



**SOLID STATE PLC**  
TRUSTED TECHNOLOGY FOR DEMANDING ENVIRONMENTS

**SOLID STATE PLC PRESENTS:**  
***Interim Results to 30 September 2022***

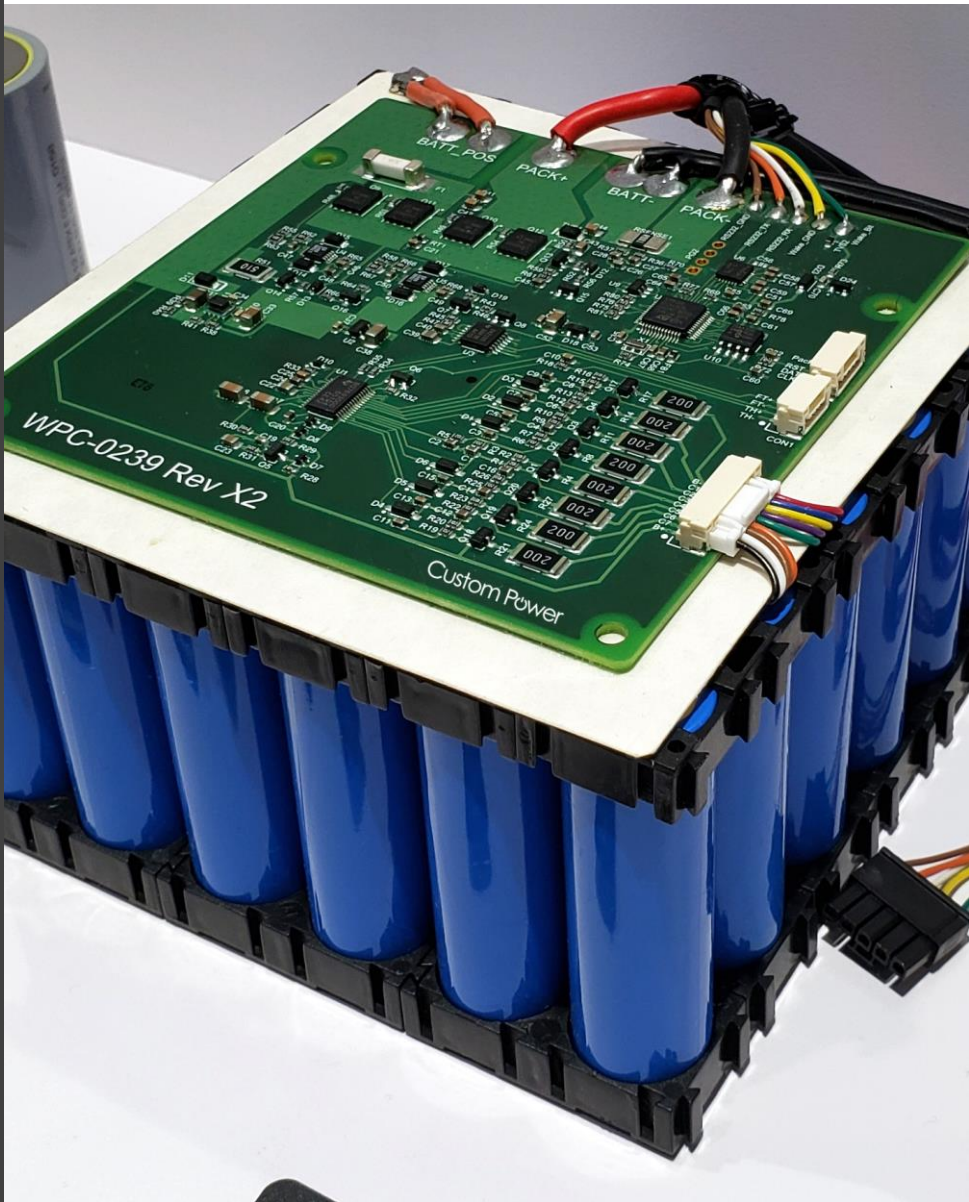
***PRESENTED BY:***

Gary Marsh

Peter James

Matthew Richards

# Strategic progress continues post period end

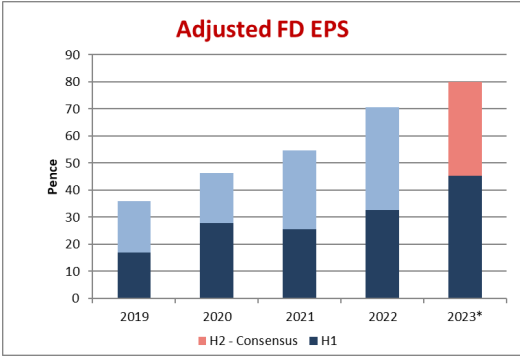
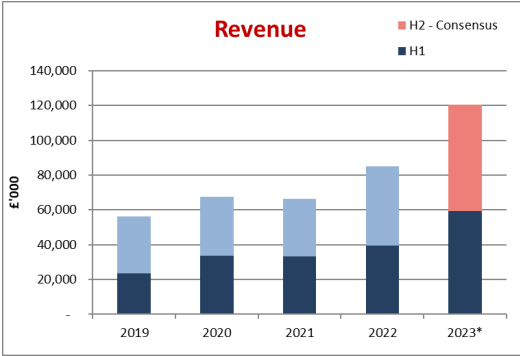


## Positive momentum - Record first half

- Record H1 revenue up 51% at £59.4m
- Record H1 adj EPS up 39% at 45.3p
- Record order book to Nov 22 - £117.8m (Mar 22 – £85.5m)

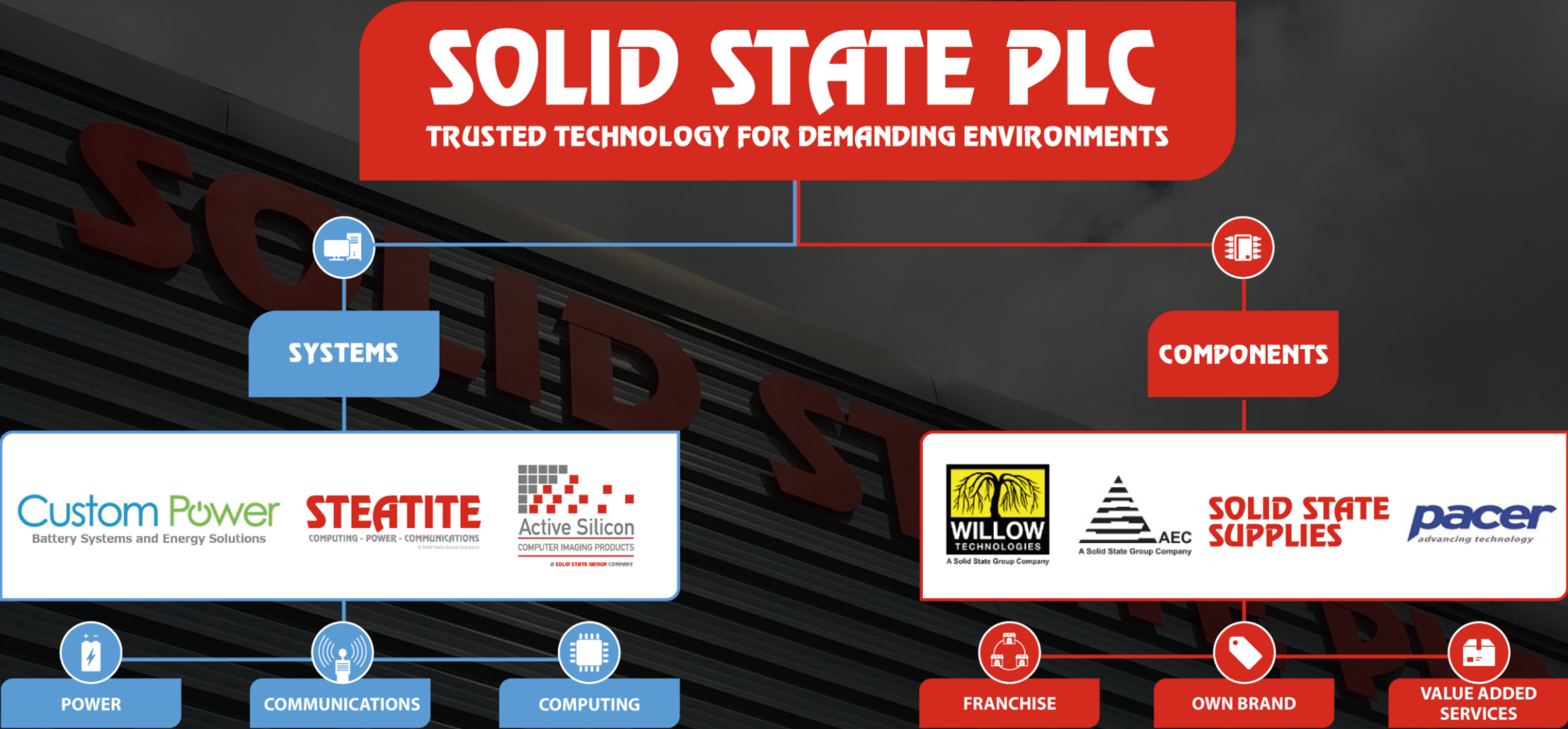
## Foundation for continued growth

- Custom Power acquisition via oversubscribed equity raise
- 31% constant currency organic revenue growth
- Investment continues in talent and production capabilities

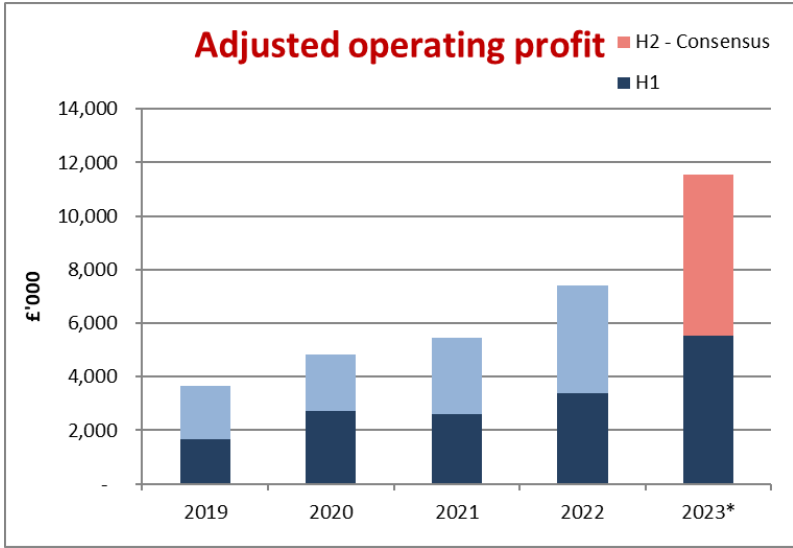
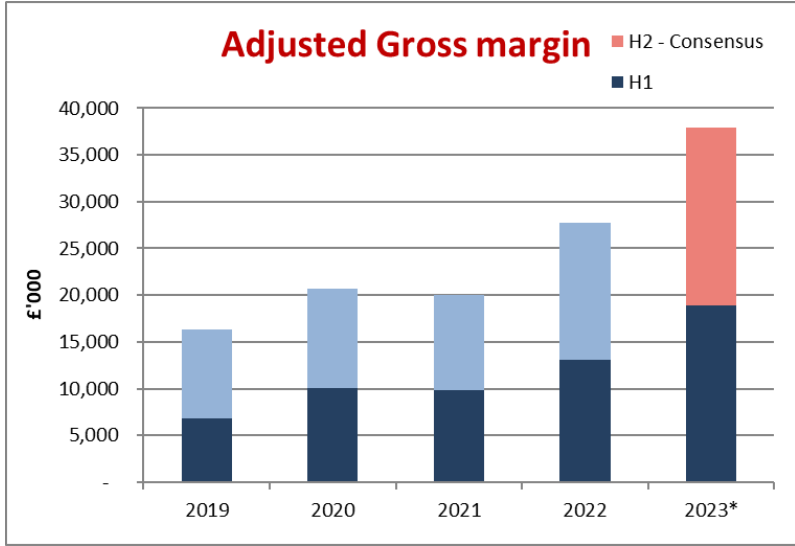
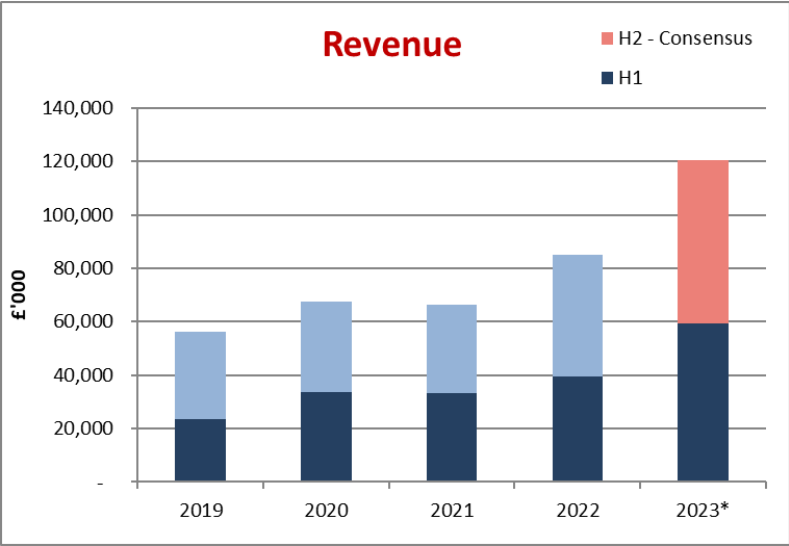




# Group structure - Custom Power now forms part of the Power BU



# Revenue growth benefits, GM% depressed by USD tailwinds



# Operating margin improvements continue at 9.3% up 70 Bps

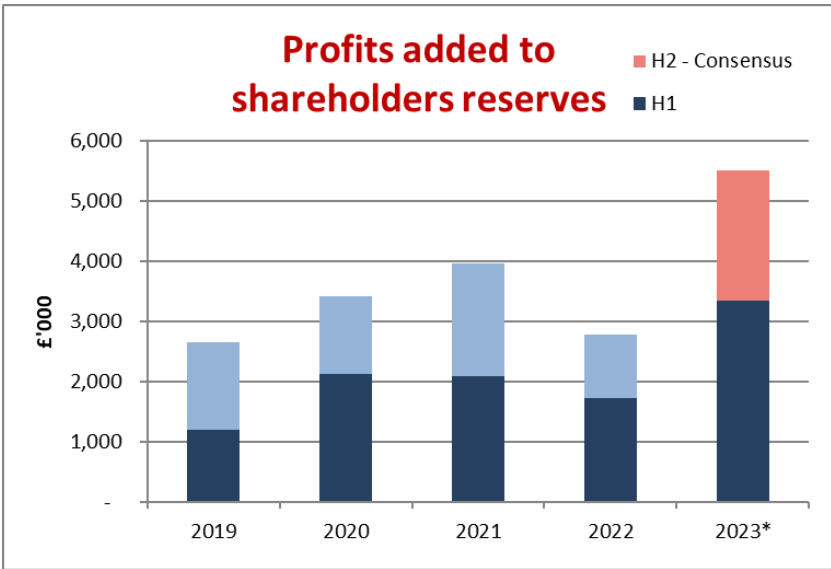
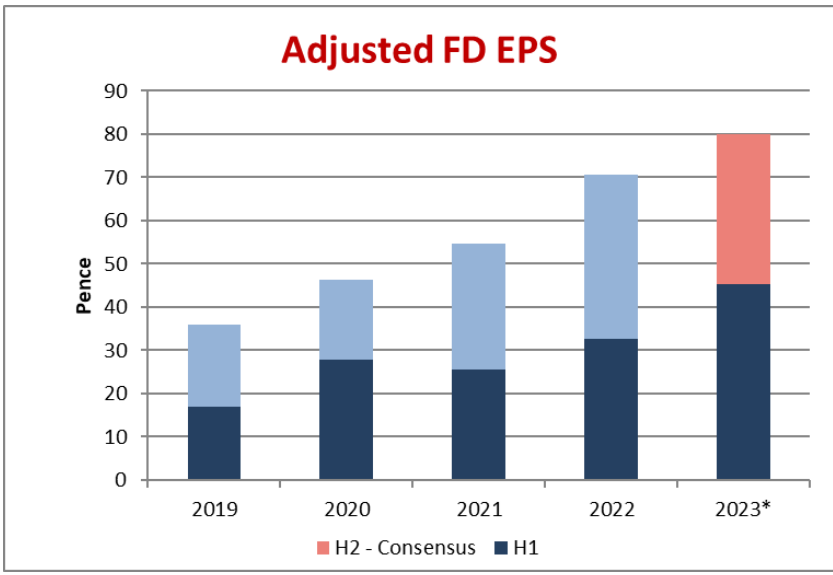
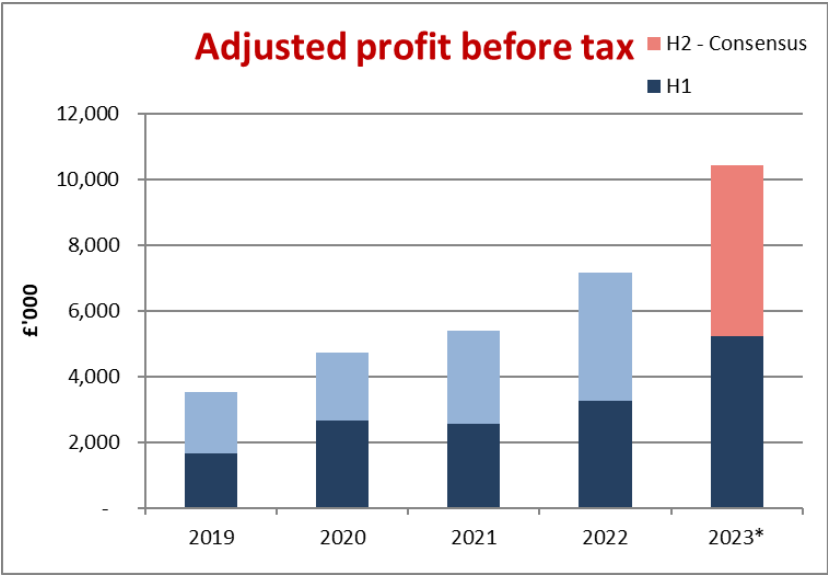
- Organic constant currency revenue growth 31%
- Record adj Op margin 9.3%
- Adj PAT up 46% at £4.16m
- Record adj EPS – 45.3p

	H1 2022/23	H1 2021/22	Change	FY 2021/22
Revenue	£59.36m	£39.38m	51%	£85.00m
Gross profit	£18.77m	£12.89m	46%	£27.53m
Gross profit margin	31.6%	32.7%	(110Bps)	32.4%
Adjusted Operating profit*	£5.52m	£3.37m	64%	£7.40m
Adjusted Operating margin*	9.3%	8.6%	70Bps	8.7%
EBITDA**	£6.67m	£4.24m	57%	£9.19m
Adjusted profit before tax*	£5.23m	£3.27m	60%	£7.17m
Reported profit before tax	£4.18m	£2.11m	98%	£3.50m
Adjusted profit after tax*	£4.16m	£2.85m	46%	£6.16m
Reported profit attributable to equity shareholders	£3.34m	£1.73m	93%	£2.52m
Adjusted diluted EPS*	45.3p	32.7p	39%	70.6p
Dividend	6.5p	6.25p	4%	19.5p

\*Adjusted measures add back; share based payments, acquisition amortisation and exceptional items (including IFRS 3 acquisition adjustments).

\*\*EBITDA is defined as earnings before interest, tax, depreciation, amortisation, share based payments and exceptional items.

# H1 FD adj EPS of 45.3p, FY22/23 consensus 79.9p up 13% on FY22



# Provisional Custom Power acq'n accounting materially changes B/S

- Acquisition accounting impacts
  - Recognised acquired working capital
  - Recognised fair value of PPE & IFRS 3 intangibles
  - Recognised associated deferred tax & goodwill
  
- Acquisition funding impacts
  - New Lloyds loan facility £13.0m
  - New Lloyds Standby LC \$10.0m
  - Additional equity raised £26.99m

	H1 2022/23	H1 2021/22	FY 2021/22
Goodwill	£34.55m	£9.90m	£9.90m
Deferred tax asset	£3.14m	-	£0.54m
Intangibles	£12.65m	£6.13m	£5.93m
Property Plant and Equipment	£4.84m	£3.40m	£3.42m
Right of Use Assets (ROUA)	£2.65m	£2.21m	£1.98m
<b>Total non-current assets</b>	<b>£57.83m</b>	<b>£21.64m</b>	<b>£21.77m</b>
Inventory	£24.94m	£12.73m	£17.60m
Trade and other receivables	£24.71m	£15.19m	£17.98m
Cash and cash equivalents	<u>£16.05m</u>	<u>£5.32m</u>	<u>£4.98m</u>
<b>Total current assets</b>	<b>£65.70m</b>	<b>£33.24m</b>	<b>£40.56m</b>
<b>Total current liabilities (ex debt)</b>	<b>(£23.57m)</b>	<b>(£16.46m)</b>	<b>(£20.48m)</b>
Total borrowings	(£17.75m)	(£2.00m)	(£3.56m)
Total deferred contingent consideration	(£14.41m)	(£5.25m)	(£6.60m)
Right of use liabilities	(£2.75m)	(£2.28m)	(£2.08m)
Total other non-current liabilities	(£4.58m)	(£2.36m)	(£2.53m)
<b>TOTAL NET ASSETS</b>	<b>£60.47m</b>	<b>£26.53m</b>	<b>£27.08m</b>

# Working capital increased as we manage growth and supply chain

- Working capital investment
  - Underlying inventory up ~£3.4m
  - Underlying receivables up ~£2.7m
- Net debt £16.1m (Mar 21: £5.2m)
  - Includes net bank debt £1.7m
  - Deferred consideration £14.4m
- Bank facilities:
  - £13.0m term loans (drawn in full)
  - £7.5m RCF (£2.95m drawn)

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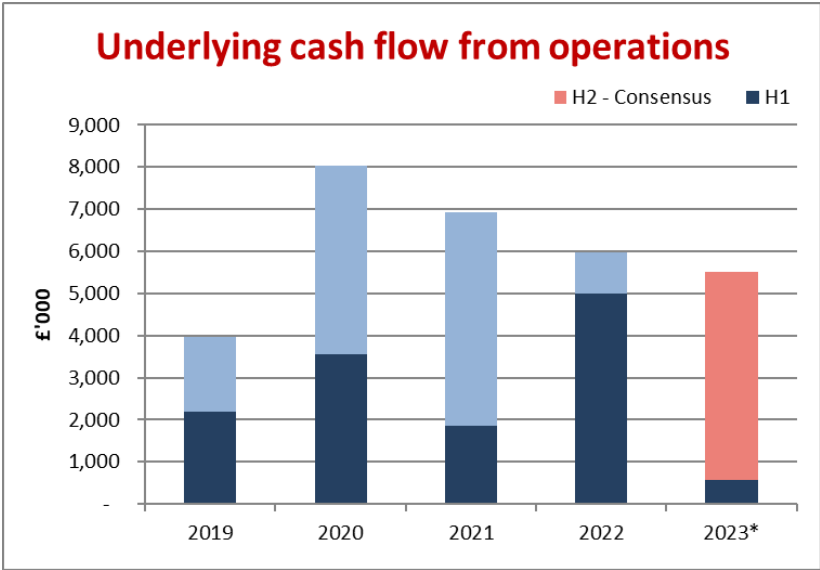
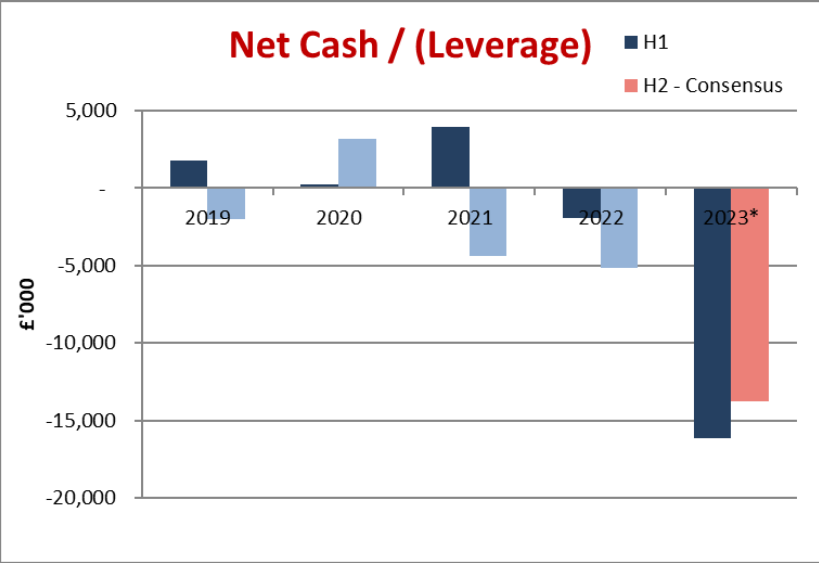
# Strong cash profits invested in working capital to secure growth

- Strong cash profits invested:
  - £3.4m in inventory
  - £2.7m in debtors
- Acquisition cash flows:
  - Equity raise £27.0m
  - Payments (£29.2m)
- Finance charges increased to £0.3m
  - Increased borrowings
  - Interest rates increasing

	H1 2022/23	H1 2021/22	Change	FY 2021/22
<b>Adjusted operating profit*</b>	<b>£5.52m</b>	<b>£3.37m</b>	<b>- 5%</b>	<b>£7.40m</b>
Underlying cash conversion rate	147%	148%		81%
<b>Underlying operating cash generation</b>	<b>£0.58m</b>	<b>£4.98m</b>	<b>- 48%</b>	<b>£5.99m</b>
Non recurring cash flows	-	-		-
Tax cashflows	(£0.08m)	(£0.01m)		(£0.94m)
<b>Net cash from trading</b>	<b>£0.50m</b>	<b>£4.97m</b>	<b>- 46%</b>	<b>£5.05m</b>
Investment in non current assets	(£0.86m)	(£0.88m)		(£1.70m)
Payment obligations for right of use assets	(£0.46m)	(£0.39m)		(£0.87m)
Net cash investment in acquisitions	(£29.16m)	(£2.57m)		(£2.57m)
Equity financing	£26.99m	-		(£0.08m)
Payment of interest	(£0.27m)	(£0.08m)		(£0.13m)
Transactions with NCI	£0.05m	-		-
Dividends paid	-	(£0.92m)		(£1.46m)
<b>Net (decrease)/increase in cash/debt</b>	<b>(£3.21m)</b>	<b>£0.13m</b>	<b>+65%</b>	<b>(£1.76m)</b>
Deferred consideration on acquisitions	(£7.81m)	£2.27m		£0.92m
FX on opening cash	£0.08m	£0.03m		£0.02m
Opening cash / (net debt)	(£5.18m)	(£4.36m)		(£4.36m)
<b>Closing cash / (net debt)</b>	<b>(£16.12m)</b>	<b>(£1.93m)</b>		<b>(£5.18m)</b>

\*Adjusted measures are adjusted for; share based payments, acquisition amortisation and exceptional items.

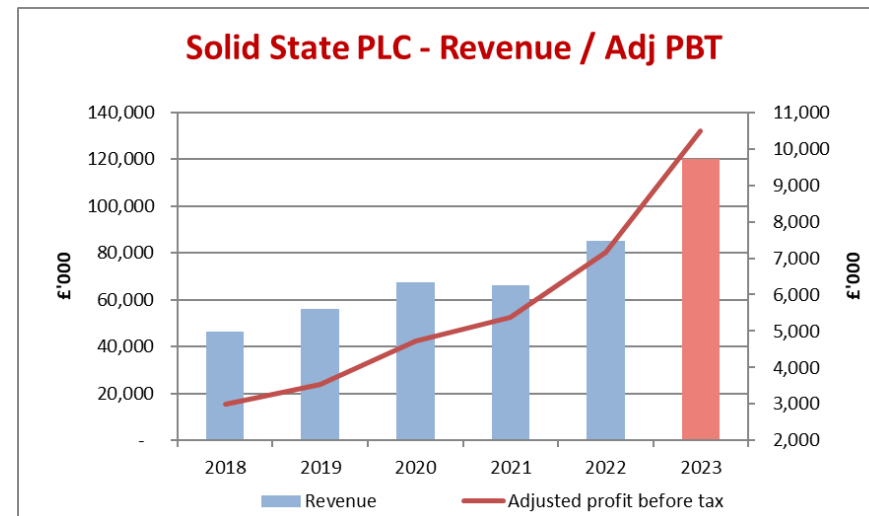
# Progressive dividend policy maintained, interim dividend up 4%



# Solid State PLC - Investment proposition

**Solid State PLC – ambition for the next 5 years is to replicate or beat historic performance**

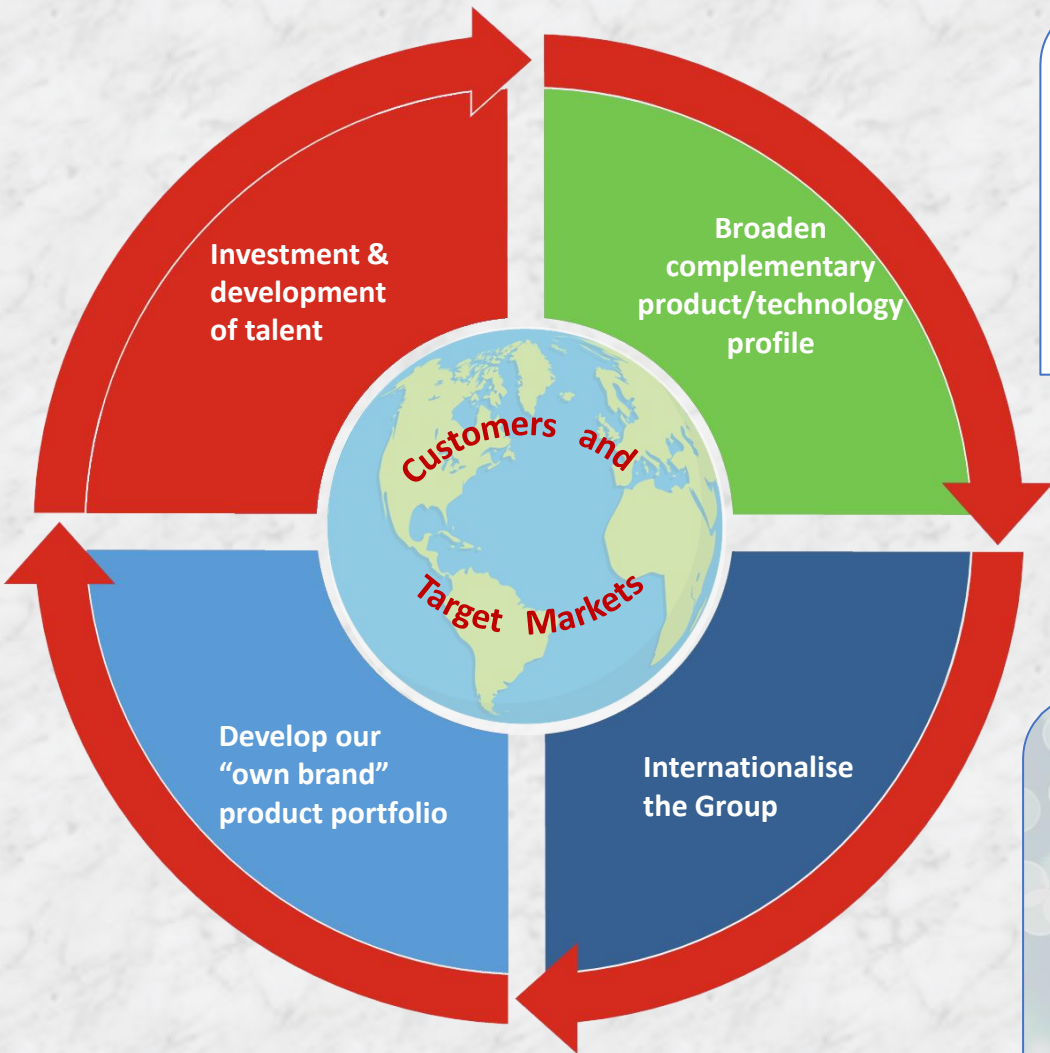
- Solid State PLC – strong growth delivering record financial performance
- The 5 year strategy delivered growth through:
  - investment in organic growth
  - strategic M&A
- Historic 4 year CAGR 2018-2022
  - ✓ Revenue = 16.4%
  - ✓ Adj operating profit = 25.0%
  - ✓ Adj operating margins up 210bps to 8.7%
  - ✓ Adj FD EPS = 23.0%



2023 full year data presented above reflects analyst consensus at 6 Dec 2022.



# Key to accelerating our growth strategy for a sustainable future



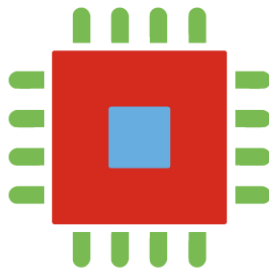


# Solid State PLC a profitable and resilient business model

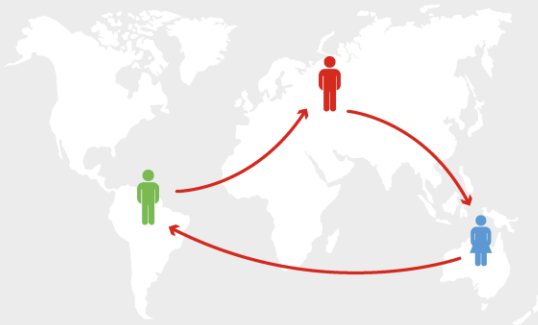
Solid State PLC – supplying specialist engineered systems and value added components



EXPERIENCE



TECHNOLOGY



CUSTOMERS



RELATIONSHIPS



SUPPLIERS



ENGINEERED SOLUTIONS

# Continued investment in technology and capabilities

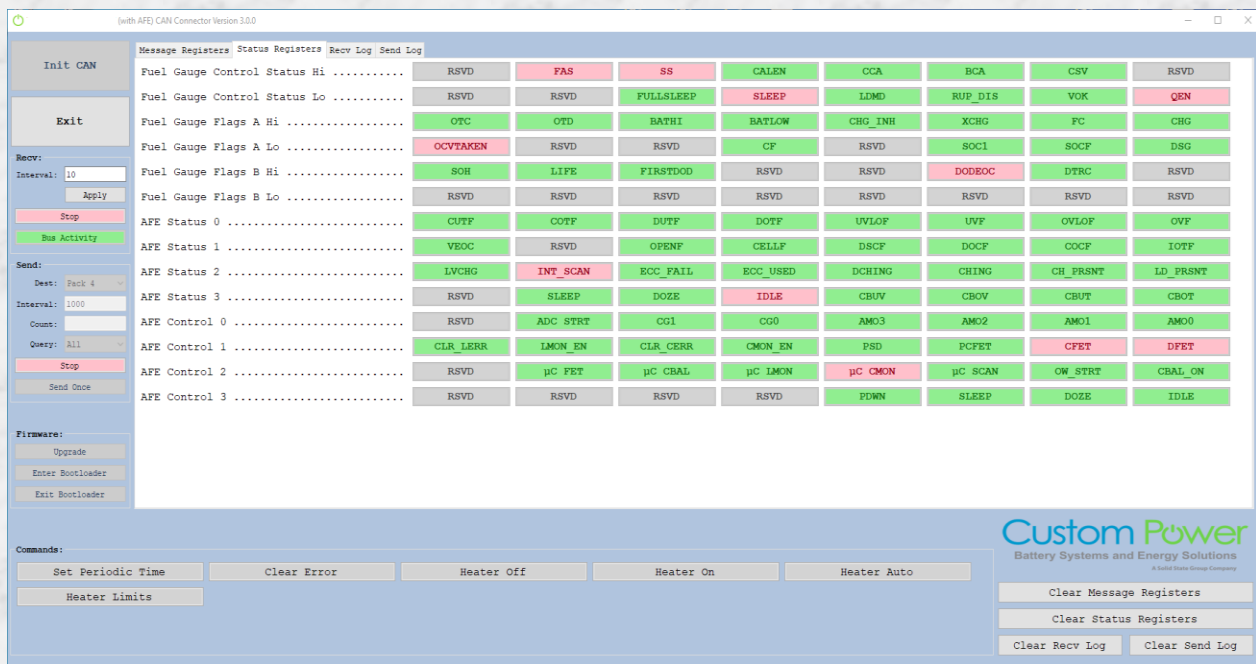




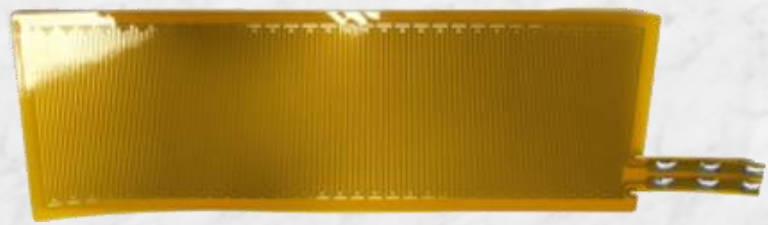
# Custom Power – Good progress on integration in first four months

## Exciting prospects for FY2023/24 and beyond

- **Technical collaboration:** Provides a step change in BMS, pack heating and packaging capabilities
- **Team work:** The early collaboration and engagement of Custom Power with our existing team has been very positive
- **Supply chain:** Component shortages continue to be a challenge
- **Order book:** Order book continues to grow post acquisition
- **Growth markets:** Strong position in our target markets enabling good target customer engagement



Custom Power Graphical User Interface Fuel Gauge Register Display



Core pack heating in less than 20 minutes to +5°C from -20°C

# Prospects for 2022/23 and beyond

## Opportunities and prospects

- **Resilient growth markets:** High barrier to entry markets: security, defence, medical & transport
- **Advanced technology:** Adoption of Industrial AI & 5G – Power control / switching - targeting Net Zero
- **Order book:** Record order book Sept 22 £112.5m (£117.8m Nov 22)
- **H2 FY22/23:** Strong start supports upgrade to full year expectations
- **Growth ambition:** Aspire to exceed the last 5 years' performance

