emissions and reducing our impact on the environment.

Focused on UN SDG-Aligned Target Markets

Our four target markets of industrial automation & connectivity, medical, renewable energy, and the electrification of transportation accounted for 76% of first half sales. 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, an ageing affluent population, renewable sources of energy and the electrification of transport.

Our focus on these markets is driving the Group's organic revenue growth well ahead of GDP over the economic cycle, gives resilience in softer market conditions and creates acquisition opportunities.

During the Period, target market sales were 1% lower and included a return to growth in renewable energy offset by a slowing due to de-stocking by some specific industrial automation customers. Other target markets remained in growth. Since 2017, sales into the Group's target markets have grown organically by 82% cumulatively, compared with 27% in the other markets. This reflects the sustained compounding organic growth and less cyclical nature of these markets.

Continued progress on Key Strategic and Performance Indicators

Since 2014, the Group's strategic progress and its financial performance have been measured through key strategic indicators ("KSIs") and key performance indicators ("KPIs"). The KSI targets have been raised six times, most recently in June 2023, as the Group has developed into a pure designer and manufacturer of highly engineered components with higher operating margins.

For tracking purposes, the KSIs and KPIs 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

	FY14	FY18	FY19	FY20	FY22	FY23	H1 24	Targets
1. Increase underlying operating margin	3.4%	6.3%	7.0%	8.0%	10.9%	11.5%	12.9%	15%(1)
2. Build sales beyond Europe(2)	5%	19%	21%	27%	40%	40%	42%	45%
3. Increase target market sales(2)		62%	66%	68%	76%	77%	76%	85%
4. Carbon emissions Scope 1 & 2 reduction(3)						35%	c.45%	65%

(1) Also a target for FY2024/25 of 13.5%.
(2) As a percentage of Group revenue.
(3) Carbon emissions are measured on a calendar year basis. Target is for absolute carbon emissions reduction by CY 2025 from CY 2021 with net zero by CY 2030.

The Group made further excellent progress with its KSIs during the Period:

- Underlying operating margin was 12.9%, an increase of 1.4ppts on the first half last year (H1 2022/23: 11.5%) and 1.4ppts higher than last year in total (FY 2022/23: 11.5%). The Group benefited in the Period from robust gross margins, operational efficiencies and tight cost control augmented by higher margin acquisitions. The Group remains on track to achieve its targets of 13.5% in FY 2024/25 and 15% in the medium-term.

- Sales beyond Europe for the Period increased by 2ppts to 42% of Group revenue compared with FY 2022/23, with strong organic sales in the US partly offset by reduced demand in Asia. The target for FY 2024/25 is 45%.

- Target market sales in the Period reduced by 1ppt to 76% of Group revenue compared with FY 2022/23 as a result of lower sales in industrial automation, acquisitions which had lower target market sales at the outset and a recovery in some non-target market areas (aerospace & defence sector, some non-UN SDG aligned industrial markets and distributor re-stocking). Design wins, which are the bedrock of future sales, were up 23% year-on-year with 89% in target markets, ahead of our 85% target.

- Carbon emissions reduced further during the Period and are now an estimated 45% lower on an absolute basis than in CY 2021, excellent progress towards our reduction targets of 65% by CY 2025 and net zero by 2030.

Key Performance Indicators

	FY14	FY18	FY19	FY20	FY22(1)	FY23	H1 24	Targets
1. Sales growth								
CER	17%	11%	14%	8%	27%	15%	4%	Well ahead of GDP
Organic	3%	11%	10%	5%	14%	10%	1%	
2. Underlying EPS growth	20%	16%	22%	11%	20%	20%	8%	>10%
3. Dividend growth	10%	6%	6%	6%(2)	6%	6%	6%	Progressive
4. ROCE(3)	15.2%	13.7%	15.4%	16.0%	14.7%	15.9%	15.1%	>15%
5. Operating profit conversion(3)	100%	85%	93%	106%	101%	94%	91%	>85% of underlying operating profit
6. Free cash conversion(3)			94%	104%	102%	95%	85%	>85% of underlying earnings

(1) FY 2021/22 shown as growth over the pre-Covid period FY 2019/20 as this reflects the ongoing growth of the business. FY 2013/14 to FY 2019/20 are for total operations before disposals as reported at the time.
(2) 6% increase in the H1 2019/20 interim dividend; a final dividend was not proposed for FY 2019/20 due to Covid.
(3) Defined in note 7 of the attached condensed consolidated interim financial statements.

The Group also made further good progress with its KPIs during the Period, especially given the economic backdrop.

- Organic sales increased by 1% this Period. Growth rates have reduced due to normalising markets, although we retain our focus on achieving 10% organic growth through cycle. Since FY 2017/18, organic sales have grown by 9% per annum on average, illustrating the strong through-cycle organic growth of the business.

- Underlying EPS increased by 8%. Excluding increased finance costs and at CER, underlying operating profit increased by 17%, only 3ppts lower growth than last year during much stronger economic conditions, due to our operational efficiencies with robust gross margins, tight control of operating costs, and contributions from acquisitions.

- The interim dividend is being increased by 6%, continuing our progressive policy whilst providing for a higher proportion of investment in acquisitions from internally generated resources. This progressive policy has seen a more than doubling of the dividend per share since 2010, whilst dividend cover on an underlying basis increased to 3.1x for the last financial year.

- ROCE for the Period was 15.1% and whilst 0.8ppts lower than last year (FY 2022/23: 15.9%), was in-line with our 15% target and in-line with 12 months ago (H1 2022/23: 15.2%). The reduction follows the acquisitions of Silvertel in August 2023 and 2J in September 2023 which, as with most acquisitions, are initially dilutive to ROCE. Silvertel is expected to be accretive this year and 2J accretive from next financial year.

- Operating cash flow and free cash flow for the last 12 months were 36% and 26% higher respectively than the comparable 12 month period with operating cash conversion of 91%, ahead of our 85% target and with free cash conversion of 85% being in line with our target. Over the last ten years, both operating cash conversion and free cash conversion have been consistently strong, averaging well over 90%, reflecting tight management of working capital and expenditure through the economic cycle.

Divisional Results

The divisional results for the Group for the six months ended 30 September 2023 are set out and reviewed below.

	H1 2023/24			H1 2022/23			Reported revenue growth	CER revenue growth	Organic revenue Growth
	Revenue £m	**Underlying operating profit(1) £m**	**Margin**	Revenue £m	Underlying operating profit(1) £m	Margin			
M&C	**134.4**	**19.9**	**14.8%**	131.5	17.1	13.0%	-2%	2%	2%
S&C	**87.6**	**15.2**	**17.4%**	82.2	13.4	16.3%	5%	7%	1%
Unallocated		**(6.5)**			(6.0)				
Total (CER)	**222.0**	**28.6**	**12.9%**	213.7	24.5	11.5%	1%	4%	1%
Pass-thru cost				2.9	-				
FX				6.0	1.1				
Total	**222.0**	**28.6**	**12.9%**	222.6	25.6	11.5%	0%		

(1) *Underlying operating profit excludes acquisition-related costs*
(2) *Revenue for H1 2022/23 and the related underlying operating margin restated to include £2.9m of one-off increase in semiconductor costs at nil margin passed through to customers. £5m of similar costs passed through to customers were included in revenue for FY 2022/23.*

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 comprises one cluster and six further businesses operating across 17 countries. The large majority of the products are manufactured in-house at one of the division's 21 manufacturing facilities, with its principal sites being in China, India, Mexico, Poland, Sri Lanka, Thailand and the UK. Geographically, 5% of sales by destination are in the UK, 50% in the rest of Europe, 26% in North America and 19% in Asia. Capacity of our facility in Thailand has been expanded and construction of a new larger production facility has continued in Kerala, India. This will supersede our existing plant and become operational in the next financial year.

With supply chains back to normal during the Period following constraints last year, the divisional order book normalised as expected with orders reducing by 14% CER to £120.0m (H1 2022/23: £144.8m) for a book-to-bill ratio of 0.89:1 (H1 2022/23: 1.06:1) against strong prior year comparators. The book-to-bill has improved through the Period, from 0.86:1 in the first quarter to 0.93:1 in the second quarter, Sales grew by 2% organically, driven by strong growth in North America of 35% and the Nordics up 12%. Conversely Asia reduced by 24% primarily due to reductions in China, and the rest of Europe reduced by 5%, mainly due to a slow-down in Germany.

Including the impact of translation from a stronger Sterling on average, reported divisional revenue reduced by 2% to £134.4m (H1 2022/23: £136.5m reported and £131.5m at CER). Underlying operating profit of £19.9m was £2.8m (+16%) higher than last year at CER and £1.9m (+11%) higher on a reported basis (H1 2022/23: £18.0m). The underlying operating margin of 14.8% was 1.8ppts higher than last year at CER and 1.6% higher on a reported basis (H1 2022/23: 13.2%), reflecting the positive effect of organic growth robust gross margins and strong operating efficiencies.

Sensing & Connectivity Division ("S&C")

The S&C division designs, manufactures and supplies highly differentiated sensing and connectivity components for industrial applications and comprises three clusters and four further businesses operating across nine countries. The majority of the products are manufactured in-house at one of the division's 13 manufacturing facilities, with its principal ones being in Hungary, the Netherlands, Norway, Slovakia, the UK and the US. Geographically, 21% of sales by destination are in the UK by destination, 42% in the rest of Europe, 23% in North America and 14% in Asia. This Period has seen the opening of a new, purpose built, larger facility in Germany.

As with the M&C division, supply conditions returned to normal during the Period, with the divisional order book normalising as expected with orders reducing by 19% CER to £73.9m (H1 2022/23: £92.1m) for a book-to-bill ratio of 0.84:1 (H1 2022/23: 1.11:1) against strong prior year comparators. The book-to-bill improved through the Period, from 0.80:1 in the first quarter to 0.89:1 in the second quarter, Sales increased by 1% organically, with 35% organic growth in North America and 9% in the UK, offset by a 6% reduction in the rest of Europe and a 19% reduction in Asia, principally in China.

Combined with a 6% sales increase from acquisitions, overall sales increased by 7% CER. Including the impact of translation from a stronger Sterling on average, reported divisional revenue increased by 5% to £87.6m (H1 2022/23: £83.2m reported and £82.2m at CER).

Underlying operating profit of £15.2m was £1.8m (+13%) higher than last year at CER and £1.6m (+12%) higher on a reported basis (H1 2022/23: £13.6m). The underlying operating margin of 17.4% was 1.1ppts higher than last year (H1 2022/23: 16.3%), which, as with the M&C division, reflects the positive effect of sales growth, robust gross margins and strong operating efficiencies.

Design Wins Driving Future Recurring Revenues

Project design wins are a measure of new business creation. By working with customers at an early stage in their project design cycle, opportunities are identified for our products to be specified into their designs, leading to future recurring revenue streams.

The Group has a strong bank of design wins built up over many years, creating the basis for the Group's strong organic growth through the cycle. During the Period, new design wins were registered with an estimated lifetime value of £190m, an increase of 23% over last year and with 89% being in our target markets. This large increase in design wins reflects both the expected increase in customer project design activity at this stage in the cycle, catch-up from designs that were paused during last year's supply chain bottlenecks and increased focus and implementation by Group engineers.

Additionally, new project design activity remains at a very high level, being broad-based across all target markets along with a smaller proportion in other market areas with similar high quality recurring revenue characteristics such as Space and Aeronautics. The total pipeline of ongoing projects continues to be strong.

Acquisitions

The market is highly fragmented with many opportunities to acquire and consolidate. Currently, from approximately 400 businesses being tracked, the Group's pipeline consists of 250 identified targets of which 45 are in active outreach phase and 15 in live deal negotiation.

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 helps retain a dynamic, decentralised and entrepreneurial culture.

We acquire high-quality businesses that are successful with good long-term growth prospects, paying a price that reflects this quality whilst 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 for the business;
- Grouping businesses into clusters under one operational leadership team;
- Generating operational efficiencies;
- Internationalising sales channels;
- Accelerating organic growth by expanding the customer base, including cross-selling and focusing sales development onto target market areas;
- Developing the product range.

People:
- Investing in management capability;
- Enabling peer networking and collaboration;
- Succession planning and management transition.

Sustainability:
- Implementing energy audits;
- Creating carbon emission reduction plans;
- Achieving ISO standards accreditation;
- Inclusion in the Group's SBTi net zero carbon emission reduction program;
- Supporting operating companies with their customers emission reduction plans.

Investment:
- Capital investment in manufacturing and infrastructure;
- Improving manufacturing and infrastructure efficiency;
- Internationalising operations;
- Expansion through further acquisitions;
- Upgrading systems such as IT.

Controls and support:
- Implementing robust financial controls;
- Finance and related support, such as treasury, banking, legal, tax and insurance;
- Risk management and internal audit.

The Group has acquired 23 design and manufacturing businesses over the last 12 years, with the Group's continuing revenues increasing to £449m in FY 2022/23 from £10m in FY 2009/10. By taking a long-term approach to create compounding organic growth in acquired and integrated businesses, the Group has generated substantial value organically. Over this period, more than two thirds of the Group's earnings growth has been delivered from the organic growth and integration of these acquisitions with the balance being from immediate deal accretion. During this Period, the Group completed two high margin acquisitions:

i) Silvertel, a UK-based designer and manufacturer of differentiated, high performance Power-over-Ethernet ("PoE") modules and complementary products for global industrial electronic connectivity markets, which sells into more than 70 countries. Silvertel was acquired for an initial cash consideration of £21.4m on a debt free, cash free basis, together with an earn-out of up to £23m payable subject to Silvertel's performance over the next four years.

ii) 2J Antennas Group ("2J"), a Slovakian-based designer and manufacturer of high performance antennas for industrial electronic connectivity applications for a cash consideration of €50.8m (£43.6m) on a debt free, cash free basis. 2J, which has subsidiaries in the US and UK and sells into more than 50 countries, will form a new technology cluster with the Group's existing antenna business, Antenova, creating a leading platform in the growing, high performance, industrial wireless connectivity market.

The Group's operating model is well established and has facilitated the smooth integration of acquired businesses. Through a combination of investment in efficiency and leveraging of the broader Group's commercial infrastructure, the businesses acquired since 2011 and owned for at least two years delivered a return on investment ("EBIT ROI") of 19.2% this Period, well above our target of 15%.

Group Financial Results

Revenue and Orders

Group sales of £222.0m were 1% higher organically than last year (H1 2022/23: £219.7m) and with acquisitions (CDT and Magnasphere acquired last year, together with Silvertel and 2J this Period) adding 3% to revenue, Group sales increased by 4% at CER. Revenue for H1 2022/23 has been restated to include £2.9m of one-off increase in semiconductor costs at nil margin passed through to customers, which reduced reported sales growth by 1%. A stronger Sterling on average during the Period, particularly compared with Nordic currencies and the US Dollar, reduced sales by 3% on translation resulting in reported sales being at the same level as last year.

Revenue (£m)	**H1 2023/24**	**H1 2022/23**	**%**
Organic sales	216.7	213.7	+1%
Acquisitions	5.3		
Sales at CER	222.0	213.7	+4%
Nil margin pass thru costs		2.9	
FX translation		6.0	
Reported sales	222.0	222.6	0%

As mentioned above, the Group order book continued to normalise during the first half as supply chains returned to normal, ending the Period at £203m (c.5 months of sales) compared with £257m last year (c.7 months of sales) at the height of supply constraints.

Orders for the Period were £193.9m, 16% lower at CER than last year (H1 2022/23: £236.9m). The extent of normalisation reduced across the Period with a book to bill ratio of 0.84:1 in the first quarter improving to 0.91:1 in the second quarter for a first half ratio of 0.87:1 with orders in the second quarter increased by 2% sequentially.

Group Operating Profit and Margin

Group underlying operating profit for the Period was £28.6m, a 12% increase on last year (H1 2022/23: £25.6m), and 17% higher at CER, delivering an underlying operating margin of 12.9%, 1.4ppts higher than last year (H1 2022/23: 11.5%) and 1.4ppts higher at CER. We remain well on track to reach our targets of 13.5% in FY 2024/25 and 15% in the medium term.

Group reported operating profit for the Period (including acquisition-related costs discussed below) was £19.5m, 15% higher than last year (H1 2022/23: £16.9m).

£m	**H1 2023/24**			H1 2022/23		
	Operating profit	**Finance Cost**	**Profit before tax**	Operating profit	Finance cost	Profit before tax
Underlying	28.6	(3.5)	25.1	25.6	(2.1)	23.5
Underlying adjustments						
Acquisition expenses	(1.4)	–	(1.4)	(0.9)	–	(0.9)
Amortisation of acquired intangibles	(7.7)	–	(7.7)	(7.8)	–	(7.8)
Reported	19.5	(3.5)	16.0	16.9	(2.1)	14.8

Underlying operating profit growth has been achieved through a combination of strong operating efficiencies and acquisitions as shown below:

£m	**Underlying Operating Profit**
H1 2022/23	25.6
Gross profit on organic sales growth	1.2
Organic gross margin	4.4
Organic investment in opex	(2.3)
Organic profit growth – operations	3.3
Head Office investment	(0.5)
Profit from acquired companies	1.3
Foreign exchange impact	(1.1)
H1 2023/24	**28.6**

Over three quarters (£3.3m) of the incremental profits in the Period were generated from organic operating performance driven by robust gross margins with operational efficiencies and tight management of operating costs amidst a high inflation environment. The remaining incremental profits were delivered by the three acquisitions made in the last 12 months (namely Magnasphere, Silvertel and 2J) partly offset by increased investment at Head Office, mainly into enlarging our M&A team.

Sterling has been stronger this Period versus 12 months ago, compared with the US dollar (-3%) and Nordic currencies (-9%), partly offset by further weakness compared to the Euro (+2%). This gave rise to a reduction in underlying operating profits on translation of £1.1m for the Period.

Underlying Adjustments

Underlying adjustments for the Period comprise acquisition expenses of £1.4m (H1 2022/23: £0.9m), and the amortisation of acquired intangibles of £7.7m (H1 2022/23: £7.8m).

Acquisition expenses of £1.4m are the costs associated with the acquisitions during the Period of Silvertel in August 2023 and 2J in September 2023 together with movements in accrued contingent consideration cost relating to the acquisitions of Limitor, Phoenix and CPI. While the amortisation charge for the Period is broadly in line with last year, the acquisitions of Silvertel and 2J will increase the expected charge for the full year to approximately £17m.

Financing Costs

Net finance costs for the Period were £3.5m (H1 2022/23: £2.1m) and include a £0.3m charge for leased assets under IFRS 16 (H1 2022/23: £0.4m) and £0.4m charge for amortised upfront facility costs (H1 2022/23: £0.4m). Finance costs related to our banking facilities were £2.8m (H1 2022/23: £1.3m) and have more than doubled following the rise in interest rates across the Period for Sterling, US Dollars and Euros, the Group's principal borrowing currencies. From September 2022 to September 2023, the Sterling base rate increased from 2.25% to 5.25%, the US Dollar Federal rate from 3.25% to 5.5% and the ECB lending rate from 1.25% to 4.5%. Together with the debt funded acquisitions of Silvertel and 2J towards the end of the Period, net finance costs for the current year are expected to be approximately £9m at current interest rates, annualising to approximately £11m next year. Looking forward, a 1ppt increase/reduction in interest rates would increase/reduce finance costs by approximately £1.1m.

Underlying Tax Rate

The underlying effective tax rate ("ETR") in the first half was 25%, lower than last year's rate (H1 2022/23: 26%) and broadly in line with last year's rate for the full year (FY 2022/23: 25.3%).

The overall ETR was 28% (H1 2022/23: 28%). This was higher than the underlying ETR due to there being no tax relief on acquisition expenses (within underlying adjustments above).

£m	H1 2023/24		H1 2022/23	
	PBT	ETR	PBT	ETR
Group underlying	25.1	25%	23.5	26%
Acquisition expenses	(1.4)	0%	(0.9)	0%
Amortisation of acquired intangibles	(7.7)	23%	(7.8)	24%
Total reported	16.0	28%	14.8	28%

Profit Before Tax and EPS

Underlying profit before tax for the Period of £25.1m was £1.6m higher (+7%) than last year (H1 2022/23: £23.5m), with underlying EPS for the Period increasing by 8% to 19.2p (H1 2022/23: 17.8p).

£m	H1 2023/24		H1 2022/23	
	PBT	EPS	PBT	EPS
Underlying	25.1	19.2p	23.5	17.8p
Underlying adjustments				
Acquisition expenses	(1.4)		(0.9)	
Amortisation of acquired intangibles	(7.7)		(7.8)	
Reported	16.0	11.7p	14.8	10.9p

After the underlying adjustments above, reported profit before tax for continuing operations was £16.0m, an increase of £1.2m (+8%) compared with last year (H1 2022/23: £14.8m) while reported fully diluted earnings per share was 11.7p, 7% higher than last year (H1 2022/23: 10.9p).

Working Capital and Asset Returns Ratios

Working capital at 30 September 2023 was £89.3m, equivalent to 18.8% of first half annualised sales at CER with an additional £8.2m of working capital from acquisitions during the last 12 months offset by £2.8m from foreign exchange translation. This is 2.3ppt higher than last year when working capital was £74.7m or 16.5% of first half annualised sales. Inventory levels have been normalising, remaining slightly elevated due to continuing supply chain buffers and are expected to further reduce in the second half.

Working capital KPIs have remained robust during the Period with debtor days of 49 (in line with last year), creditor days of 74 (4 days lower than last year) and stock turns of 2.8 (0.2 turn lower than last year).

ROCE for the Period of 15.1% was ahead of our 15% target and broadly in line with 12 months ago (H1 2022/23: 15.2%). Return on Tangible Capital Employed (ROTCE) for the Period, which excludes intangible and non-operational assets, was 42.5% an increase of 0.5ppts from last year (H1 2022/23: 42.0%) and illustrates the strong returns generated by the Group's operational assets.

Cash Flow

Net debt at 30 September 2023, excluding leases, was £111.3m, compared with £42.7m at 31 March 2023 and £45.2m at 30 September 2022, with the increase in the Period of £68.6m mainly related to the acquisitions of Silvertel on 30 August 2023 and 2J on 12 September 2023.

£m	H1 2023/24	H1 2022/23	Last 12 Months
Opening net debt	(42.7)	(30.2)	(45.2)
Free cash flow (see table below)	8.1	10.6	30.5
Acquisitions	(67.5)	(13.2)	(84.9)
Equity issuance (net of taxes)	(0.2)	(0.6)	(0.2)
Dividends	(7.6)	(7.1)	(11.0)
Foreign exchange impact	(1.4)	(4.7)	(0.5)
Net debt at 30 Sept	**(111.3)**	**(45.2)**	**(111.3)**

Acquisition costs of £67.5m in the Period comprised £21.4m for the acquisition of Silvertel, £43.6m for the acquisition of 2J (both on a debt free, cash free basis) and £2.5m of associated expenses.

Last year's final dividend of £7.6m, which was paid in July 2023, was an increase of 6% over the prior year.

The cash impact from FX translation was relatively low in the Period, compared to last year which saw Sterling significantly weaken in particular compared to the US Dollar. The Group's policy is to hold net debt in currencies aligned to the currency of its cash flows in order to protect the gearing of the Group.

£m	H1 2023/24	H1 2022/23	Last 12 Months
Underlying Profit before tax	**25.1**	**23.5**	**47.9**
Net finance costs	3.5	2.1	6.9
Non-cash items	7.5	6.9	15.2
Underlying EBITDA	**36.1**	**32.5**	**70.0**
IFRS 16 - lease payments	(3.1)	(2.8)	(6.1)
EBITDA (pre IFRS 16)	**33.0**	**29.7**	**63.9**
Changes in working capital	(12.3)	(10.3)	(8.4)
Capital expenditure	(2.7)	(2.6)	(5.7)
Operating cash flow	**18.0**	**16.8**	**49.8**
Finance costs	(3.7)	(2.0)	(6.7)
Taxation	(5.2)	(3.2)	(11.0)
Legacy pension	(1.0)	(1.0)	(1.6)
Free cash flow	**8.1**	**10.6**	**30.5**

Underlying EBITDA (pre IFRS 16 lease payments) of £33.0m was 11% higher than last year (H1 2022/23: £29.7m) reflecting operating efficiency combined with contributions from the three acquisitions made since the first half of last year.

During the Period, the Group invested £12.3m in working capital, an increase of £2.0m on last year; as with the second half last year, this should reduce as supply chain conditions continue to normalise. With working capital released during the second half last year of £3.9m, a net £8.4m was invested in working capital over the last 12 months.

Capital expenditure of £2.7m was invested during the Period, similar to last year (H1 2022/23: £2.6m) including various new production line extensions, ERP upgrades and ESG initiatives. Capital expenditure levels are expected to increase in the second half to around £8m for the full year as we continue to invest in additional capacity and roll out our ESG initiatives.

£18.0m of operating cash was generated in the first half up 7% on last year (H1 2022/23: £16.8m). Together with £31.8m generated in the second half of last year, a total of £49.8m of operating cash was generated over the last 12 months representing 91% of underlying operating profit, ahead of our 85% target. This was 36% higher than the comparable 12 month period (12 months ended 30 Sep 2022: £36.6m). Over the last 10 years, the Group has consistently achieved high levels of operating cash conversion, averaging well in excess of 90%.

Finance cash costs of £3.7m were £1.7m higher than last year following interest rate rises throughout the Period, while corporate income tax payments of £5.2m were £2.0m ahead of last year reflecting higher profitability this Period and loss utilisation last year. A further £8m of tax payments is expected during the second half.

Free cash flow (being cash flow before dividends, acquisitions and equity fund raises) of £8.1m was generated in the first half, £2.5m lower than last year (H1 2022/23: £10.6m) due to the higher finance and tax costs. Together with £22.4m generated in the second half last year, a total of £30.5m of free cash flow was generated over the last 12 months being a free cash conversion of 85% of underlying earnings, in line with our target. Free cash flow was 26% higher than the comparable 12 month period (12 months ended 30 Sep 2022: £24.3m).

Banking Facilities

The Group has a £240m syndicated banking facility which extends to June 2027. In addition, the Group has an £80m accordion facility which it can use 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 at 30 September 2023 of £111.3m, the Group's gearing ratio at the end of the Period (being net debt divided by underlying EBITDA as annualised for acquisitions) was 1.6x compared with a target gearing range of between 1.5x and 2.0x.

Balance Sheet

Net assets of £305.8m at 30 September 2023 were £2.2m higher than at the end of the last financial year (31 March 2023: £303.6m). The increase primarily relates to the net profit after tax for the Period of £11.5m partially offset by last year’s final dividend of £7.6m paid during this Period. The movement in net assets is summarised below:

£m	**H1 202/24**
Net assets at 31 March 2023	303.6
Net profit after tax	11.5
Dividend paid	(7.6)
Currency net assets – translation impact	(1.6)
Loss on defined benefit scheme	(0.9)
Share based payments (inc tax)	0.8
Net assets at 30 September 2023	**305.8**

Defined Benefit Pension Scheme

The Group's IAS 19 pension asset, associated with its legacy defined benefit pension scheme, decreased over the Period by £1.6m from £2.3m at 31 March 2023, to £0.7m at 30 September 2023 (30 September 2022: £4.3m). The key driver was the reduction in the value of fund assets partly offset by increases in corporate bond yields used for discounting purposes.

Risks and Uncertainties

The principal risks faced by the Group are set out on pages 87 to 96 of the Group's Annual Report for year ended 31 March 2023, a copy of which is available on the Group's website: www.discoverieplc.com. These risks comprise: the economic environment, particularly linked to the geopolitical issues arising from the ongoing Ukraine conflict; inflationary headwinds and rising interest rates; 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; inventory obsolescence; product liability; liquidity and debt covenants; exposure to adverse foreign currency movements; and non-compliance with legal and regulatory requirements.

During the Period, the Board has continued to review the Group's existing and emerging risks and the mitigating actions and processes in place. Following this review, the Board believes there has been no material change to the relative importance or quantum of the Group's principal risks for the remaining six months of the current financial year.

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.

Summary and Outlook

discoverIE performed well in the first half. Our operational focus and sustained high sales levels, which follows two years each with 20+% CER growth, delivered significant efficiencies with underlying operating profit increasing by 17% at constant exchange rates. We are making excellent progress towards our margin targets with a 1.4ppts increase in underlying operating margin, reflecting the leverage in our technology clusters, that is enabling efficiencies and creating value from acquisitions.

As expected, the order book ended the Period at c.5 months of sales, almost back to historic norms and the book-to-bill ratio is improving indicating that the supply chain inventory correction is largely complete. Since the period end orders have continued to strengthen being ahead of sales and growing organically over last year.

The returns generated from our acquisitions increasingly exceed over time our cost of capital and demonstrate the value creation of long-term compounding organic growth with integration efficiencies. Over two-thirds of the Group's operating profit growth over the last 12 years was generated from the organic growth of our businesses since their acquisition and integration. We are well positioned to continue this proven approach and remain a consolidator in a fragmented market for customised industrial electronics.

Additionally, our capital light model is highly cash generative; over the last 12 months, operating cash flow increased by 36% to £50m, a 91% conversion rate supporting further self-funding of acquisitions.

We are focused on generating organic growth in sustainable markets, enhanced by earnings accretive acquisitions, and to this end our design wins and our acquisition pipeline are stronger than ever.

The Group is well positioned to continue making good progress and remains on track to deliver full year underlying earnings in line with the Board's expectations.

Nick Jefferies **Group Chief Executive**	**Simon Gibbins** **Group Finance Director**

5 December 2023

Statement of Directors' responsibilities

The Directors confirm that these condensed consolidated interim financial statements have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed consolidated set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

The maintenance and integrity of the discoverIE Group plc website is the responsibility of the Directors.

The Directors of discoverIE Group plc are listed in the discoverIE Group plc annual report for 31 March 2023. A list of current Directors is maintained on the discoverIE Group Plc website: www.discoverieplc.com.

By order of the board

Nick Jefferies
Group Chief Executive

Simon Gibbins
Group Finance Director

5 December 2023

Independent review report to discoverIE Group plc
Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed discoverIE Group plc's condensed consolidated interim financial statements (the "interim financial statements") in the interim results of discoverIE Group plc for the six month period ended 30 September 2023 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim financial statements comprise:

1. the condensed consolidated statement of financial position as at 30 September 2023;
2. the condensed consolidated statement of profit or loss and condensed consolidated statement of comprehensive income for the period then ended;
3. the condensed consolidated statement of cash flows for the period then ended;
4. the condensed consolidated statement of changes in equity for the period then ended; and
5. the explanatory notes to the condensed consolidated interim financial statements.

The interim financial statements included in the interim results of discoverIE Group plc have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom ("ISRE (UK) 2410"). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the interim results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed. This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The interim results, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the interim results in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. In preparing the interim results, including the interim financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the interim results based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
London
5 December 2023

Condensed consolidated statement of profit or loss

	Notes	**Unaudited Six months ended 30 Sept 2023 £m**	Unaudited Six months ended 30 Sept 2022 as restated[1] £m	Audited Year ended 31 Mar 2023 £m
Revenue	5	**222.0**	222.6	448.9
Operating costs		**(202.5)**	(205.7)	(414.3)
Operating profit		**19.5**	16.9	34.6
Finance income		**1.5**	0.3	1.6
Finance costs		**(5.0)**	(2.4)	(7.1)
Profit before tax		**16.0**	14.8	29.1
Tax expense	8	**(4.5)**	(4.1)	(7.8)
Profit for the period		**11.5**	10.7	21.3
Earnings per share				
Basic, profit for the period	10	12.0p	11.2p	22.3p
Diluted, profit for the period	10	11.7p	10.9p	21.7p

Supplementary statement of profit or loss information

Underlying Performance Measure	Notes	**Unaudited Six months ended 30 Sept 2023 £m**	Unaudited Six months ended 30 Sept 2022 £m	Audited Year ended 31 Mar 2023 £m
Operating profit		19.5	16.9	34.6
Add: Acquisition expenses		1.4	0.9	1.4
Amortisation of acquired intangible assets		7.7	7.8	15.8
Underlying operating profit		28.6	25.6	51.8
Profit before tax	7	16.0	14.8	29.1
Add: Acquisition expenses	7	1.4	0.9	1.4
Amortisation of acquired intangible assets	7	7.7	7.8	15.8
Underlying profit before tax	7	25.1	23.5	46.3
Underlying earnings per share	7	19.2p	17.8p	35.2p

The above condensed consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

[1] Restatement did not result in any change to reported profit, earnings per share, net assets or cash flows reported for the restated period. Refer to note 2 for more details.

Condensed consolidated statement of comprehensive income

	Unaudited Six months ended 30 Sept 2023 £m	Unaudited Six months ended 30 Sept 2022 £m	Audited Year ended 31 Mar 2023 £m
Profit for the period	11.5	10.7	21.3
Other comprehensive (loss)/income:			
Items that will not be subsequently reclassified to profit or loss:			
Actuarial (loss)/gain on defined benefit pension scheme	(1.3)	0.8	(1.2)
Deferred tax credit/(charge) relating to defined benefit pension scheme	0.4	(0.2)	0.3
	(0.9)	0.6	(0.9)
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of foreign subsidiaries	(1.6)	18.1	0.7
	(1.6)	18.1	0.7
Other comprehensive (loss)/income for the period, net of tax	(2.5)	18.7	(0.2)
Total comprehensive income for the period, net of tax	9.0	29.4	21.1

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Condensed consolidated statement of financial position

	Notes	**Unaudited at 30 Sept 2023 £m**	Unaudited at 30 Sept 2022 as restated[2] £m	Audited at 31 March 2023 £m
Non-current assets				
Property, plant and equipment		**25.8**	24.6	25.2
Intangible assets – goodwill		**231.0**	190.0	188.1
Intangible assets – other		**101.8**	90.1	83.9
Right of use assets		**19.4**	22.5	19.2
Pension asset	16	**0.7**	4.3	2.3
Other receivables		**6.2**	6.0	6.0
Deferred tax assets		**10.4**	8.7	11.2
		395.3	346.2	335.9
Current assets				
Inventories		**91.2**	92.8	90.0
Trade and other receivables		**82.0**	82.2	74.6
Current tax assets		**0.3**	1.3	1.3
Cash and cash equivalents	14	**122.7**	134.5	83.9
		296.2	310.8	249.8
Total assets		**691.5**	657.0	585.7
Current liabilities				
Trade and other payables		**(85.5)**	(100.3)	(95.2)
Other financial liabilities		**(91.9)**	(105.4)	(39.9)
Lease liabilities		**(5.6)**	(5.3)	(4.0)
Current tax liabilities		**(11.4)**	(10.2)	(10.4)
Provisions		**(2.9)**	(1.6)	(1.7)
		(197.3)	(222.8)	(151.2)
Non-current liabilities				
Trade and other payables		**(4.3)**	(3.7)	(4.1)
Other financial liabilities		**(142.1)**	(74.3)	(86.7)
Lease liabilities		**(13.7)**	(16.8)	(14.8)
Provisions		**(3.1)**	(4.5)	(4.2)
Deferred tax liabilities		**(25.2)**	(21.8)	(21.1)
		(188.4)	(121.1)	(130.9)
Total liabilities		**(385.7)**	(343.9)	(282.1)
Net assets		**305.8**	313.1	303.6
Equity				
Share capital		**4.8**	4.7	4.8
Share premium		**192.0**	192.0	192.0
Merger reserve		**2.9**	3.4	2.9
Currency translation reserve		**4.0**	23.0	5.6
Retained earnings		**102.1**	90.0	98.3
Total equity		**305.8**	313.1	303.6

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

[2] Restatement did not result in any change to reported profit, earnings per share, net assets or cash flows reported for the restated period. Refer to note 2 for more details.

Condensed consolidated statement of changes in equity

	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 period	–	–	–	–	11.5	11.5
Other comprehensive loss	–	–	–	(1.6)	(0.9)	(2.5)
Total comprehensive (loss)/income	–	–	–	**(1.6)**	**10.6**	**9.0**
Share-based payments including tax	–	–	–	–	0.8	0.8
Dividends	–	–	–	–	(7.6)	(7.6)
At 30 September 2023 – unaudited	**4.8**	**192.0**	**2.9**	**4.0**	**102.1**	**305.8**
At 1 April 2022	**4.7**	**192.0**	**10.5**	**4.9**	**78.3**	**290.4**
Profit for the period	–	–	–	–	10.7	10.7
Other comprehensive income	–	–	–	18.1	0.6	18.7
Total comprehensive income	–	–	–	**18.1**	**11.3**	**29.4**
Share-based payments including tax	–	–	–	–	0.4	0.4
Transfer to retained earnings	–	–	(7.1)	–	7.1	–
Dividends	–	–	–	–	(7.1)	(7.1)
At 30 September 2022 – unaudited	**4.7**	**192.0**	**3.4**	**23.0**	**90.0**	**313.1**

As at 30 September 2023, the Company's issued share capital consisted of 96,356,109 ordinary shares of 5p each (31 March 2023: 96,356,109 ordinary shares of 5p each).

As at 30 September 2023, the Employee Share Trust held 508,384 shares (31 March 2023: 690,092). During the six-months period to 30 September 2023, employees exercised 181,708 (year ended 31 March 2023: 378,334) share options under the terms of the various share option schemes.

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Condensed consolidated statement of cash flows

	Notes	**Unaudited Six months ended 30 Sept 2023 £m**	Unaudited Six months ended 30 Sept 2022 £m	Audited Year ended 31 Mar 2023 £m
Net cash flow from operating activities	13	**9.6**	8.5	36.3
Investing activities				
Acquisitions of businesses, net of cash acquired	11	**(65.0)**	(7.0)	(22.8)
Contingent consideration related to business acquisitions		–	–	(2.3)
Purchase of property, plant and equipment		**(2.5)**	(2.4)	(5.4)
Purchase of intangible assets		**(0.2)**	(0.2)	(0.2)
Interest received		**1.3**	0.3	1.4
Net cash used in investing activities		**(66.4)**	(9.3)	(29.3)
Financing activities				
Proceeds from borrowings		**66.5**	11.0	61.8
Repayment of borrowings		**(10.8)**	(9.7)	(44.9)
Payment of lease liabilities		**(2.8)**	(2.4)	(5.2)
Dividends paid		**(7.6)**	(7.1)	(10.5)
Net cash generated from/(used in) financing activities		**45.3**	(8.2)	1.2
Net (decrease)/increase in cash and cash equivalents		**(11.5)**	(9.0)	8.2
Cash and cash equivalents at beginning of period		**43.4**	36.9	36.9
Effect of exchange rate fluctuations		**(1.2)**	0.6	(1.7)
Cash and cash equivalents at end of period		**30.7**	28.5	43.4

Reconciliation to cash and cash equivalents in the condensed consolidated statement of financial position				
Net cash and cash equivalents shown above		**30.7**	28.5	43.4
Add back: bank overdrafts		**92.0**	106.0	40.5
Cash and cash equivalents presented in current assets in the condensed consolidated statement of financial position[3]		**122.7**	134.5	83.9

Further information on the condensed consolidated statement of cash flows is provided in note 13.

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

[3] Restatement did not result in any change to reported profit, earnings per share, net assets or cash flows reported for the restated period. Refer to note 2 for more details.

Notes to the condensed consolidated interim financial statements

1. General information

discoverIE Group plc (“the Company”) is incorporated and domiciled in England, UK. The Company’s shares are traded on the London Stock Exchange. The interim condensed consolidated financial statements consolidate the financial statements of discoverIE Group plc and entities controlled by the Company (collectively referred to as “the Group”).

The condensed consolidated interim financial statements for the six month period ended 30 September 2023 were authorised for issue by the Board of Directors on 5 December 2023.

The condensed consolidated interim financial statements for the six month period ended 30 September 2023 are unaudited but have been subject to an independent review by the auditors. These condensed consolidated interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 March 2023 were approved by the Board of Directors on 7 June 2023 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

2. Basis of preparation and accounting policies

This condensed consolidated interim financial report for the six month period ended 30 September 2023 has been prepared in accordance with the UK-adopted International Accounting Standard 34, ‘Interim Financial Reporting’ and the Disclosure Guidance and Transparency Rules (DTR) sourcebook of the United Kingdom’s Financial Conduct Authority.

The interim report does not include all of the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 March 2023, which has been prepared in accordance with UK-adopted international accounting standards and with requirements of the Companies Act 2006, and any public announcements made by discoverIE Group plc during the interim reporting period.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

New standards and interpretations applied for the first time

There were no standards, amendments or interpretations applied for the first time that had a material impact for the Group.

Going Concern

As at 30 September 2023 the Group’s financial position remains robust with a £240.0m syndicated banking facility committed to the end of June 2027. In addition, the Group has an £80.0m accordion facility which it can use to extend the total facility to £320.0m. The syndicated facility is available both for acquisitions and working capital purposes. Net debt as at 30 September 2023 was £111.3m compared with £42.7m at the year end. The Group's gearing ratio at the end of the period (being net debt divided by underlying EBITDA adjusted for pre-acquisition EBITDA) was 1.6x compared with 0.7x at 31 March 2023. This compares with a financial covenant of less than 3.0x.

The Directors have reviewed the latest available forecasts to assess the cash requirements of the Group to continue in operational existence for a minimum period of 12 months from the date of approval of these interim financial statements. The Directors have also carried out a going concern assessment taking into account severe but plausible downside scenarios to the forecasts and the principal risks and uncertainties as set out in the annual report and accounts for the year ended 31 March 2023. None of the scenarios result in a breach of the Group’s available debt facility or covenants and accordingly the Directors continue to adopt the going concern basis in preparing the condensed consolidated interim financial statements.

Notes to the condensed consolidated interim financial statements

2. Basis of preparation and accounting policies (continued)

Prior period restatement

Cash Offsetting

As disclosed in the annual report for the year ended 31 March 2023, the Financial Reporting Council ("FRC") reviewed the Group's Annual Report and Accounts for the year ended 31 March 2022. Following completion of the review, the Directors have concluded that the overdraft balances of Group entities should be separately presented gross on the condensed consolidated statement of financial position, rather than netted off against cash and cash equivalents held either by the same entity, or other Group entities, with the same bank, despite the existence of a legal right of set off. These overdrafts are held with the Group's relationship banks.

As a result, the condensed consolidated statement of financial position as at 30 September 2022 has been restated as follows:

Condensed consolidated statement of financial position	As reported Unaudited 30 Sept 2022 £m	Impact of restatement 2022 £m	Restated Unaudited 30 Sept 2022 £m
Current assets			
Cash and cash equivalents	34.2	100.3	134.5
Current liabilities			
Bank overdrafts (note 14)	(5.7)	(100.3)	(106.0)
Net cash (note 14)	**28.5**	–	**28.5**

The restatement did not result in any change to reported profit, earnings per share, net assets or cash flows reported for the periods ended 30 September 2022 and 30 September 2021.

Presentation of revenue for semiconductor pass-through costs

Prior period revenue and operating costs have been restated to reflect the one-off increase in semiconductor costs passed through to customers at nil margin that had been recognised net in operating costs rather than revenue for the period ended 30 September 2022. There is a corresponding impact on the sale of products revenue as presented in note 5 and on Magnetics & Controls division in note 6. The restatement did not result in any change to the reported operating profit, earnings per share, net assets or cash flows for the period ended 30 September 2022.

Condensed consolidated statement of profit or loss	As reported Unaudited 30 Sept 2022 £m	Impact of restatement 2022 £m	Restated Unaudited 30 Sept 2022 £m
Revenue	219.7	2.9	222.6
Operating costs	(202.8)	(2.9)	(205.7)
Operating profit	**16.9**	–	**16.9**

3. New accounting standards and financial reporting requirements

New standards not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the period covered in these condensed consolidated interim financial statements and have not been early adopted by the Group. None of these are expected to have a material impact on the Group's financial results in the current or future reporting periods.

4. Critical estimates and critical judgements

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results might differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2023.

Notes to the condensed consolidated interim financial statements

5. Revenue

The Group's revenue from external customers by geographical location is detailed below:

	Six months ended 30 Sept 2023 £m	Six months ended 30 Sept 2022 as restated £m	Year ended 31 Mar 2023 £m
UK	**26.0**	22.9	49.6
Europe	**104.0**	109.2	221.1
North America, Asia and Rest of World	**92.0**	90.5	178.2
Total revenue	**222.0**	222.6	448.9

Revenue derived from the rendering of services was £2.5m (six month period to 30 September 2022: £3.1m; year ended 31 March 2023 £6.5m). All revenue was otherwise derived from the sale of products.

6. Segmental reporting

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.

Six months ended 30 September 2023

	Magnetics & Controls £m	**Sensing & Connectivity £m**	**Unallocated costs £m**	**Total £m**
Revenue	**134.4**	**87.6**	**–**	**222.0**
Underlying operating profit/(loss)	**19.9**	**15.2**	**(6.5)**	**28.6**
Acquisition expenses	(0.7)	(0.7)	–	(1.4)
Amortisation of acquired intangible assets	(3.1)	(4.6)	–	(7.7)
Operating profit/(loss)	**16.1**	**9.9**	**(6.5)**	**19.5**

Six months ended 30 September 2022

	Magnetics & Controls £m	**Sensing & Connectivity £m**	**Unallocated costs £m**	**Total £m**
Revenue (as restated)	**139.4**	**83.2**	**–**	**222.6**
Underlying operating profit/(loss)	**18.0**	**13.6**	**(6.0)**	**25.6**
Acquisition and disposal expenses	–	(1.2)	0.3	(0.9)
Amortisation of acquired intangible assets	(3.1)	(4.7)	–	(7.8)
Operating profit/(loss)	**14.9**	**7.7**	**(5.7)**	**16.9**

Notes to the condensed consolidated interim financial statements

6. Segmental reporting (continued)

Year ended 31 March 2023

	Magnetics & Controls £m	Sensing & Connectivity £m	Unallocated costs £m	Total £m
Revenue	**280.8**	**168.1**	**–**	**448.9**
Underlying operating profit/(loss)	38.4	25.6	(12.2)	51.8
Acquisition and disposal expenses	–	(1.8)	0.4	(1.4)
Amortisation of acquired intangible assets	(6.3)	(9.5)	–	(15.8)
Operating profit/(loss)	**32.1**	**14.3**	**(11.8)**	**34.6**

For the purposes of monitoring segment performance and allocating resources between segments, the Directors monitor the net assets attributable to each segment. Assets and liabilities are allocated to reportable segments, with the exception of the pension liability, tax assets and liabilities, cash and all borrowings, central assets (Head Office assets) and central liabilities (Head Office liabilities), as demonstrated below:

Segment assets and liabilities

At 30 September 2023 Assets and liabilities	Magnetics & Controls £m	Sensing & Connectivity £m	Unallocated £m	Total £m
Segment assets (excluding goodwill and other intangible assets)	**130.1**	**85.1**		**215.2**
Goodwill and other intangible assets	**141.7**	**191.1**		**332.8**
	271.8	**276.2**		**548.0**
Central assets			**9.4**	**9.4**
Cash and cash equivalents			**122.7**	**122.7**
Pension asset			**0.7**	**0.7**
Current and deferred tax assets			**10.7**	**10.7**
Total assets	**271.8**	**276.2**	**143.5**	**691.5**
Segment liabilities	**(66.0)**	**(40.2)**		**(106.2)**
Central liabilities			**(8.9)**	**(8.9)**
Other financial liabilities			**(234.0)**	**(234.0)**
Current and deferred tax liabilities			**(36.6)**	**(36.6)**
Total liabilities	**(66.0)**	**(40.2)**	**(279.5)**	**(385.7)**
Net assets/(liabilities)	**205.8**	**236.0**	**(136.0)**	**305.8**

At 30 September 2022 Assets and liabilities	Magnetics & Controls £m	Sensing & Connectivity £m	Unallocated £m	Total £m
Segment assets (excluding goodwill and other intangible assets)	141.9	76.9		218.8
Goodwill and other intangible assets	135.9	144.2		280.1
	277.8	221.1		498.9
Central assets			9.3	9.3
Cash and cash equivalents (as restated)			134.5	134.5
Pension asset			4.3	4.3
Current and deferred tax assets			10.0	10.0
Total assets	277.8	221.1	158.1	657.0
Segment liabilities	(80.8)	(43.8)		(124.6)
Central liabilities			(7.6)	(7.6)
Other financial liabilities			(179.7)	(179.7)
Current and deferred tax liabilities			(32.0)	(32.0)
Total liabilities	(80.8)	(43.8)	(219.3)	(343.9)
Net assets/(liabilities)	197.0	177.3	(61.2)	313.1

Notes to the condensed consolidated interim financial statements

6. Segmental reporting (continued)

At 31 March 2023 Assets and liabilities	Magnetics & Controls £m	Sensing & Connectivity £m	Unallocated £m	Total £m
Segment assets (excluding goodwill and other intangible assets)	128.5	76.8		205.3
Goodwill and other intangible assets	120.7	151.3		272.0
	249.2	228.1		477.3
Central assets			9.7	9.7
Cash and cash equivalents			83.9	83.9
Pension asset			2.3	2.3
Current and deferred tax assets			12.5	12.5
Total assets	249.2	228.1	108.4	585.7
Segment liabilities	(70.5)	(42.9)		(113.4)
Central liabilities			(10.6)	(10.6)
Other financial liabilities			(126.6)	(126.6)
Current and deferred tax liabilities			(31.5)	(31.5)
Total liabilities	(70.5)	(42.9)	(168.7)	(282.1)
Net assets/(liabilities)	178.7	185.2	(60.3)	303.6

7. Underlying Performance Measures

These condensed consolidated interim financial statements include underlying 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.

Underlying performance measures are presented in these condensed interim 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 underlying performance.

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

Underlying operating profit

“Underlying operating profit” is defined as operating profit excluding acquisition-related costs (namely amortisation of acquired intangible assets and acquisition expenses).

Acquisition expenses comprise transaction costs relating to acquisitions, contingent consideration relating to the retention of former owners of acquired businesses, adjustments to previously estimated contingent consideration, and costs related to integration of acquired businesses into the Group.

Underlying EBITDA

“Underlying EBITDA” is defined as underlying operating profit with depreciation, amortisation, equity-settled share-based payment expense and IAS 19 pension cost added back.

Underlying operating margin

“Underlying operating margin” is defined as underlying operating profit divided by revenue.

Underlying profit before tax

“Underlying profit before tax” is defined as profit before tax excluding acquisition-related costs (namely amortisation of acquired intangible assets and acquisition expenses).

Notes to the condensed consolidated interim financial statements

7. Underlying Performance Measures (continued)

Underlying tax charge / Underlying effective Tax Rate ("ETR")

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

"Underlying ETR" is defined as underlying tax charge divided by underlying profit before tax.

Underlying profit after tax (profit for the period)

"Underlying profit after tax" is defined as profit for the period excluding acquisition-related costs (namely amortisation of acquired intangible assets and acquisition expenses), net of tax effect on underlying adjustments.

Underlying earnings per share

"Underlying earnings per share" is calculated as underlying profit after tax divided by the weighted average number of ordinary shares (for diluted earnings per share purposes) in issue during the year.

Underlying operating cash flow / Underlying operating cash flow conversion

"Underlying operating cash flow" is defined as underlying EBITDA adjusted for the investment in, or release of, working capital and less the cash cost of capital expenditure and lease payments.

"Underlying operating cash flow conversion" is defined as underlying operating cash flow divided by underlying operating profit.

Free cash flow / Free cash flow conversion

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

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

Return on capital employed ("ROCE")

"ROCE" is defined as underlying operating profit, including the annualisation of operating profits of acquired businesses, as a percentage of net assets excluding net debt, deferred consideration related to discontinued operations and legacy defined benefit pension asset.

Return on tangible capital employed ("ROTCE")

"ROTCE" is annualised underlying operating profit, as a percentage of tangible capital employed. Tangible capital employed is defined as property, plant and equipment, right of use assets, inventories and trade and other receivables, offset by current trade and other payables, excluding contingent consideration.

Organic and CER growth

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

"Organic growth" is defined as CER growth excluding the effect of acquisitions/disposals.

Gearing ratio

Gearing ratio is defined as net debt (excluding leases) divided by underlying EBITDA (including the annualisation of acquired businesses excluding lease payments).

Notes to the condensed consolidated interim financial statements

7. Underlying Performance Measures (continued)

The tables below shows the reconciliation for the main underlying performance measures used by the Group.

Underlying operating profit / Underlying EBITDA

Underlying operating profit and EBITDA are calculated as follows:

		Six months ended 30 Sept 2023 £m	Six months ended 30 Sept 2022 £m	Year ended 31 Mar 2023 £m
Operating profit		19.5	16.9	34.6
Add back: Acquisition expenses	(a)	1.4	0.9	1.4
Amortisation of acquired intangibles	(b)	7.7	7.8	15.8
Underlying operating profit		**28.6**	**25.6**	**51.8**
Add back: Depreciation and amortisation		5.7	5.7	11.7
Share-based payment and IAS 19 pension cost		1.8	1.2	2.9
Underlying EBITDA		**36.1**	**32.5**	**66.4**

The tax impact of the underlying profit adjustments above is a credit of £1.7m (H1 2022/23: £1.9m).

a) Acquisition expenses of £1.4m comprise £1.8m of transaction costs in relation to the acquisition of Silvertel, 2J and ongoing transactions, offset by £0.4m credit relating to the movement in fair value of contingent consideration on past acquisitions.

   During the prior period, the acquisition expenses of £0.9m comprised £0.5m of transaction costs in relation to the acquisition of CDT and ongoing transactions; £0.7m of charge relating to the movement in fair value of contingent consideration on past acquisitions; offset by £0.3m credit relating to disposal costs in connection with the Acal BFi disposal in FY 2021/22.

b) Amortisation charge relates to intangible assets recognised as part of business combinations.

Underlying profit before tax

Underlying profit before tax is calculated as follows:

	Six months ended 30 Sept 2023 £m	Six months ended 30 Sept 2022 £m	Year ended 31 Mar 2023 £m
Profit before tax	16.0	14.8	29.1
Add back: Acquisition expenses	1.4	0.9	1.4
Amortisation of acquired intangibles	7.7	7.8	15.8
Underlying profit before tax	**25.1**	**23.5**	**46.3**

Notes to the condensed consolidated interim financial statements

7. Underlying Performance Measures (continued)

Underlying effective tax rate

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

	Six months ended 30 Sept 2023 £m	Six months ended 30 Sept 2022 £m	Year ended 31 Mar 2023 £m
Underlying profit before tax	25.1	23.5	46.3
Tax expense	4.5	4.1	7.8
Tax effect on amortisation of acquired intangible assets and acquisition expenses	1.7	1.9	3.9
Underlying tax charge	**6.2**	**6.0**	11.7
Underlying effective tax rate	**24.7%**	**25.5%**	**25.3%**

Underlying profit after tax (profit for the period) / Underlying earnings per share

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

	Six months ended 30 Sept 2023 £m	Six months ended 30 Sept 2022 £m	Year ended 31 Mar 2023 £m
Profit for the period	**11.5**	10.7	21.3
Add back: Acquisition expenses	**1.4**	0.9	1.4
Amortisation of acquired intangible assets	**7.7**	7.8	15.8
Tax effects on the above	**(1.7)**	(1.9)	(3.9)
Underlying profit for the period	**18.9**	**17.5**	**34.6**
	Number	Number	Number
Weighted average number of shares for basic earnings per share	**95,780,662**	95,375,108	95,426,255
Effect of dilution – share options	**2,728,085**	3,201,151	2,917,061
Adjusted weighted average number of shares for diluted earnings per share	**98,508,747**	98,576,259	98,343,316
Underlying earnings per share – diluted	**19.2p**	**17.8p**	**35.2p**

Underlying operating cash flow / Free cash flow

	Six months ended 30 Sept 2023 £m	Six months ended 30 Sept 2022 £m	Year ended 31 Mar 2023 £m
Underlying EBITDA	**36.1**	32.5	66.4
Lease payments	**(3.1)**	(2.8)	(5.8)
EBITDA (incl. lease payments)	**33.0**	29.7	60.6
Changes in working capital	**(12.3)**	(10.3)	(6.4)
Capital expenditure	**(2.7)**	(2.6)	(5.6)
Underlying operating cash flow	**18.0**	**16.8**	**48.6**
Net interest paid	**(3.7)**	(2.0)	(5.0)
Taxation	**(5.2)**	(3.2)	(9.0)
Legacy pension scheme funding	**(1.0)**	(1.0)	(1.6)
Free cash flow	**8.1**	**10.6**	**33.0**

Notes to the condensed consolidated interim financial statements

8. Taxation

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year, in accordance with IAS 34 'Interim financial reporting'.

The underlying tax charge for the period was £6.2m (H1 2022/23: £6.0m) giving an underlying effective tax rate on underlying profit before tax of 24.7% (H1 2022/23: 25.5%), 0.6% lower than the rate for FY 2022/23 of 25.3%.

The tax credit in respect of the underlying profit adjustments was £1.7m (H1 2022/23: £1.9m). This gives an overall tax charge for the period of £4.5m (H1 2022/23: £4.1m) on profit before tax of £16.0m (H1 2022/23: £14.8m) which is an effective tax rate of 28.1% (H1 2022/23: 27.7%). The higher effective rate is mainly due to limited tax relief available on acquisition expenses.

9. Dividends

The Directors have declared an interim dividend of 3.75 pence per share (H1 2022/23: 3.55 pence) payable on 24 January 2024 to shareholders on the register at 15 December 2023.

In accordance with IAS 10, this dividend has not been reflected in the interim results. The cash cost of the interim dividend will be £3.6m (H1 2022/23: £3.4m).

The final dividend of 7.9p per share for the year ended 31 March 2023 was paid on 1 August 2023.

10. Earnings per share

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	Six months ended 30 Sept 2023 £m	Six months ended 30 Sept 2022 £m	Year ended 31 Mar 2023 £m
Profit for the period	**11.5**	10.7	21.3
	Number	Number	Number
Weighted average number of shares for basic earnings per share	**95,780,662**	95,375,108	95,426,255
Effect of dilution - share options	**2,728,085**	3,201,151	2,917,061
Adjusted weighted average number of shares for diluted earnings per share	**98,508,747**	98,576,259	98,343,316
Earnings per share – basic	**12.0p**	11.2p	22.3p
Earnings per share – diluted	**11.7p**	10.9p	21.7p

At the period end, there were 3.1 million ordinary share options in issue that could potentially dilute earnings per share in the future, of which 2.7 million are currently dilutive (30 September 2022: 4.1 million in issue and 3.2 million dilutive, 31 March 2023: 3.0 million in issue and 2.9 million dilutive).

Notes to the condensed consolidated interim financial statements

11. Business combinations

Acquisitions in the period ended 30 September 2023

Acquisition of Silvertel

On 30 August 2023, the Group completed the acquisition of Silver Telecom Limited ("Silvertel"), a company incorporated in the United Kingdom by acquiring 100% of the shares of its parent company SLV Holdings Limited. Silvertel is a designer and manufacturer of differentiated, high-performance Power-over-Ethernet ("PoE") modules and complementary products for global industrial electronic connectivity markets.

Silvertel was acquired for an initial cash consideration of £23.0m before expenses, funded from the Group's existing debt facilities. In addition, contingent payment of up to £23.0m will be payable subject to Silvertel's EBIT performance over the next four years. This includes up to £4.0m payable subject to continuous employment during the performance period.

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

	Provisional fair value recognised at acquisition £m
Intangible assets – other *(incl. customer relationships)*	9.3
Property, plant and equipment	0.1
Right of use assets	0.2
Inventories	2.6
Trade and other receivables	1.4
Net cash	1.6
Trade and other payables	(0.9)
Current tax liabilities	(0.4)
Deferred tax liabilities	(2.4)
Lease liabilities	(0.2)
Total identifiable net assets	**11.3**
Provisional goodwill arising on acquisition	**14.5**
Total investment	**25.8**
Discharged by	
Initial cash consideration	23.0
Contingent consideration	2.8
	25.8

Included in the £14.5m 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.

Net cash outflows in respect of the acquisition comprise:

	Total £m
Cash consideration	23.0
Transaction costs of the acquisition (included in operating cash flows) [1]	0.5
Net cash acquired	(1.6)
	21.9

1) Acquisition costs of £0.5m were expensed as incurred in the six months period to 30 September 2023. These were included within operating costs.

Included in cash flow from investing activities is the cash consideration of £23.0m, offset by the net cash acquired of £1.6m.

Notes to the condensed consolidated interim financial statements

11. Business combinations (continued)

Acquisition of 2J

On 12 September 2023, the Group completed the acquisition of 2J Antennas Group ("2J"), by acquiring 100% equity and voting rights of 2J Antennas, s.r.o. (Slovakia), 2J Antennas UK Limited and 2J Antennas USA Corp.

2J is a leading designer and manufacturer of high-performance antennas for industrial electronic connectivity applications. 2J was acquired for an initial cash consideration of £44.5m (€51.9m), before expenses, funded from the Group's existing debt facilities.

The provisional fair value of the identifiable assets and liabilities of 2J at the date of acquisition was:

	Provisional fair value recognised at acquisition £m
Intangible assets – other *(incl. customer relationships)*	16.1
Property, plant and equipment	0.8
Inventories	2.8
Trade and other receivables	1.9
Cash and cash equivalents	1.3
Overdraft	(0.4)
Trade and other payables	(1.0)
Current tax	(1.5)
Deferred tax liabilities	(3.3)
Lease liabilities	(0.2)
Total identifiable net assets	**16.5**
Provisional goodwill arising on acquisition	**28.0**
Total investment	**44.5**
Discharged by	
Cash	44.5

Included in the £28.0m 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.

Net cash outflows in respect of the acquisition comprise:

	Total £m
Cash consideration	44.5
Transaction costs of the acquisition (included in operating cash flows) [1]	0.8
Net cash acquired	(0.9)
	44.4

1) Acquisition costs of £0.8m were expensed as incurred in the six months period to 30 September 2023. These were included within operating costs.

Included in cash flow from investing activities is the cash consideration of £44.5m, offset by the net cash acquired of £0.9m.

Acquisitions in the year ended 31 March 2023

On 30 June 2022 and 18 January 2023, the Group completed the acquisition of CDT 123 Limited and CustomDesignTechnologies Ltd ("CDT") and Magnasphere Corporation ('Magnasphere'), respectively. Details of these business combinations were disclosed in note 11 of the Group's annual financial statements for the year ended 31 March 2023. Since 31 March 2023, there were no material changes to the fair value of assets and liabilities acquired.

Notes to the condensed consolidated interim financial statements

12. Goodwill

Cost	£m
At 1 April 2022	175.7
Arising from business combinations	11.5
Exchange adjustments	0.9
At 31 March 2023	188.1
Arising from business combinations	42.5
Exchange adjustments	0.4
At 30 September 2023	**231.0**
Impairment	
At 31 March 2023 and 30 September 2023	**-**
Net book value at 30 September 2023	**231.0**
Net book value at 31 March 2023	188.1

Impairment testing of goodwill

Management has identified two CGUs within the Sensing & Connectivity division, which represent 2% and 5% of the total carrying amount of goodwill in the Group as at 30 September 2023, where changes in the value-in-use assumptions may lead to the recoverable amount of the CGU being less than its carrying value. The assumptions made in estimating the value of the future cash flow for these two CGUs are pre-tax discount rates of 13.0% for both CGUs, 5-year Sales CAGR of 2.7% and 3.6% respectively and a long-term growth rate of 2% for both CGUs. The headroom for these two CGUs are £3.9m and £5.1m at the date of the assessment.

A reduction in long-term growth rate of 0.5% reduces the headroom in the two CGUs by £0.5m and £0.9m respectively. An increase of one percentage point in the pre-tax discount rate reduces the headroom in the two CGUs by £1.3m and £2.5m respectively and a reduction in the 5-year sales CAGR by 1% reduces the headroom in the two CGUs by £1.3m and £1.8m respectively.

None of the changes to individual assumptions above would lead to the carrying amount of the two CGUs exceeding their recoverable amount.

The assumptions that would result in the recoverable amount equalling the carrying amount are 5-year sales CAGR of 0.5% (a reduction of 2.2 percentage points), long-term growth rate of 2%, and a pre-tax discount rate of 14.2% (an increase of 1.2 percentage points) for the CGU representing 2% of the total carrying value of the Group goodwill, and 5-year sales CAGR of 1.6% (a reduction of 2 percentage points), long-term growth rate of 2%, and a pre-tax discount rate of 14% (an increase of 1 percentage point) for the CGU representing 5% of the total carrying value of the Group goodwill.

Notes to the condensed consolidated interim financial statements

13. Reconciliation of cash flow from operating activities

	Six months ended 30 Sept 2023 £m	Six months ended 30 Sept 2022 £m	Year ended 31 Mar 2023 £m
Profit for the period	**11.5**	10.7	21.3
Tax expense	**4.5**	4.1	7.8
Net finance costs	**3.5**	2.1	5.5
Depreciation of property, plant and equipment	**2.4**	2.4	4.6
Depreciation of right of use assets	**3.0**	3.0	5.8
Amortisation of intangible assets - other	**7.9**	8.1	16.5
Loss on disposal of intangible assets	–	–	0.6
Change in provisions	**0.1**	(0.3)	(0.2)
Pension scheme funding	**(1.0)**	(1.0)	(1.6)
IAS 19 pension charge	**0.4**	0.3	0.7
Contingent consideration related to business acquisitions	–	(4.2)	(4.0)
Business disposal costs	–	(1.2)	(1.2)
Associated taxes on LTIPs	**(0.2)**	–	(0.6)
Impact of equity-settled share-based payment expense	**1.4**	0.6	2.2
Operating cash flows before changes in working capital	**33.5**	24.6	57.4
Decrease/(Increase) in inventories	**3.4**	(9.1)	(8.6)
(Increase)/Decrease in trade and other receivables	**(3.3)**	(0.8)	5.0
Decrease in trade and other payables	**(13.5)**	(0.6)	(1.7)
Decrease in working capital	**(13.4)**	(10.5)	(5.3)
Cash generated from operations	**20.1**	14.1	52.1
Interest paid	**(5.0)**	(2.0)	(6.2)
Interest paid on lease liabilities	**(0.3)**	(0.4)	(0.6)
Net income taxes paid	**(5.2)**	(3.2)	(9.0)
Net cash inflow from operating activities	**9.6**	8.5	36.3

Notes to the condensed consolidated interim financial statements

14. Closing net debt

	At 30 Sept 2023 £m	At 30 Sept 2022 as restated £m	At 31 Mar 2023 £m
Cash and cash equivalents	**122.7**	134.5	83.9
Bank overdrafts	**(92.0)**	(106.0)	(40.5)
Net cash	**30.7**	28.5	43.4
Bank loans under one year	**(0.3)**	–	–
Bank loans over one year	**(143.9)**	(75.8)	(88.1)
Capitalised debt cost	**2.2**	2.1	2.0
Total loan capital	**(142.0)**	(73.7)	(86.1)
Closing net debt	**(111.3)**	(45.2)	(42.7)
Lease liability	**(19.3)**	(22.1)	(18.8)
Closing net debt (incl. lease liability)	**(130.6)**	(67.3)	(61.5)

Condensed consolidated statement of financial position:

	At 30 Sept 2023 £m	At 30 Sept 2022 £m	At 31 Mar 2023 £m
Current liabilities			
Other financial liabilities	**(91.9)**	(105.4)	(39.9)
Lease liabilities	**(5.6)**	(5.3)	(4.0)
	(97.5)	(110.7)	(43.9)
Non-current liabilities			
Other financial liabilities	**(142.1)**	(74.3)	(86.7)
Lease liabilities	**(13.7)**	(16.8)	(14.8)
	(155.8)	(91.1)	(101.5)
Cash and cash equivalents	**122.7**	134.5	83.9
Closing net debt (incl. lease liability)	**(130.6)**	(67.3)	(61.5)

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 with a legal right to offset. Bank overdrafts are repayable on demand with interest based on floating rates linked to SONIA, SOFR and EURIBOR.

Included in bank loans over one year are mainly drawdowns against the Group's revolving credit facility of £143.8m (31 March 2023: £88.0m) denominated in Sterling, US Dollars and Euros which bear interest based on SONIA, SOFR and EURIBOR, plus a facility margin.

Cash and cash equivalents earn interest at floating rates on daily bank deposit rates.

Lease liabilities of £19.3m (31 March 2023: £18.8m) have been presented separately in the consolidated statement of financial position. The increase of £0.5m during the six month period to 30 September 2023 consisted of additions/modifications of £3.5m and interest accruals of £0.3m, offset by lease payments of £3.1m and early terminations of £0.2m.

Certain businesses in the Group participate in supply chain finance arrangements whereby suppliers may elect to receive early payment of their invoices from a bank by factoring their receivable from discoverIE entities. Included within trade payables is £2.4m (31 March 2023: £2.3m) subject to such an arrangement.

Notes to the condensed consolidated interim financial statements

14. Closing net debt (continued)

Reconciliation of movement in cash and net debt

	Six months ended 30 Sept 2023 £m	Six months ended 30 Sept 2022 £m	Year ended 31 Mar 2023 £m
Net (decrease)/increase in cash and cash equivalents	**(11.5)**	(9.0)	8.2
Proceeds from borrowings	**(66.5)**	(11.0)	(61.8)
Repayment of borrowings	**10.8**	9.7	44.9
Decrease in net cash before translation differences	**(67.2)**	(10.3)	(8.7)
Translation and other non-cash changes	**(1.4)**	(4.7)	(3.8)
Decrease in net cash	**(68.6)**	(15.0)	(12.5)
Net debt at beginning of the period	**(42.7)**	(30.2)	(30.2)
Net debt at end of the period	**(111.3)**	(45.2)	(42.7)

15. Fair value measurement of financial instruments

The Group's principal non-derivative financial instruments comprise bank loans and overdrafts, cash and short term borrowings. The Group also holds other financial instruments such as trade receivables and trade payables that arise directly from the Group's trading operations. The carrying value of the Group's trade and other receivables and trade and other payables approximates their book value due to the short maturity of these instruments.

Derivative financial instruments are represented by short-term foreign currency forward contracts placed by the Group with external banks as part of the Group's cash management and foreign currency risk management activities. The fair value of derivative foreign exchange instruments is determined on initial recognition at forward market exchange rates at inception of the contract and subsequently remeasured based on forward market exchange rates at the balance sheet date. As at 30 September 2023, the fair value of derivatives was a liability of £0.2m (31 March 2023: asset of £0.1m).

The carrying value of the Group's other financial assets, including cash and cash equivalents of £122.7m and deferred consideration of £6.1m, are equivalent to their fair value.

The carrying value of the Group's financial liabilities measured at amortised costs, including bank overdrafts of £92.0m, other fixed and floating interest borrowings of £144.2m, lease liabilities of £19.3m and contingent consideration of £6.6m, are equivalent to their fair value at 30 September 2023.

The methods and assumptions used to determine the fair value of financial assets and liabilities are set out below.

All material changes in fair value of financial instruments as at the balance sheet date have been taken to the condensed consolidated statement of profit or loss. Impairment reviews did not identify any material impairment of financial assets from carrying values as reported at the balance sheet date and, as such, no material impairments are included in the condensed consolidated statement of profit or loss.

Fair Value Methods and Assumptions

Forward foreign exchange contracts (forwards) - the fair value of forward foreign currency contracts is determined with reference to observable yield curves and foreign exchange rates at the reporting date. The forwards outstanding with banks at 30 September 2023 had a maturity of two years or less.

Loans and borrowings - the fair value of loans and borrowings has been calculated by discounting future cash flows, where material, at prevailing market interest rates.

Fair Value Hierarchy

For financial assets and financial liabilities measured at fair value, as set out in the tables above, the fair value measurement techniques are based upon applying unadjusted, quoted market rates or prices or inputs other than quoted prices that are observable for the assets or liability either directly or indirectly.

Notes to the condensed consolidated interim financial statements

15. Fair value measurement of financial instruments (continued)

Fair Value Hierarchy (continued)

IFRS 13 'Financial Instruments: Disclosures' requires financial instruments measured at fair value to be analysed into a fair value hierarchy based upon the valuation technique used to determine fair value. The highest level in this hierarchy is Level 3 within which inputs that are not based on observable market data for the asset or liability are applied.

The valuation techniques used by the Group for the measurement of derivative financial instruments, loans and deferred consideration receivable are considered to be within Level 2, which includes inputs other than quoted prices included within Level 1 that are observable either directly or indirectly. Contingent consideration is included in Level 3 of the fair value hierarchy. The fair value is determined considering the expected payment, discounted to present value using a risk adjusted discount rate. The expected payment is determined separately in respect of each individual earn-out agreement taking into consideration the expected level of profitability of each acquisition. The unobservable inputs are the projected forecast measures that are assessed on an annual basis. Changes in the fair value of contingent consideration relating to updated projected forecast performance measures are recognised in the consolidated Statement of Profit or Loss in the period that the change occurs. Contingent consideration is sensitive to forecast operating profits of the relevant acquired businesses.

16. Pension

The acquisition of the Sedgemoor Group in June 1999 included a defined benefit pension scheme, the Sedgemoor Group Pension Fund ("the Sedgemoor Scheme"). The Sedgemoor Scheme, which is funded by the Company, provides retirement benefits based on final pensionable salary. 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 pension 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.

During the period, the financial position of the Sedgemoor Scheme has been updated in line with changes in actuarial assumptions. The valuation used for IAS 19 disclosures has been based on the most recent valuation as at 31 March 2021 updated to take account of the requirements of IAS 19 in order to assess the liabilities of the scheme as at 30 September 2023.

The IAS 19 defined benefit pension scheme asset as at 30 September 2023 was £0.7m (31 March 2023: £2.3m). The surplus reduced over the period due to a fall in the value of the Fund's bond related assets which reflects an increase in gilt and corporate bond yields. The loss was offset to an extent by the fall in the value of the obligation which is based purely on corporate bond yields.

17. Exchange rates

The principal exchange rates used to translate the results of overseas businesses are as follows:

	Six months ended 30 Sept 2023		Six months ended 30 Sept 2022		Year ended 31 March 2023	
	Closing rate	**Average rate**	Closing rate	Average rate	Closing rate	Average rate
US Dollar	**1.2253**	**1.2592**	1.1040	1.2189	1.2369	1.2058
Euro	**1.1566**	**1.1566**	1.1325	1.1744	1.1374	1.1576
Norwegian Krone	**13.0161**	**13.3321**	11.9862	11.7728	12.9595	11.9778

18. Events occurring after the reporting period

There were no matters arising, between the statement of financial position date and the date on which these condensed consolidated interim financial statements were approved by the Board of Directors, requiring adjustment in accordance with IAS 34 'Interim financial reporting'.

Notes to the condensed consolidated interim financial statements

19. Interim report

A copy of the interim report will be available for inspection at the Company's registered office: 2 Chancellor Court, Occam Road, Surrey Research Park, Guildford, England, GU2 7AH.

As permitted by current regulations, the 2023 interim results published on 5 December 2023 will not be sent to shareholders. The 2023 interim results and other information about discoverIE Group plc are available on the Company's website at www.discoverieplc.com.