



Investor presentation 2023

SOLID STATE PLC
TRUSTED TECHNOLOGY FOR DEMANDING ENVIRONMENTS

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Highlights



In this section

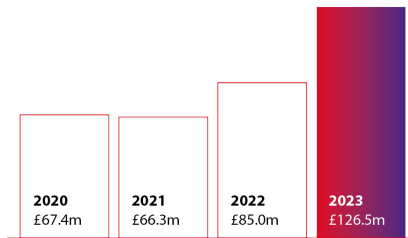
Highlights

4-7

FINANCIAL HIGHLIGHTS

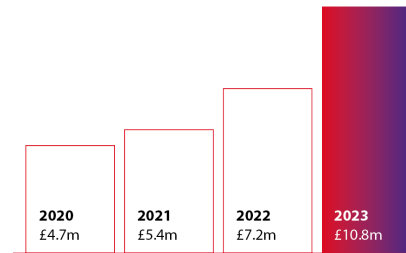
Revenue (million)

£126.5m



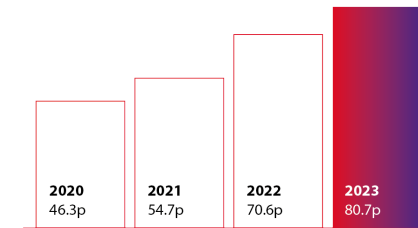
Adjusted profit before tax (million)

£10.8m



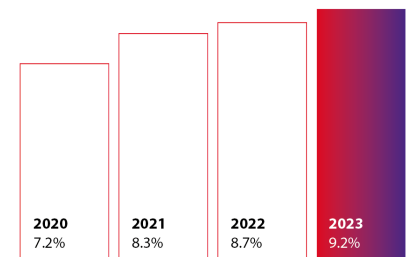
Adjusted fully diluted EPS (pence)

80.7p



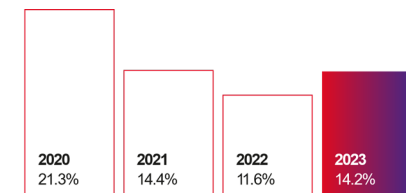
Adjusted operating margin (%)

9.2%



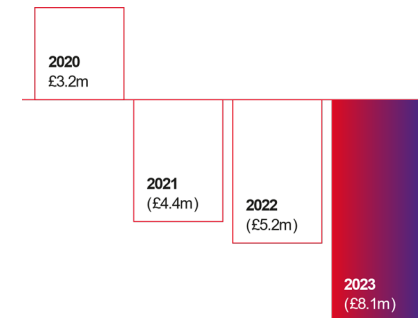
Return on Capital Employed (%)

14.2%



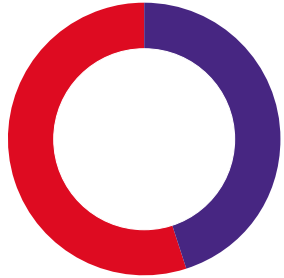
Net Cash / (Debt) (million)

(£8.1m)



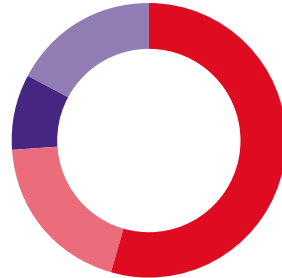
FINANCIAL & NON-FINANCIAL HIGHLIGHTS

Revenue by division



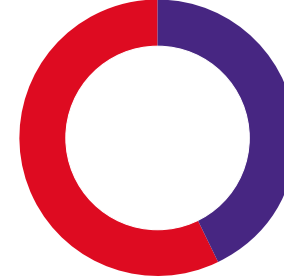
Components 55%
Systems 45%

Revenue by Systems business unit



Components & modules 55%
Power products 20%
Computing products 17%
Communications products 9%

Revenue by geography



UK 57%
ROW 43%

Revenue by markets



Industrial 37%
Defence & Security 19%
Medical 16%
Transport 11%
Other 17%

Gender diversity

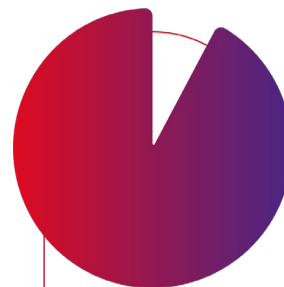


2022
M 69% F 31%

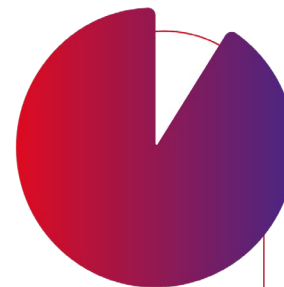


2023
M 68% F 32%

Employee retention

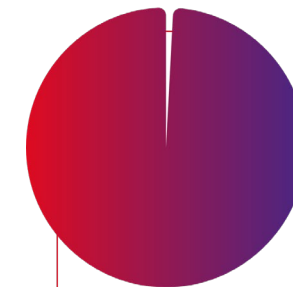


2022
92%

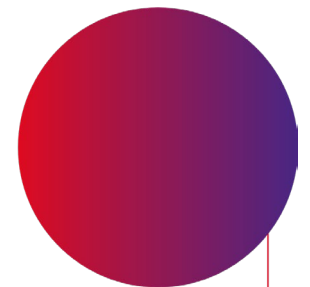


2023
91%

Lost time incidents



2022
1%



2023
0%

OUR CUSTOMERS

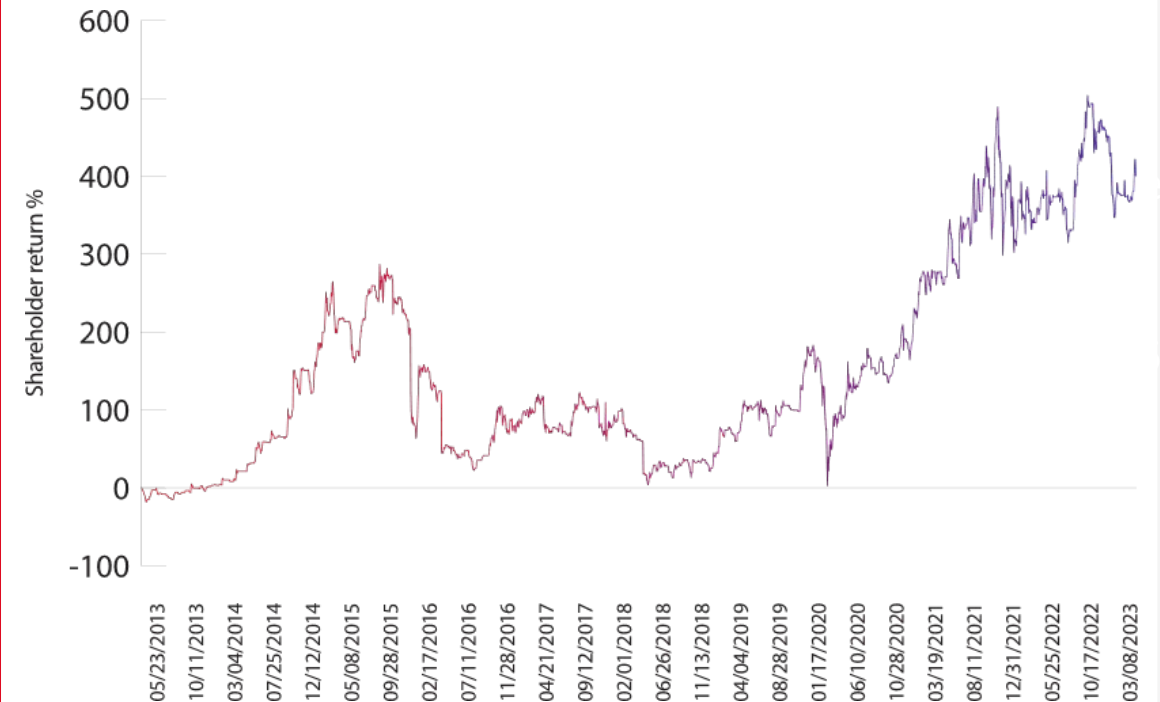


INVESTMENT CASE

Revenue by division

- Solid State PLC – strong growth delivering record financial performance
- Delivering on our sustainable growth strategy:
 - Delivering organic growth
 - Complemented by strategic M&A
- Track record of strong performance 2019-2023
 - Revenue = 22% CAGR
 - Adj operating margins up 270bps to 9.2%
 - Adj FD EPS = 22% CAGR
 - TSR = 29% CAGR
- 2030 Strategy and ambition
 - International leader providing sustainably engineered components & systems
 - To be the enabler, facilitating innovation and electronic solutions
 - Progress to double digit operating margins
 - Maintain TSR CAGR > 20%

TSR / shareholder return



Financial Information

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KEY FINANCIAL METRICS

31 March	2023	2022	Change
Orderbook	£120.1m	£85.5m	34%
Revenue	£126.5m	£85.0m	49%
Reported operating profit	£9.4m	£3.7m	154%
Adjusted* operating profit %	9.2%	8.7%	50bps
Adjusted* profit before tax	£10.8m	£7.2m	50%
Adjusted* diluted EPS	80.7p	70.6p	14%
Dividend	20.0p	19.5p	3%

* Adjusted performance measures are reconciled in the appendices but are adjusted for noncash charges and non-recurring items together with the associated tax impact

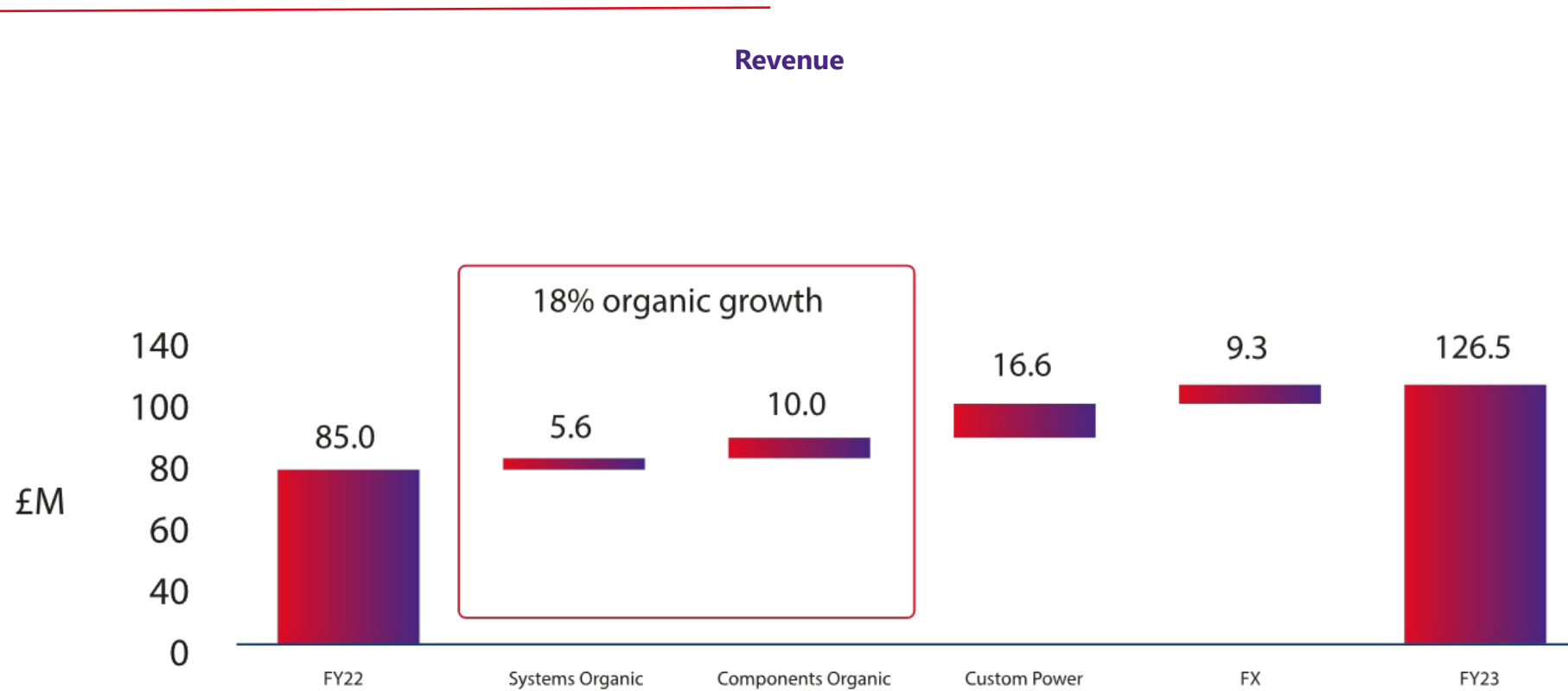
** Constant currency like for like growth (excluding impact of the Custom Power acquisition)

31 March	2023	2022	Change
Underlying cash flow from operations	£9.4m	£6.0m	57%
Net debt	(£8.1m)	(£5.2m)	56%
Net assets	£58.0m	£27.0m	115%

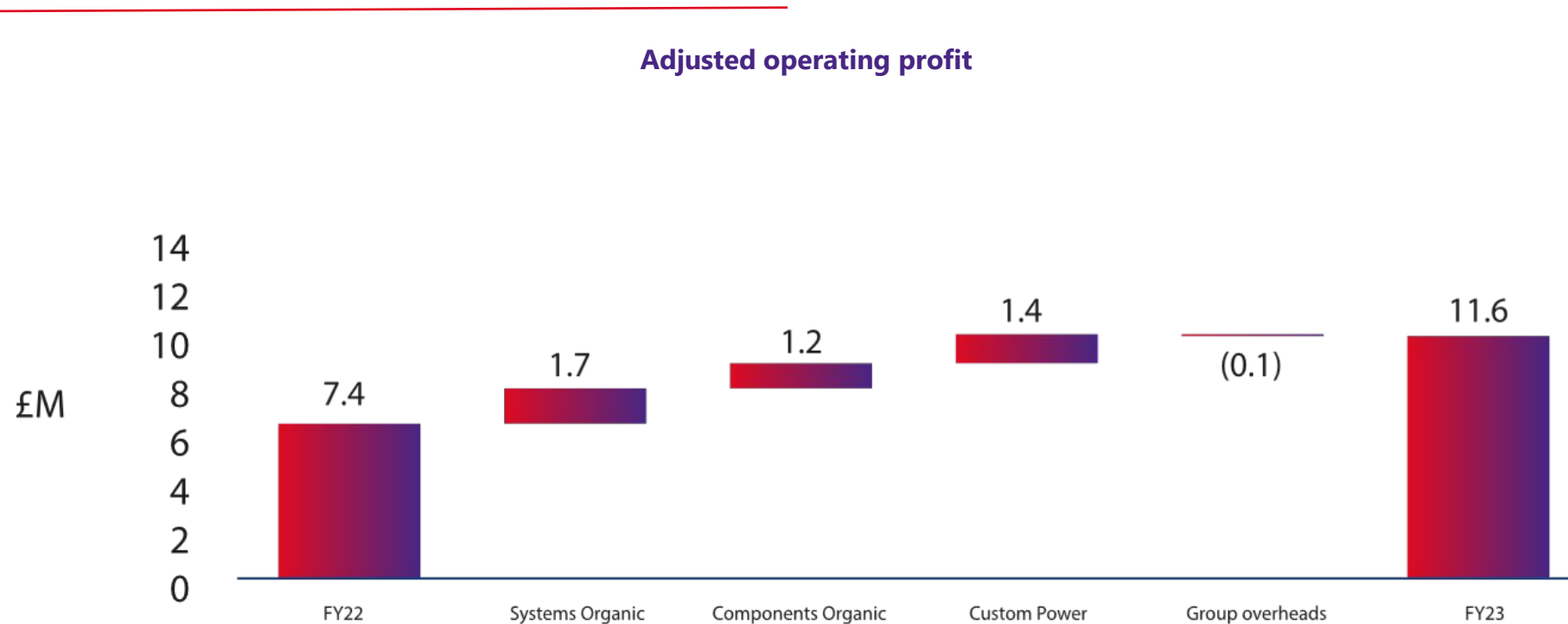
Commentary

- Solid open orderbook
- Organic revenue growth ~18%**
- Operational gearing driving operating margins
- 50% growth Adj PBT - M&A & Organic growth
- Progressive dividend
- Strong H2 cash generation

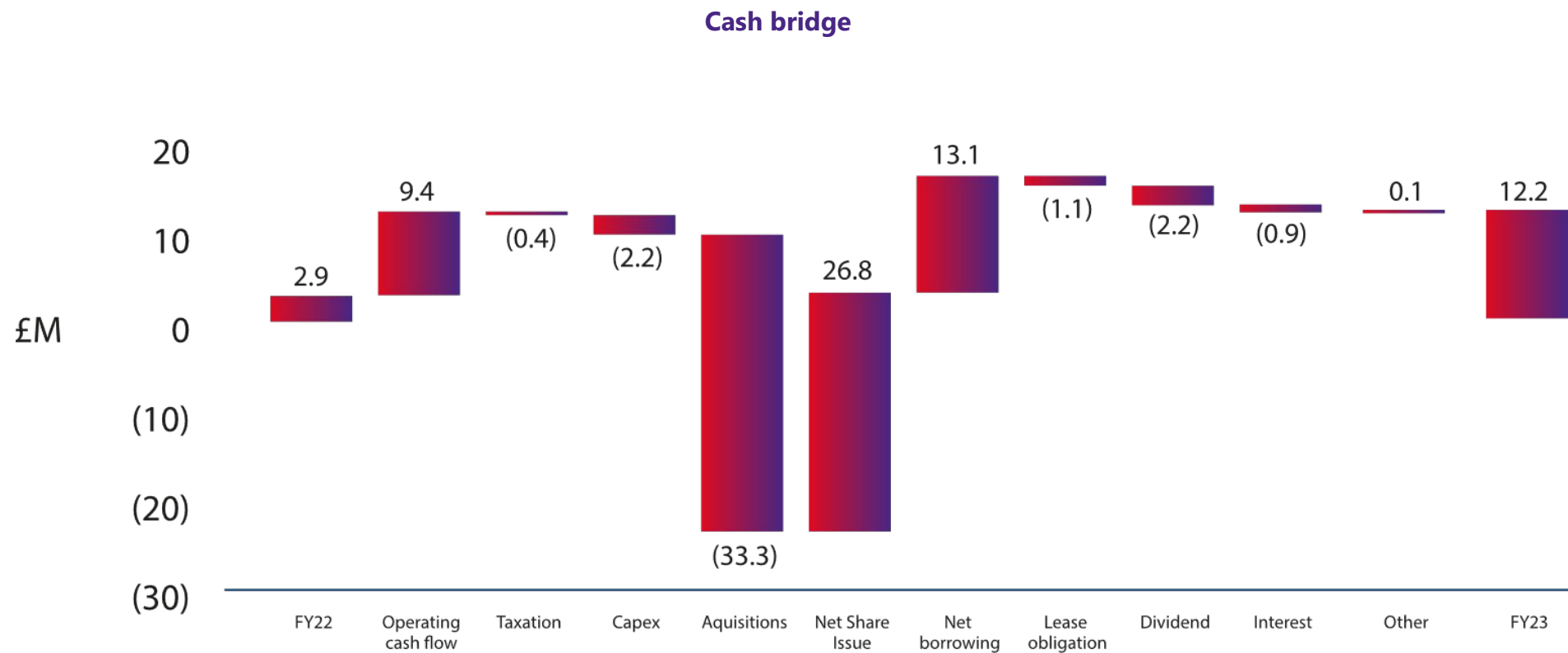
ORGANIC GROWTH VS ACQUISITION GROWTH



OPERATING PROFIT BRIDGE



CASH BRIDGE



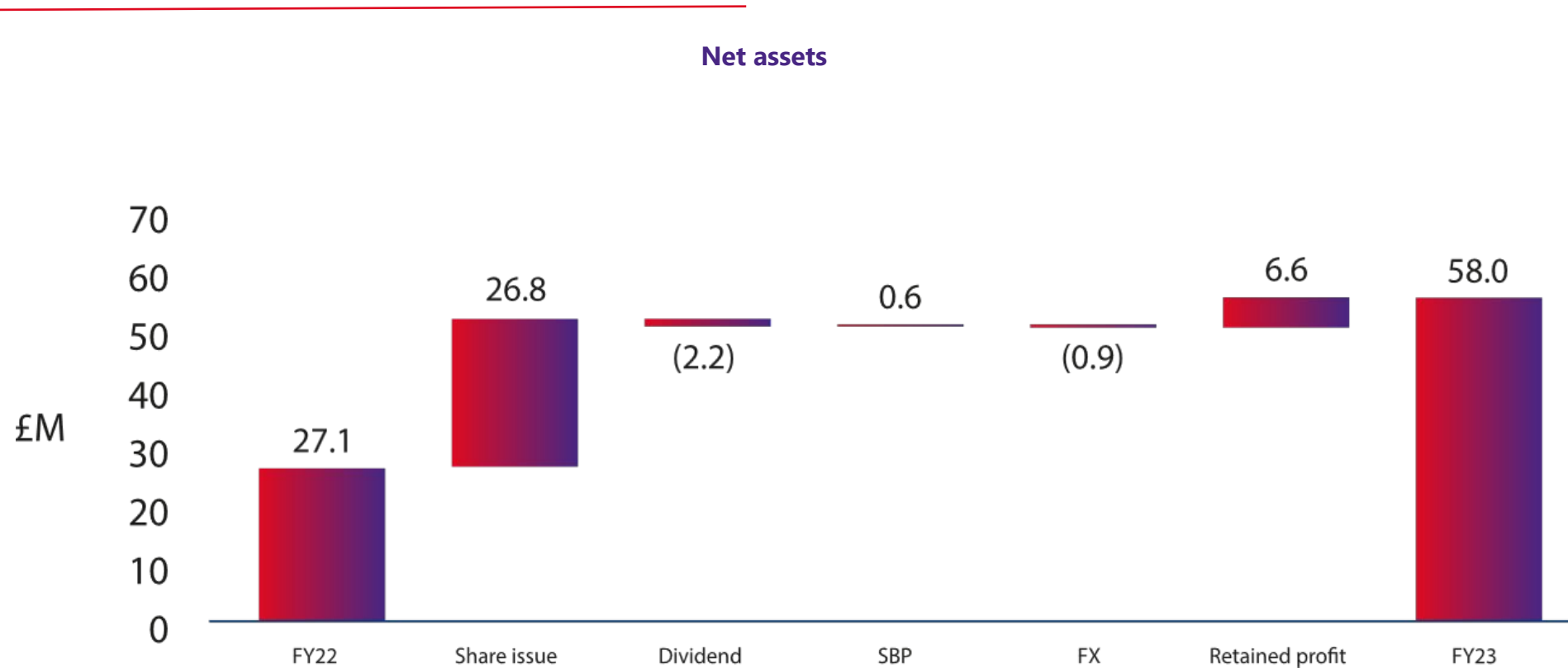
SUMMARISED BALANCE SHEET HIGHLIGHTS

£m	2023	2022	Change
Intangibles	41.6	15.8	163%
PPE and other	4.7	3.4	38%
Total non-current assets	48.6	21.8	123%
Inventory	33.2	17.6	89%
Trade and other receivables	19.7	18.0	10%
Trade and other payable	(23.7)	(16.5)	44%
Contract liabilities	(5.4)	(3.5)	55%
Net trade working capital	23.8	15.6	52%
Total cash and cash equivalents	12.2	5.0	145%
Borrowings	(14.7)	(3.6)	312%
Deferred & contingent consideration	(5.7)	(6.6)	-14%
Net debt	(8.1)	(5.2)	57%
Total other liabilities	(6.4)	(5.1)	24%
Net assets	58.0	27.1	114%

Commentary

- Non-current assets increase due to Custom Power acquisition
- Net trade W/C increase:
 - Customer purchased stock
 - NATO
 - Custom Power
 - Investment in w/c supporting growth
- Net debt increased to fund Custom Power decreased on H1 £8.0m
- Bank facilities committed with Lloyds
 - Term loans £12.4m (August 27)
 - RCF £7.5m (Nov 24)
 - Uncommitted \$10m (Sept 23)

NET ASSET BRIDGE



Division and market review



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Components division	19
Key markets	20-21

OUR OPERATING STRUCTURE

Solid State Plc

Systems



Power



Communications



Computing

Components



Franchise



Own Brand



Value Added Services

Our values lead every aspect of our business operations and decision-making



Create a positive and collaborative workplace by putting our people at the heart of what we do



Add value to all our stakeholders by being responsible, ethical and sustainable in all that we do

400+

Employees across offices

14

Locations

50+

Years of innovation and strategic growth

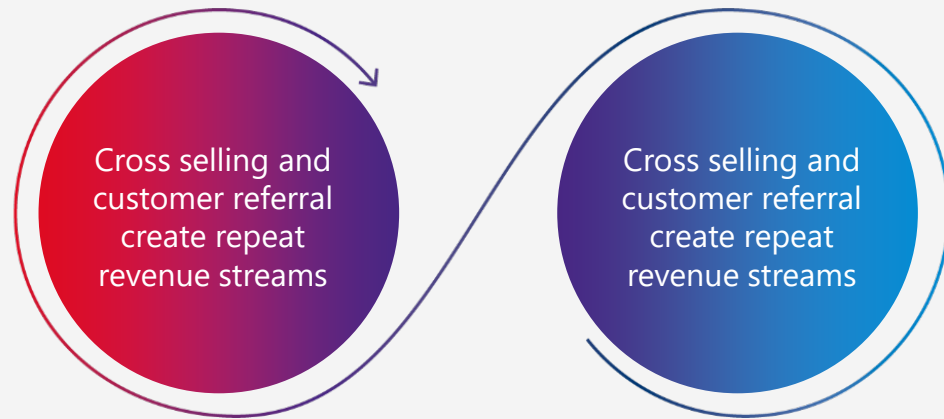
58+

Countries we sell to

Our vision

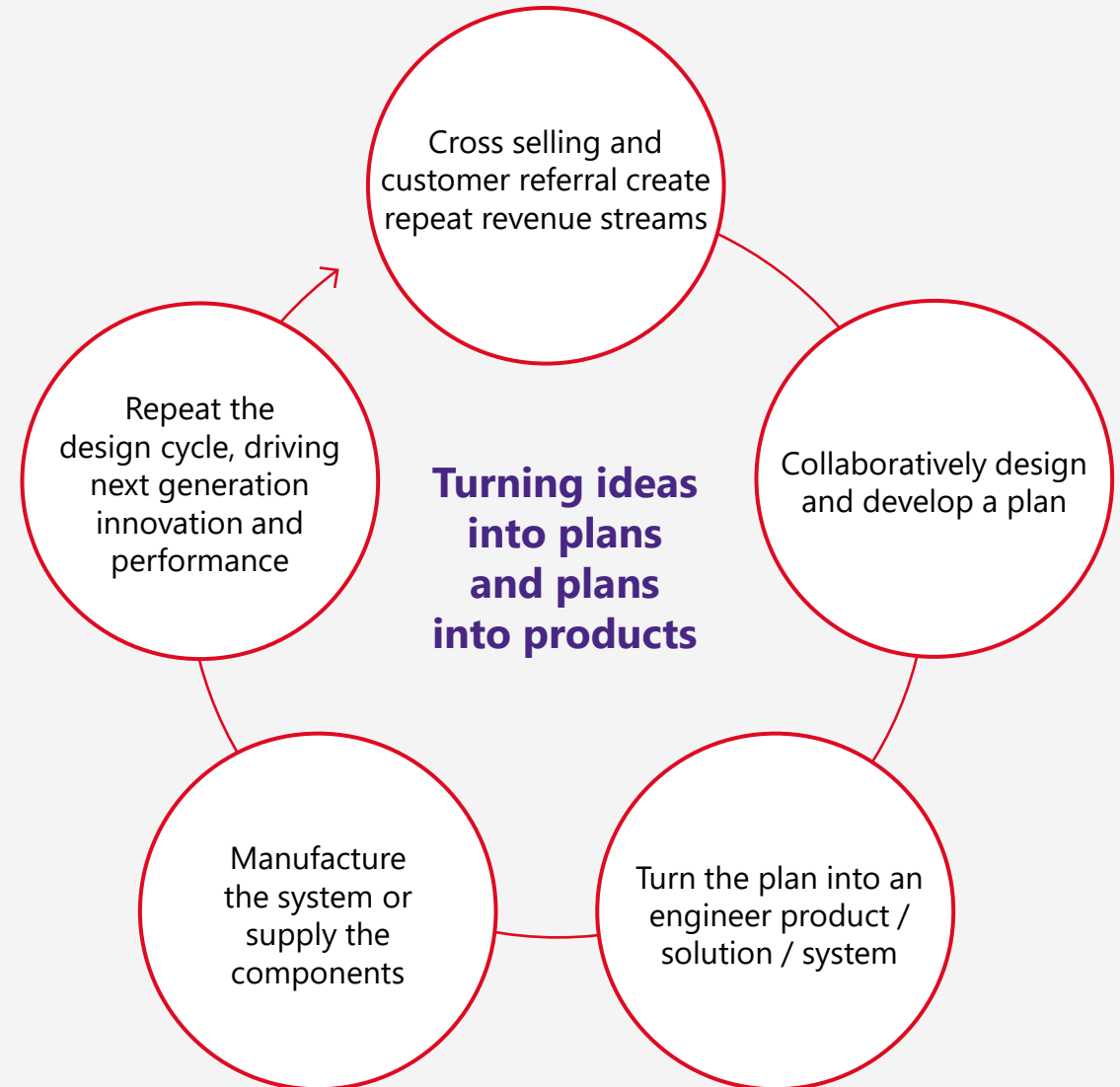
To be the enabler that allows our customers to innovate and to solve the problems that the electronic community can't solve alone

A PROFITABLE AND RESILIENT BUSINESS MODEL



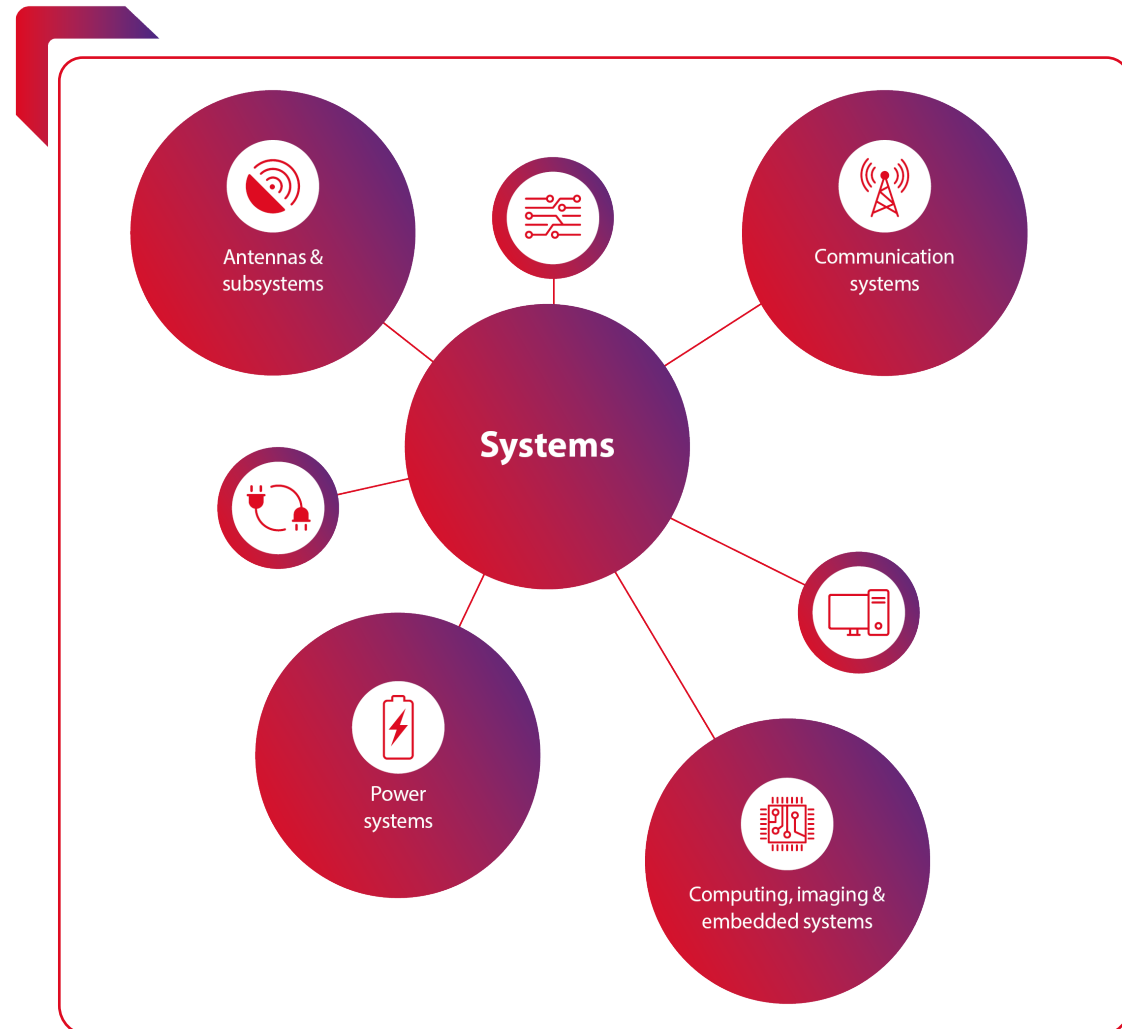
Competitive advantage

- 1 Unmatched technical knowledge and experience
- 2 Complete supply solutions leveraging best-of-breed product portfolio
- 3 Consultative approach with trusted relationships



SYSTEMS DIVISION

The Systems Division has market leading capabilities in the design, manufacture, supply and through life support of high specification systems.



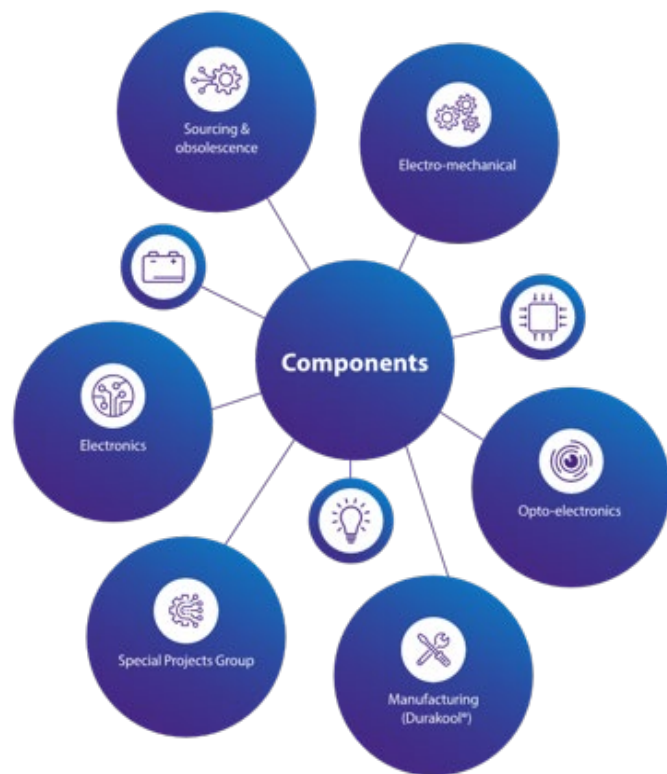
Key highlights

- Record order book for FY23
- NATO communications win under framework contract with scope for follow on procurements
- BAE contract win; strengthening our position as a tier 2 systems provider
- Custom Power acquisition; exciting complementary skills and resources
- Systems R&D investment and an upgrade to our UK Power facility

Systems	2023	2022	Change
Revenue	£57.5m	£32.5m	77%
Adj. Operating profit	£8.0m	£4.7m	69%
PBT	£6.9m	£2.3m	205%

COMPONENTS DIVISION

The Components Division's business provides products and services in three areas: own brand manufactured components, franchised components, and the provision of value-added services such as programming, firmware control, sourcing and obsolescence management.



Key highlights

- Integration of Willow Technologies
- Added talent to Durakool® operations
- Implementation of new manufacturing ERP System
- Restructured USA operations
- Reps hired for all 50 states in the USA
- System Solutions Group formed, moving the business up the value chain

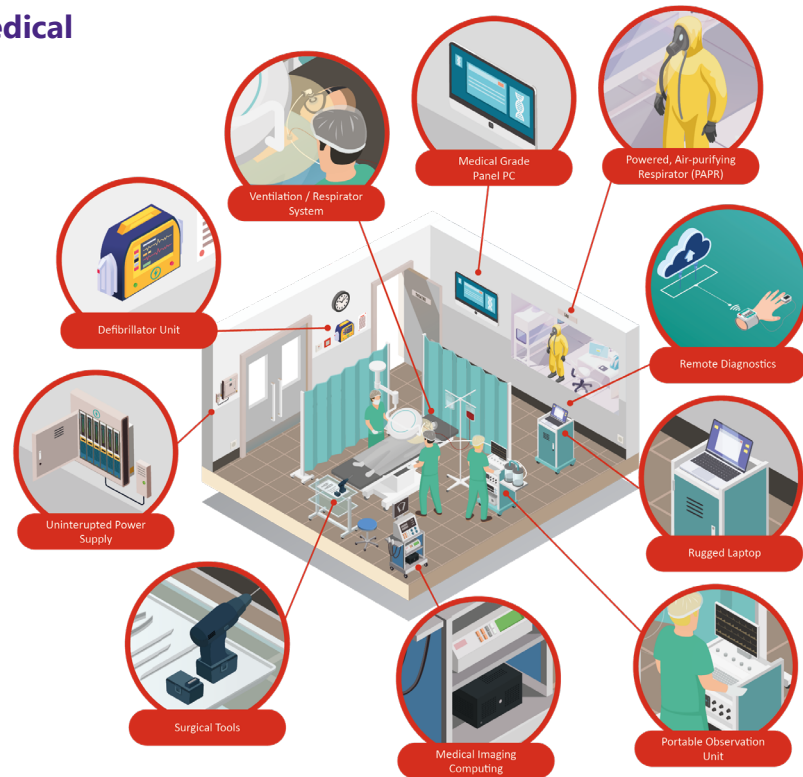
Components	2023	2022	Change
Revenue	£69.0m	£52.5m	31%
Adj. Operating profit	£5.8m	£4.7m	23%
PBT	£4.9m	£3.6m	36%

OUR OFFERING IN OUR KEY MARKETS

How we differentiate

- Specialist industry and market knowledge
- Technical product expertise
- Strong supply chain relationships

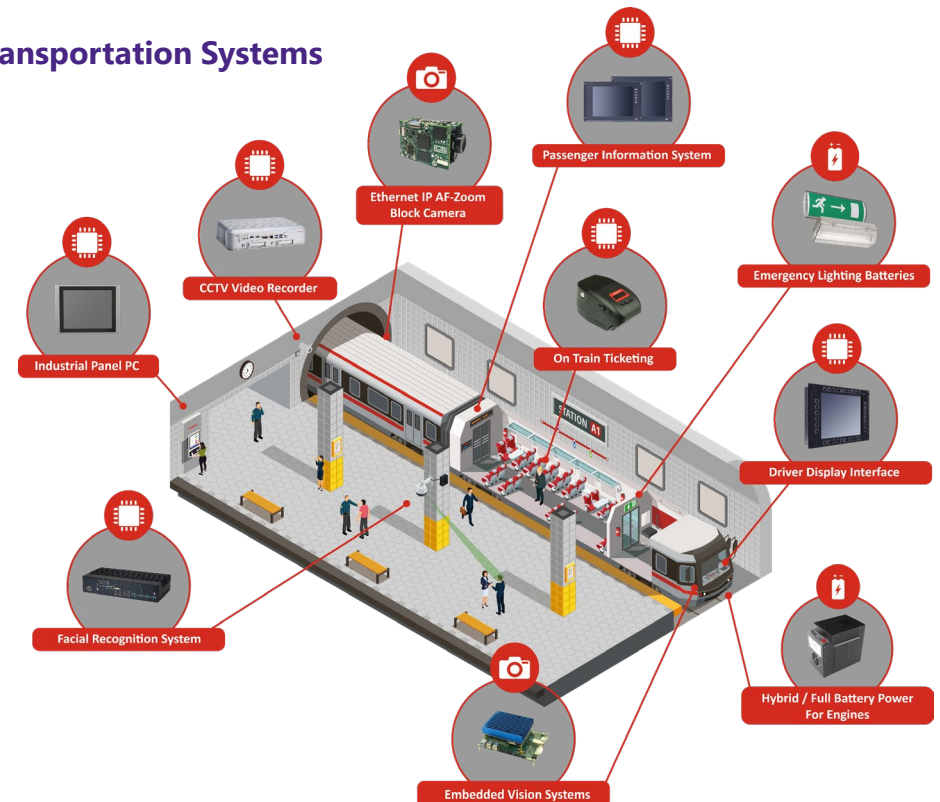
Medical



How we serve our customer

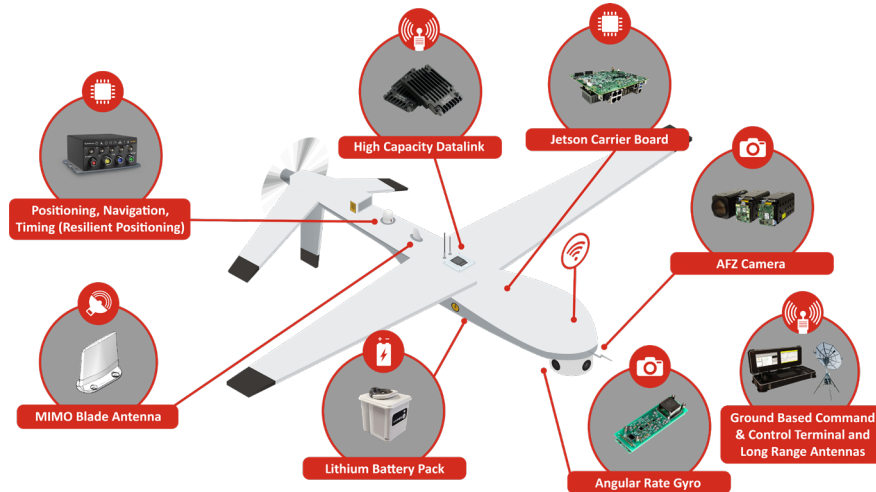
- Long-standing customer relationships
- Solve technology challenges
- Turning ideas into plans and plans into products and systems

Rail Transportation Systems



KEY MARKETS PROVIDING GROWTH OPPORTUNITIES

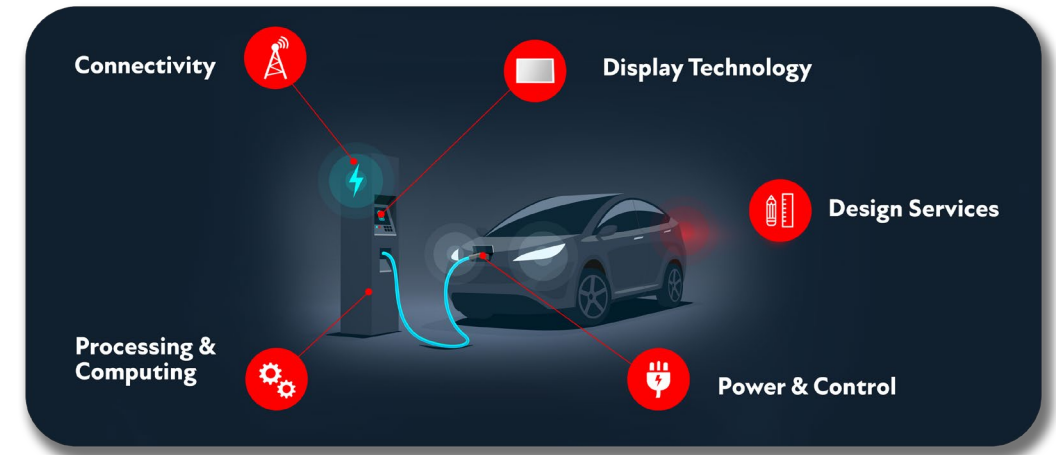
Unmanned Aerial Vehicles



Key highlights

- Differentiated battery technology
- Leading communications and datalink systems
- HD vision systems (image capture and processing)
- Targeting commercial not consumer applications

EV and EV infrastructure



Key highlights

- Broad portfolio of components for EV infrastructure
- Durakool® power products
- Charging post and infrastructure solutions
- Targeting NRMM* not electric cars

* Non Road Mobile Machinery.

Strategy review

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ESG PROGRESS

Our focus on ESG is a core part of our strategy and is integrated in all areas of our business.



Supporting local communities

- Supporting local food banks
- Sponsor local YMCA accommodation
- Participating in community charity events

Health & Safety

- Access to a wellbeing programme
- Safety audits & risk assessments
- Training sessions

Our People

- Established Working Group
- Flexible working
- Promoting equality/diversity

Economic growth

- Organic growth
- Acquisitions
- Shareholder growth

Sustainable innovative products

- Designs are long-life & upgradable
- Secondary benefits for our customers

Sustainable sourcing & products

- Long life, high performance, high quality premium products
- Deliver value through reduced consumption

Climate change

- Reduction in our Scope 1 and Scope 2 emissions by 48%*
- Intensity ratio has reduced 33% to 11.2

* Reduction compared to a base year of 2020

STRATEGIC ACHIEVEMENTS

Our key strategic pillars:

1 Investment and development of talent



- Development and additions to the senior leadership team
- Progressed the recruitment of additional NED

2 Broaden complementary products/technology profile



- Organic development of the component portfolio
- Power switching portfolio from the Willow acquisition

3 Internationalise the Group



- Establishing a Power capability to service the USA market with Custom Power
- Increased the scale of the Components USA sales channel

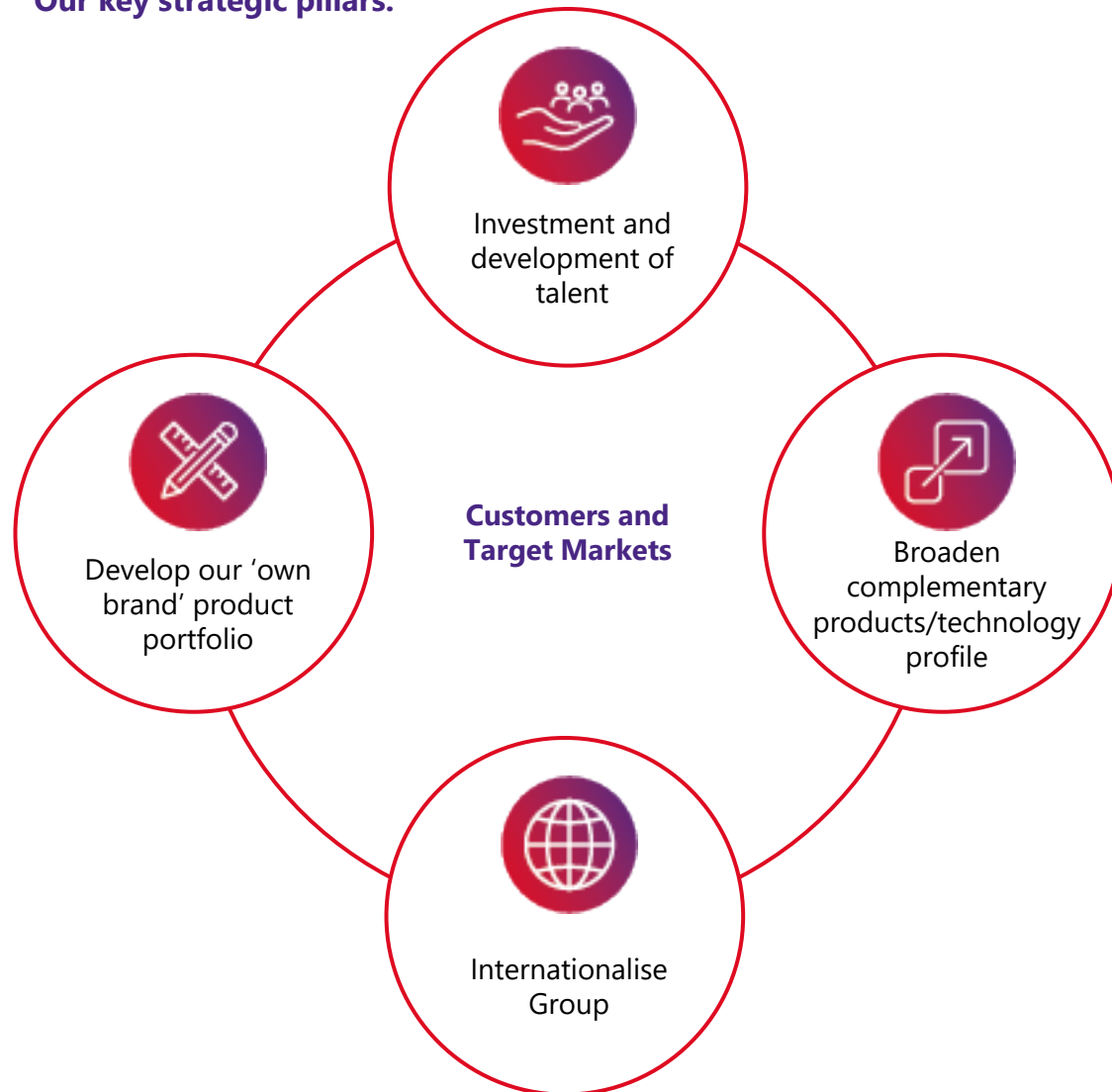
4 Develop our "own brand" product portfolio



- Increased R&D investment & product development of the 'Crib'
- Investment to develop the Durakool® brand

M&A ACTIVITY & STRATEGY

Our key strategic pillars:



Why & how we do M&A:

- Capital allocation decision between organic investment vs M&A investment
- Delivering on the strategy minimising risk
- Lower risk approach through M&A rather than organic penetration into a market
- Rigorous due diligence

M&A selection criteria:

- Alignment with 4 pillars of our strategy
- Culture, people & capabilities are critical
- Alignment of target markets
- Financial performance drives pricing
- Opportunities to accelerate organic growth post completion

Potential areas for M&A:

- UK systems technology production capacity
- EU sales channel
- US communications production capability
- Augment own brand portfolio
- Regional power factory / service centres

CUSTOM POWER REVIEW

In August 2022, Solid State plc successfully acquired Custom Power based in Southern California.

Strategy	Custom Power Alignment
Investment & development of talent	Strong engineering team
Broaden complementary product / technology profile	Manufactures a range of Battery technologies
Internationalise the Group	Access to USA high barrier market, particularly in medical, Industrial & Defence markets
Develop own brand product portfolio	Will expand the existing products including the ability to develop in-house Battery Management Systems (BMS)

Five key synergies:

- 1 Geographical**
 With access to North America and EMEA respectively
- 2 Technical**
 With complementary technology and manufacturing capacity
- 3 Markets**
 Existing medical and industrial complemented with military, energy, and autonomy
- 4 Customers**
 Mutual introductions to new global blue chip clients
- 5 Supply Chain**
 Common supplier base allow enhanced scale and strengthened relationships

Prospects and outlook



Prospects & Outlook



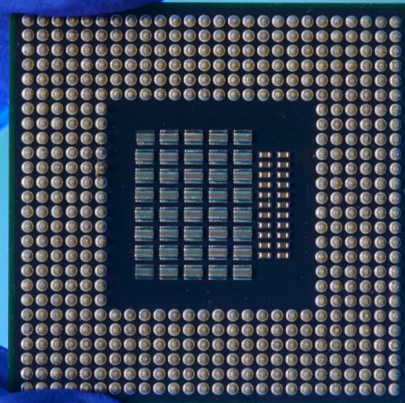
Prospects & Outlook:

- Very strong start to FY24/25 with a record Q1
- Benefit of Operational gearing
- Consensus upgraded - YoY growth in; Revenue >15% & Adj. PBT c.10%
- Strong growth in the target markets as orderbook begins to normalise
- Active M&A pipeline
- ESG and governance news in near future on continued development and progress
- Our ambition - maintain TSR CAGR >20% to 2030

Appendices

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EXECUTIVE TEAM



Gary Marsh
Chief Executive Officer



Peter James
Chief Financial Officer



Matthew Richards
Systems Division Managing Director



John Macmichael
Components Division Managing Director

GROUP HISTORY AND STRATEGIC ACQUISITIONS COMPLETED

1971

Solid State Plc
Company founded

1996

London Stock Exchange
Listed

2002

Steatite – Computing, Systems
Established 1938

£1.3M

2007

RZ Pressure – Battery
Power, Systems

£1.3M

2005

Wordsworth –
Computing, Systems

£1.8M

2010

Rugged Systems – Radio
Comm's, Systems

£0.2M

2011

Blazepoint – Rail Printer,
Systems

£0.2M

2013

Q Par Angus – Antenna,
Comm's, Systems

£1.0M

2021

Willow
Technologies –
E-Mech Components

£13.1M

2021

Active Silicon –
Machine Vision,
Systems

£8.9M

2022

Custom Power –
Battery Power,
Systems

£32.9M

2018

Pacer – Optoelectronics,
Components

£3.7M

2016

Creasefield – Battery
Power, Systems

£1.6M

2013

2001 – Semiconductor,
Components

£2.0M

2015

Ginsbury – Display,
Components

£2.1M

ALTERNATIVE PERFORMANCE MEASURES – ADJUSTMENTS

	2023	2022
Acquisition fair value adj CoS	£0.1m	£0.2m
Adjustments to CoS	£0.1m	£0.2m
Acquisition fair value adj, re-organisation and deal costs	£0.3m	£0.5m
Change in contingent deferred consideration	(£0.3m)	£1.7m
Amortisation of IFRS3 intangibles	£1.6m	£1.0m
Share based payments	£0.5m	£0.3m
Adjustments to operating profit	£2.2m	£3.7m
Imputed interest	£0.2m	-
Adjustments to PBT	£2.4m	£3.7m
Tax effects	(£0.5m)	(£0.1m)
Adjustments to PAT	£1.9m	£3.6m
Tax effect within OCI	£0.1m	(£0.2m)
Adjustments to TOCI	£2.0m	£3.4m

Commentary

- Deal related items relate to
 - Custom Power
 - Active Silicon
- 2023 SBP increase 3rd year LTIP award
- Imputed interest - discounting of def' con'
- Tax impacts calculated at 19%
- Adjusted for unrealised deferred tax on SBP in OCI

ALTERNATIVE PERFORMANCE MEASURES – RECONCILIATION

	2023	2022
Revenue	£126.5m	£85.0m
Operating profit	£9.4m	£3.7m
Adjustments	£2.2m	£3.7m
Adjusted operating profit	£11.6m	£7.4m
Profit before tax	£8.4m	£3.5m
Adjustments	£2.4m	£3.7m
Adjusted profit before tax	£10.8m	£7.2m
Profit after tax	£6.7m	£2.5m
Adjustments	£1.9m	£3.6m
Adjusted profit after tax	£8.6m	£6.2m

Commentary

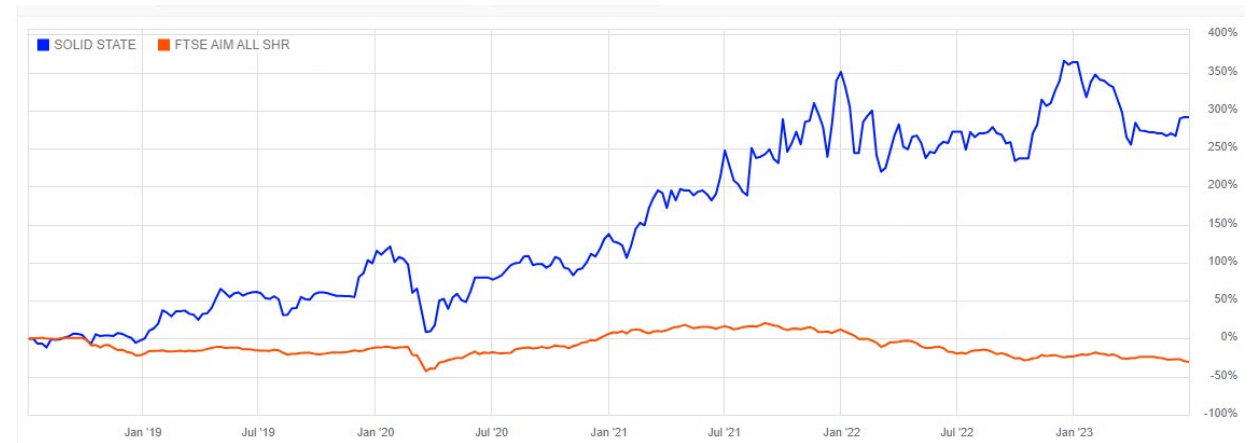
- Adjusted operating margin 9.2% (2022: 8.7%)
- Reported operating margin 7.4% (2022: 4.4%)

KEY SHAREHOLDERS AND DIRECTORS' HOLDINGS

	% Holding
Charles Stanley & Co	10.97%
BGF Investment Management Limited	10.42%
Schroders plc	7.99%
Mr & Mrs Gordon Comben	7.98%
Canaccord Genuity Group Inc	7.12%
abrdn plc	6.17%
GPIM	5.21%
Mrs Barbara Marsh	4.86%
Hargreaves Lansdown Asset Management	3.19%

Commentary

- Founders Comben & Marsh family
- Directors' holdings total 4.5% (see overleaf)



DIRECTORS' HOLDINGS AND INTERESTS IN SHARES

	Shareholding	% of Issued Share Capital	Vested but unexercised share options	% of Issued Share Capital	Total Interest in Shares of the Company	% of Issued Share Capital
Nigel Rogers	6,351	0.06%	-	-	6,351	0.06%
Gary Marsh	288,676	2.55%	8,000	0.07%	296,676	2.62%
John Macmichael	131,247	1.16%	8,000	0.07%	139,247	1.23%
Peter James	12,445	0.11%	24,000	0.21%	36,445	0.32%
Matthew Richards	12,329	0.11%	32,000	0.28%	44,329	0.39%
Peter Magowan	6,927	0.06%	-	-	6,927	0.06%
Peter Haining	56,583	0.50%	-	-	56,583	0.50%

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