

INVESTOR PRESENTATION 2024



Agenda

Areas of focus

- ▣ **Business overview & investment case**
- ▣ **Financial highlights**
- ▣ **Components division review**
- ▣ **Systems division review**
- ▣ **Strategic achievements and M&A**
- ▣ **Prospects & Outlook**
- ▣ **Q&A**



Senior leadership team



Gary Marsh
Chief Executive Officer



Peter James
Chief Financial Officer



Matthew Richards
Director



John Macmichael
Director



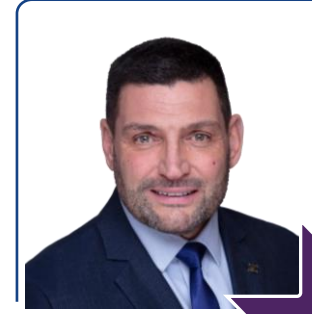
Sharon Dhillon
Senior M&A and Investor Relations analyst



Alastair Wallace
MD of Steatite Systems



Lyenka Logan
Group HR Director



Jon Baxter
Executive Director - Sales & Operations EMEA



Lyn Davidson
Group financial controller & Company Secretary

Who we are

Solid State Group: “Turning ideas into plans and plans into products.”

Solid State Group TECHNOLOGY FOR DEMANDING APPLICATIONS

Systems

 Steatite

 Custom Power  Active Silicon

Components

 solsta
THE VITAL COMPONENT

 DURAKOOL®

 pacer
A Solid State Group Company



Power



Communications



Computing



Franchise



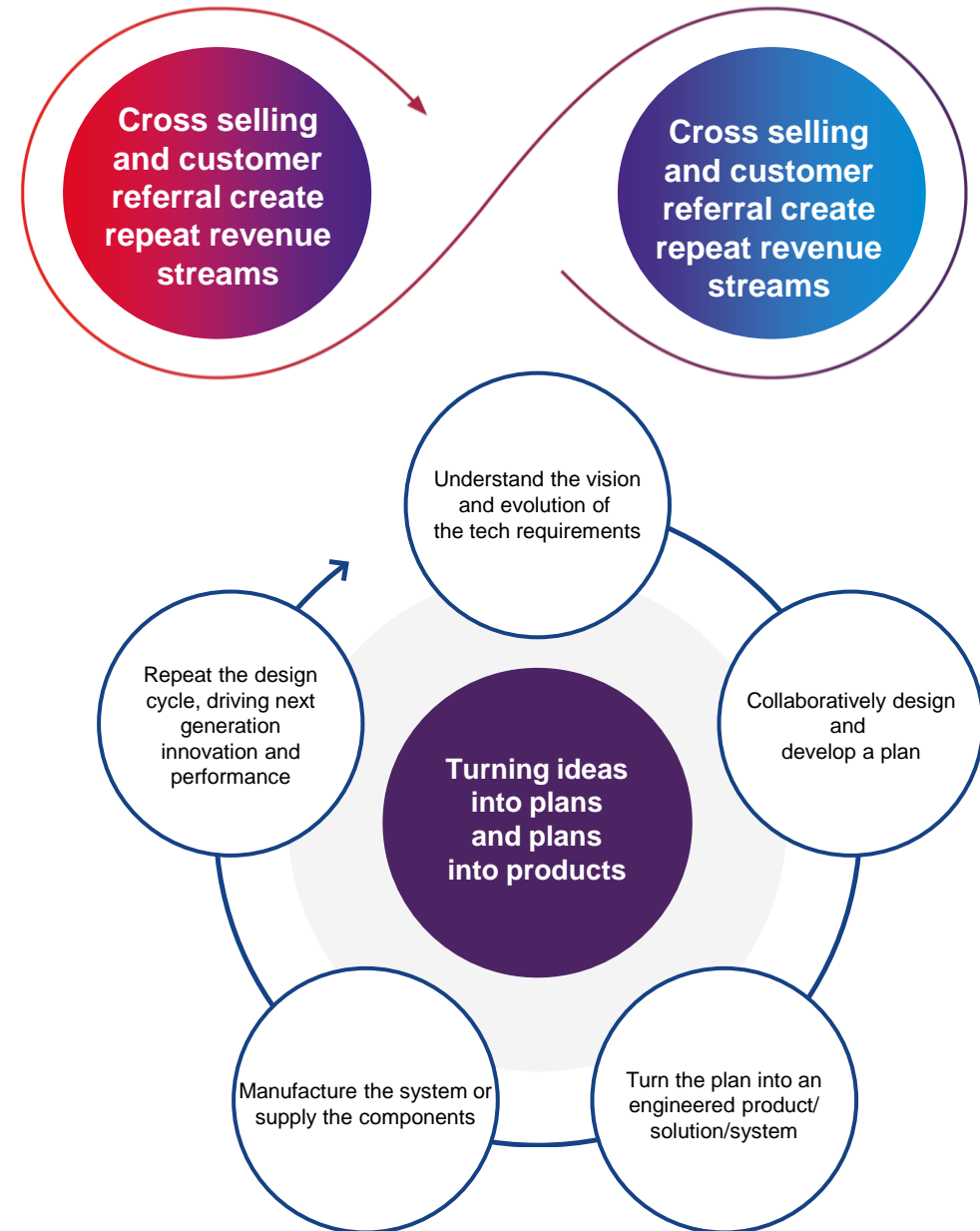
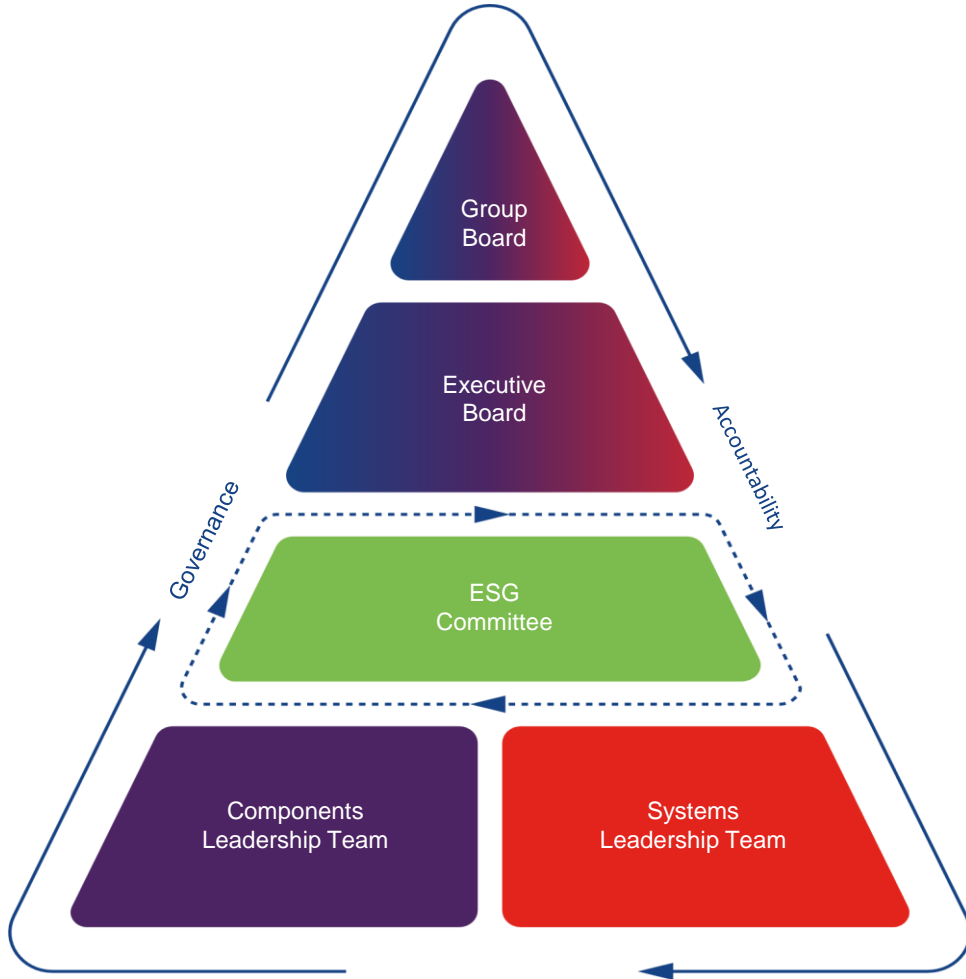
Own Brand



Value Added Services



A profitable & resilient business model



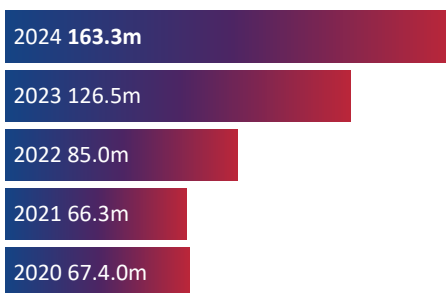
Our customers



Financial highlights

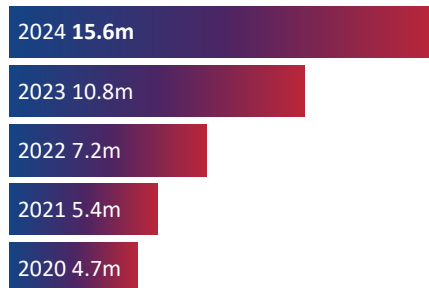
Revenue (million)

£163.3m



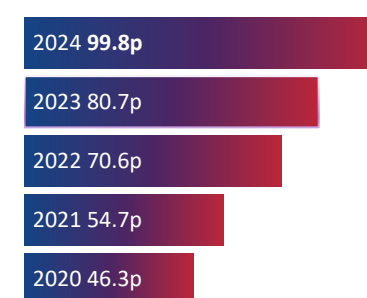
Adjusted profit before tax (million)

£15.6m



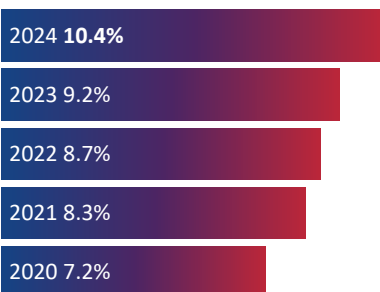
Adjusted fully diluted EPS (pence)

99.8p



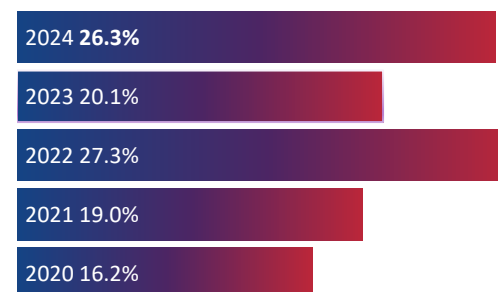
Adjusted operating profit (%)

10.4%



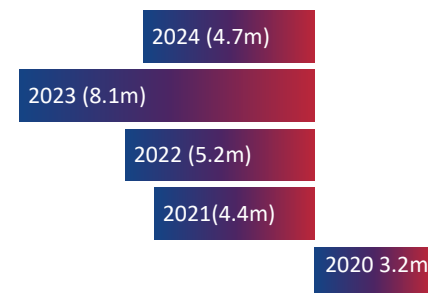
Return on Capital Employed (%)

26.3%



Net Cash / (Debt) (million)

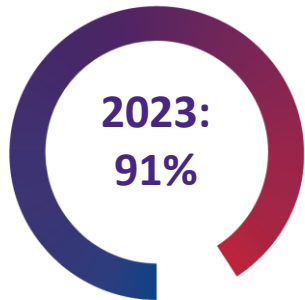
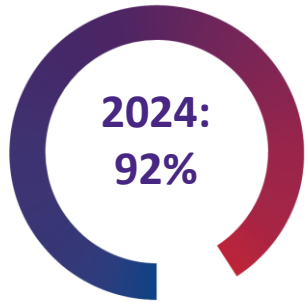
£4.7m



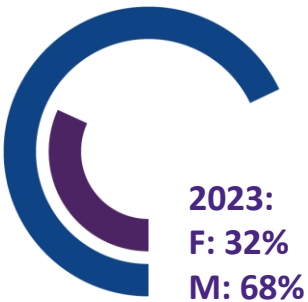
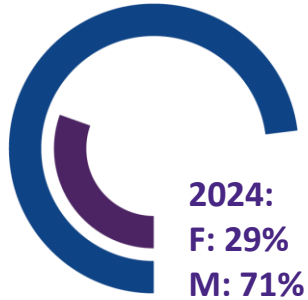
FY21 – impacted by Covid FY23 – electronic component shortages

Operational highlights

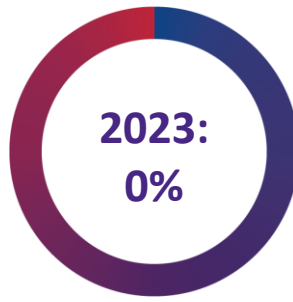
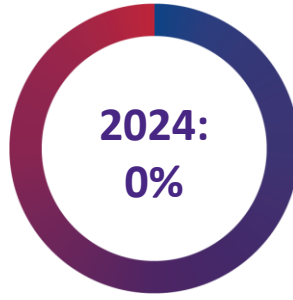
Employee retention



Gender diversity

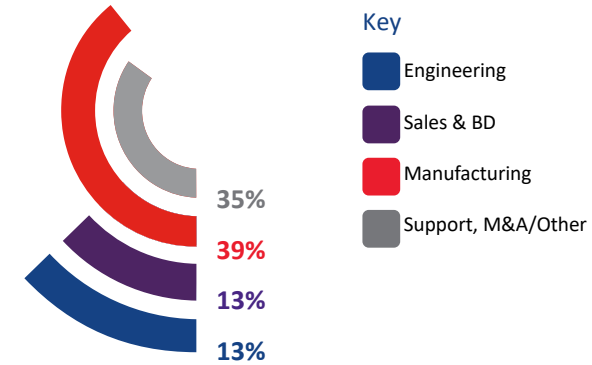


Lost time incidents

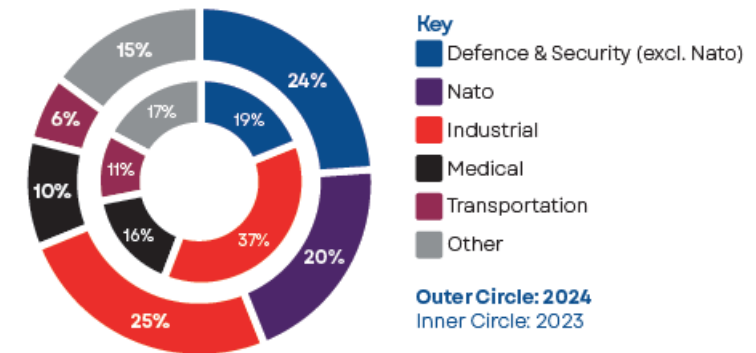


Employee numbers

Total: 433



Our Markets



Market as a % of total Group revenue

Why invest in Solid State

Solid State PLC – Record financial performance delivering strong and sustainable growth

☐ Delivering on our sustainable growth strategy:

- ☐ Delivering organic growth
- ☐ Complemented by strategic M&A

☐ Track record of strong performance 2020-2024

- ☐ Revenue = 25% CAGR
- ☐ Adj operating margins up 320bps to 10.4%
- ☐ Adj FD EPS = 21% CAGR
- ☐ TSR = 30% CAGR

☐ 2030 Strategy and ambition

- ☐ International leader providing sustainably engineered components & systems
- ☐ To be the enabler, facilitating innovation and electronic solutions
- ☐ Targeting 12% operating margins
- ☐ Maintain TSR CAGR ~20%



Financial highlights

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Net assets bridge	18



Financial highlights

Summary of Financial highlights

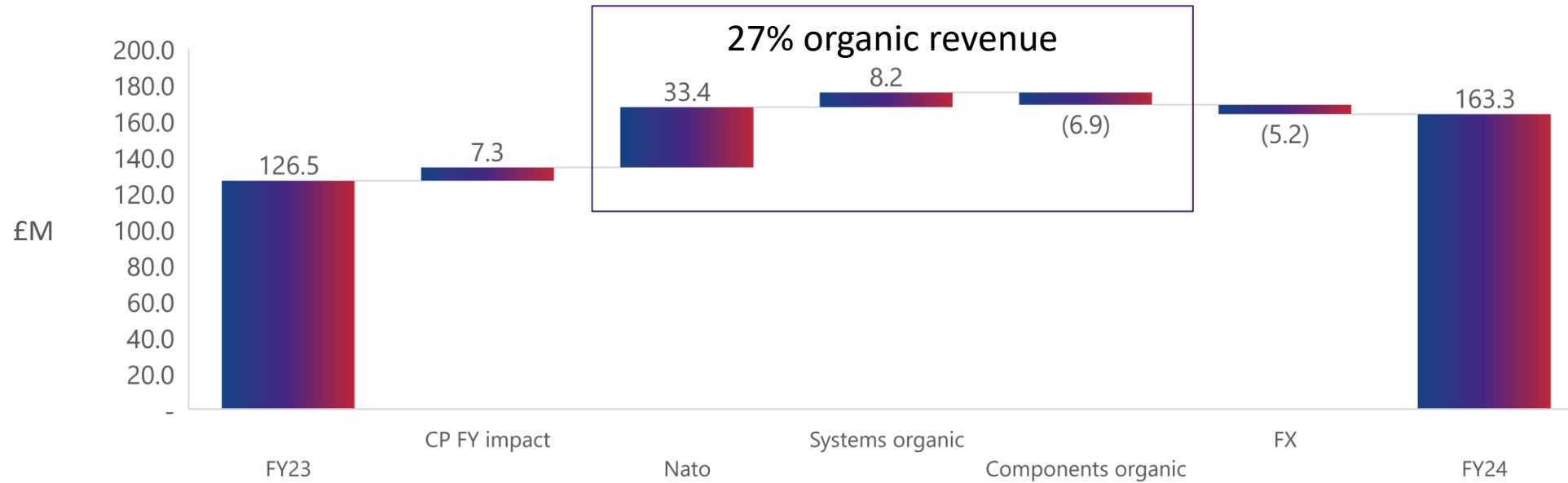
31 March	2024	2023	Change
Orderbook	£88.4m	£120.1m	(26%)
Revenue	£163.3m	£126.5m	29%
Reported operating profit	£13.7m	£9.4m	46%
Adjusted* operating profit %	10.4%	9.2%	120bps
Adjusted* profit before tax	£15.6m	£10.8m	44%
Adjusted* diluted EPS	99.8p	80.7p	24%
Dividend	21.5p	20.0p	8%

31 March	2024	2023	Change
Cash flow from operations	£14.3m	£9.4m	52%
Net debt	(£4.7m)	(£8.1m)	42%
Net assets	£64.6m	£58.0m	11%
ROCE	26.4%	20.1%	630 bps
ROE	13.8%	11.5%	210 bps

A year of strong delivery

- ▣ **Order book – May 24 - £89.2m**
 - ▣ Reflects destocking and normalisation
- ▣ **Double digit revenue growth:**
 - ▣ Delivering organic growth 27%
 - ▣ Benefited from pull-ins and Nato demand
- ▣ **Adj Operating margins 10.4% up 120bps**
 - ▣ Continued investment in talent
 - ▣ Benefits from operational gearing and RDEC credit
- ▣ **Adj PAT and Adj diluted EPS - 99.8p**
 - ▣ Inline with consensus offset RDEC credit in op profit
- ▣ **Dividend – 21.5p**
 - ▣ Ahead of consensus based on strong results
- ▣ **Strong cash generation and falling net debt**
 - ▣ Strong ROCE and ROE metrics

Revenue bridge

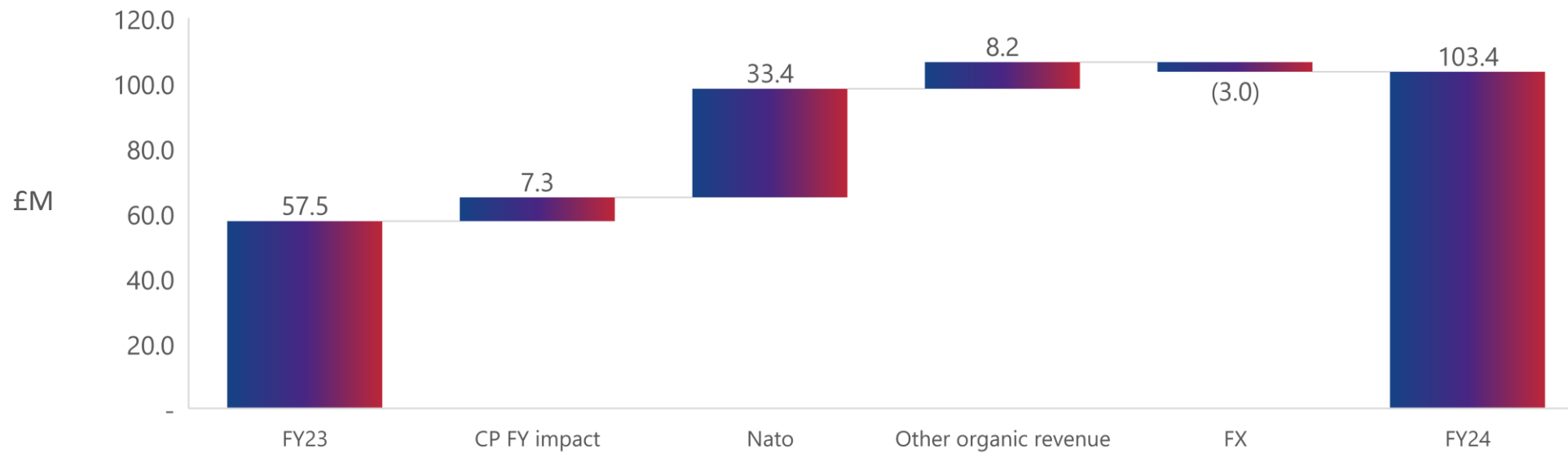




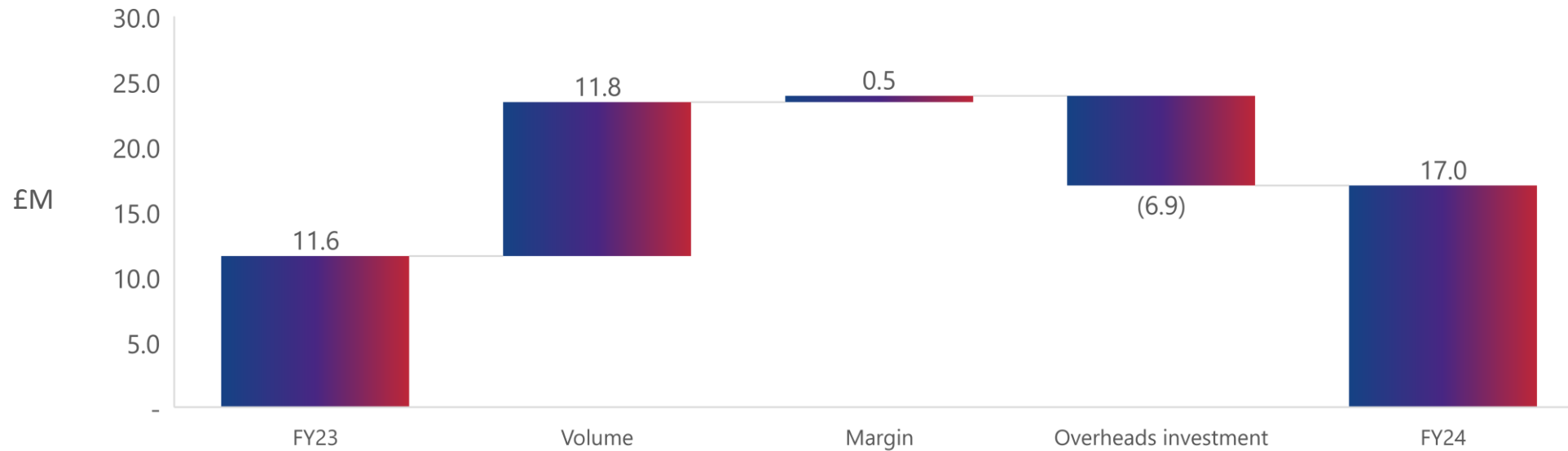
Components revenue



Systems revenue



Adjusted operating profit





Balance sheet highlights

Balance sheet summary

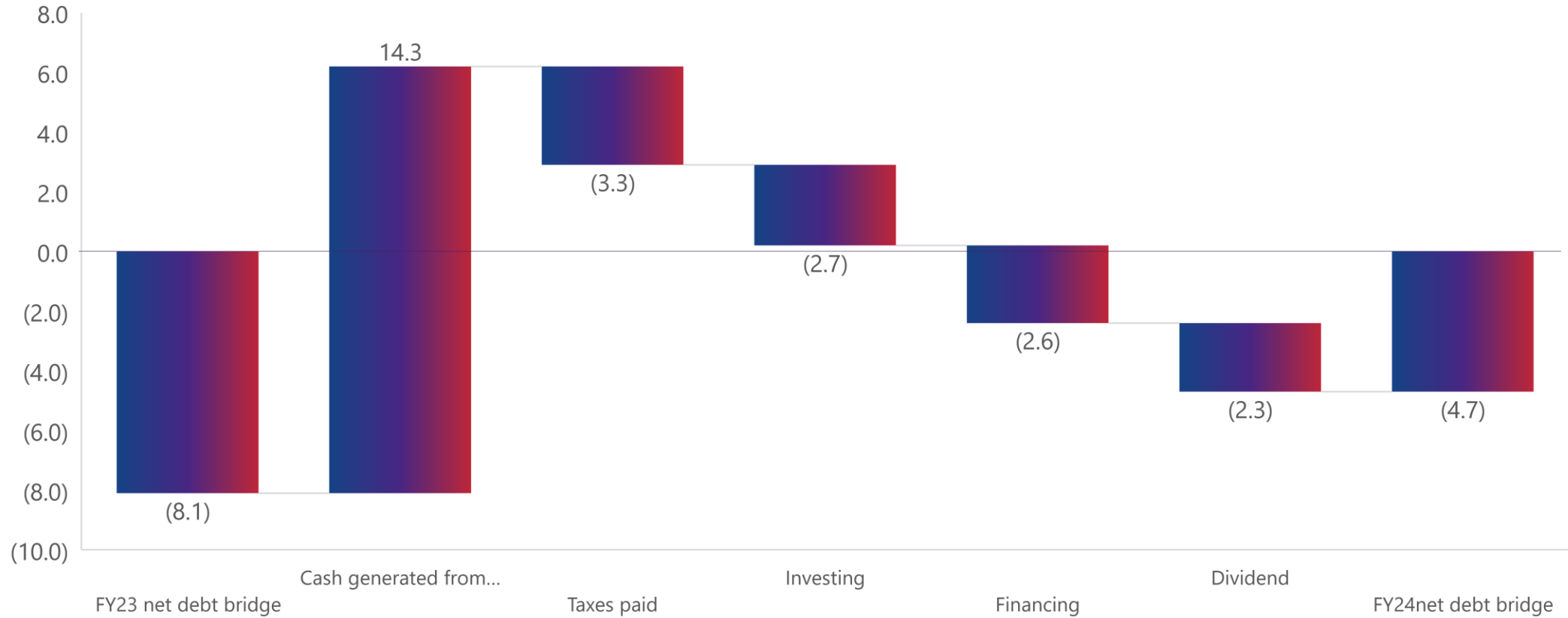
£m	2024	2023	Change
Intangibles	40.1	41.6	(3.6%)
PPE and other	8.4	7.0	20%
Total non-current assets	48.5	48.6	(0.2%)
Inventory	25.1	33.2	(24%)
Trade and other receivables	31.5	19.7	60%
Trade and other payables	(21.6)	(23.7)	(9%)
Contract liabilities	(6.5)	(5.4)	20%
Net trade working capital	28.5	23.8	20%
Total cash and cash equivalents	8.4	12.2	(31%)
Borrowings	(13.1)	(14.7)	(11%)
Deferred & contingent consideration	-	(5.7)	(100%)
Net debt	(4.7)	(8.1)	(42%)
Total other liabilities	(7.7)	(6.4)	(20%)
Net assets	64.6	58.0	11%

Strong balance sheet for future investment

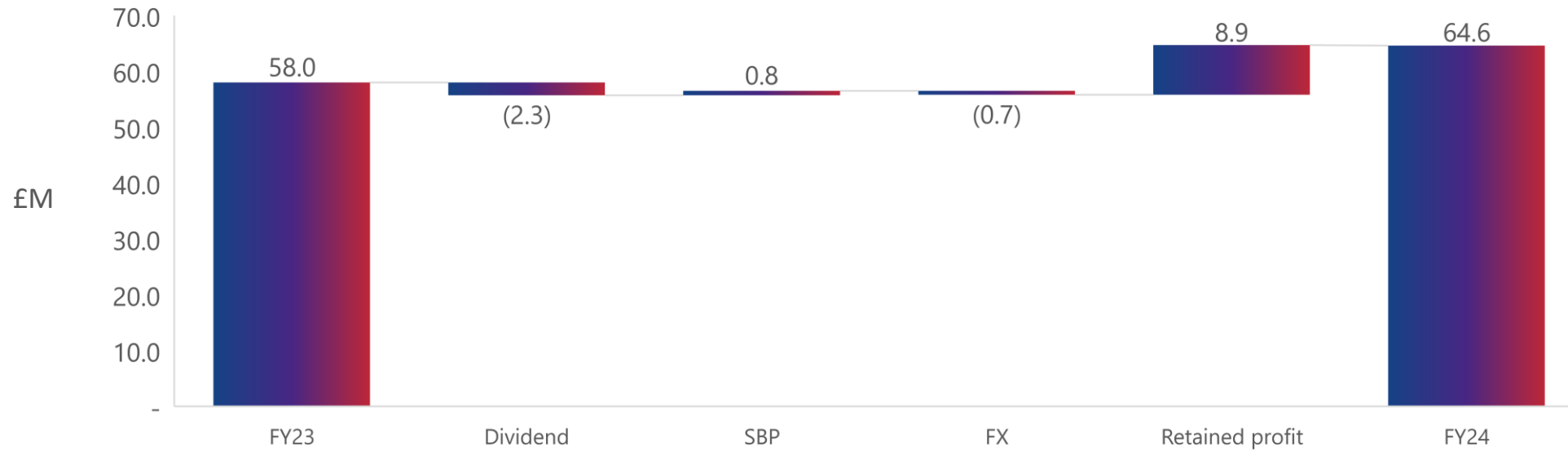
- 📄 **Non-current assets £48.5m**
 - 📄 Investment offsets depreciation / amortisation
- 📄 **Inventory down 24%**
 - 📄 Defence pull-ins sees inventory fall
- 📄 **Receivables high at £31.5m**
 - 📄 Reflects very strong close to the year
 - 📄 Post year end W/C inflow ~4.5m
- 📄 **Contract liabilities £6.5m**
 - 📄 Deferred income / proforma payments
- 📄 **Net debt £4.7m down 42 %**
 - 📄 Deferred income paid settled in H1
 - 📄 £10m RCF undrawn



Net debt bridge



Net assets bridge

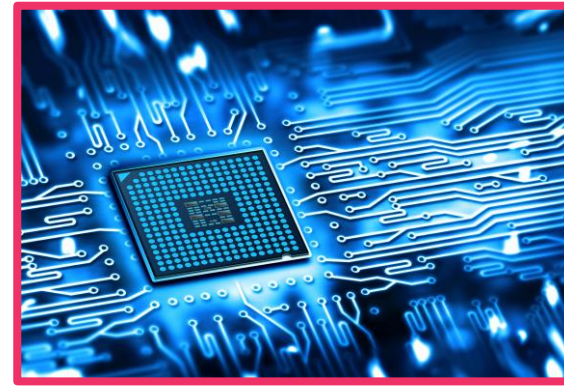
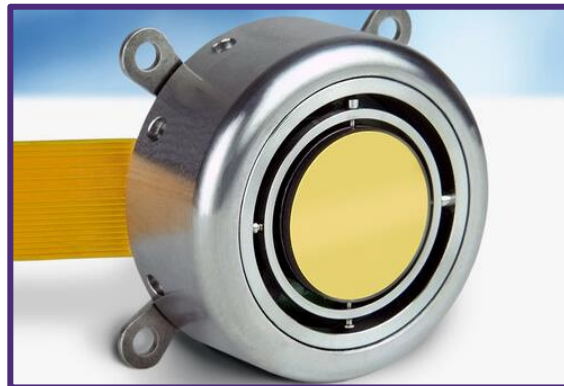


An aerial view of a high-speed train, primarily red and white, traveling along a track through a lush, green forest. The train is moving away from the viewer, following the curve of the tracks. The surrounding trees are dense and vibrant green, suggesting a summer setting. The overall scene is framed by white, rounded corners on a dark background.

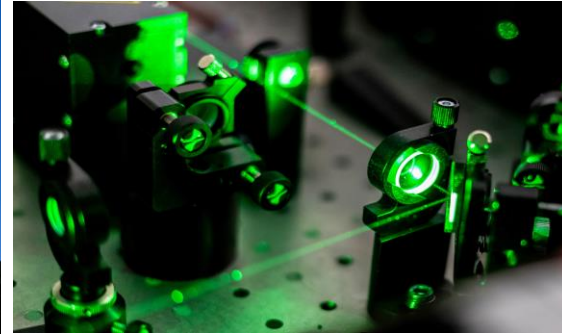
Components Division Solsta

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Components - what we do



Component applications



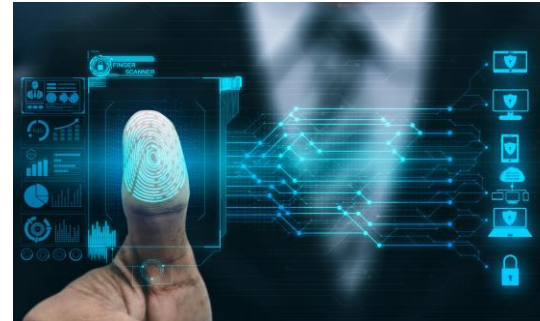
Components - value added services



Components - customer partnership

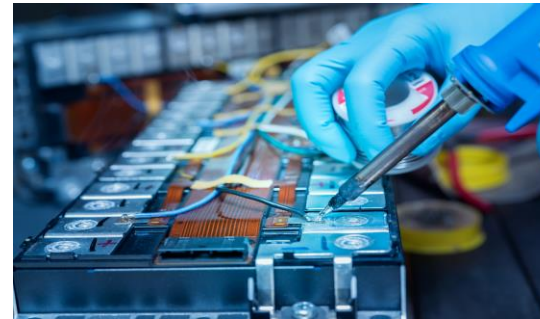
Global Digital Signage Company

- ▣ Cyber Security consultation
- ▣ Zero touch commissioning
- ▣ Just in time deployment



Major Military Customer

- ▣ Sourced obsolete product
- ▣ Full testing and Screening carried out
- ▣ Long term storage - 8+ years



Major UK Utility Company

- ▣ Infrastructure management
- ▣ Ongoing remote monitoring of water management



Franchise components

- State-of-the-art Technology Manufacturers.
- Link up the technology to the application.
- Turn ideas in to plans and plans into products.



Own brand components



- Ground based Laser Range Finder
- Air bubble detection in dialysis machines



- Relays
- Contactors



Solving problems by linking up the industry





Systems Division Steatite & Custom Power

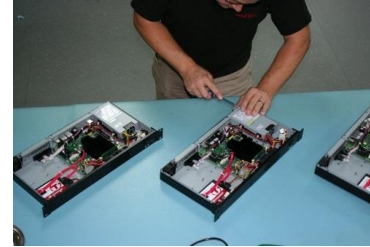
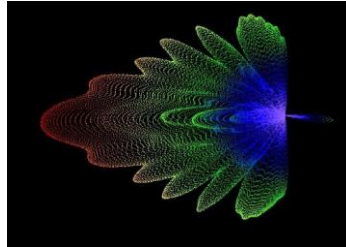
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Systems - what we do

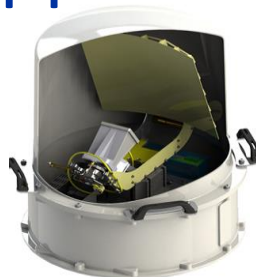
Demanding applications



Engineered Solutions



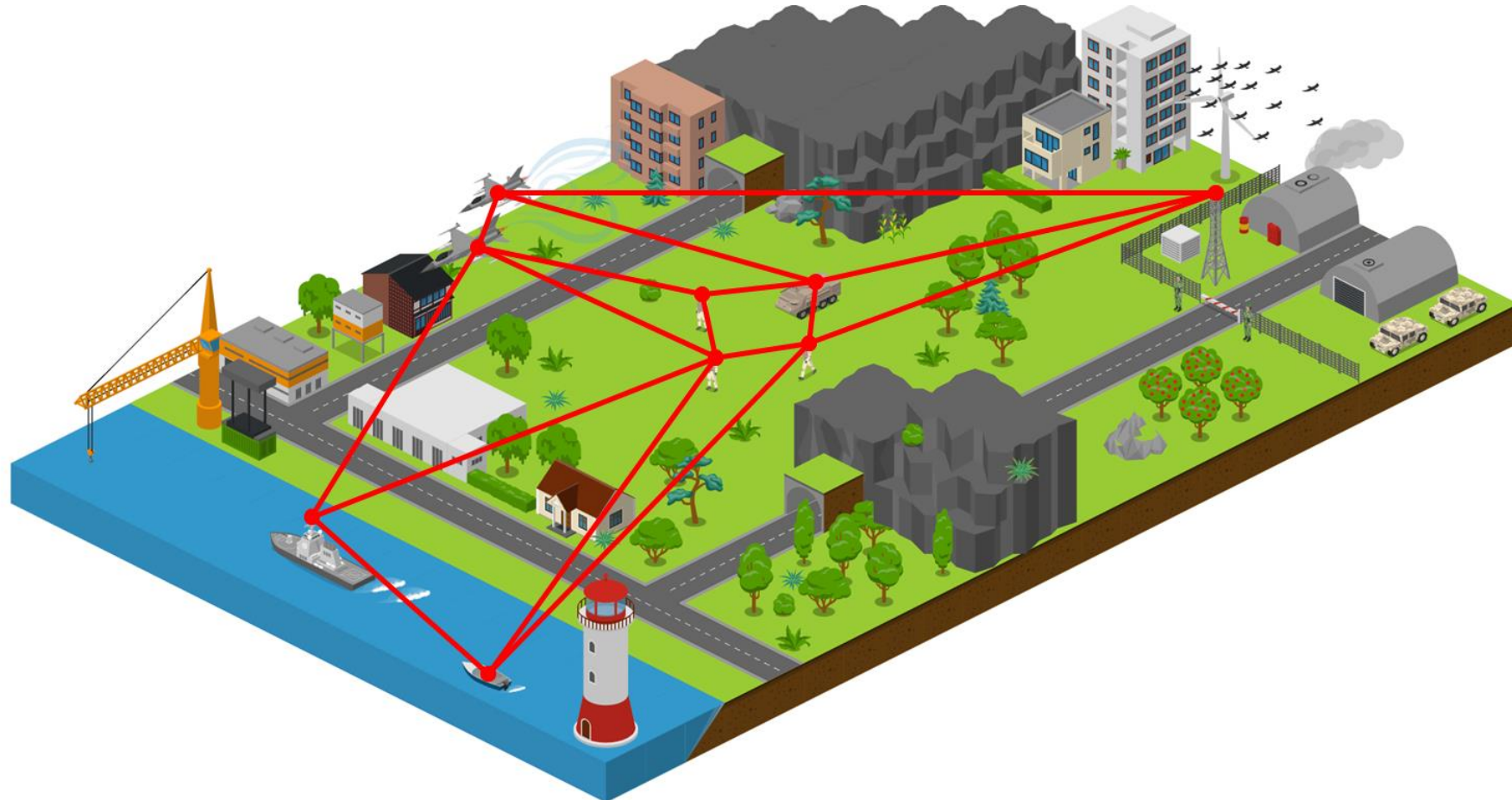
Applied Products





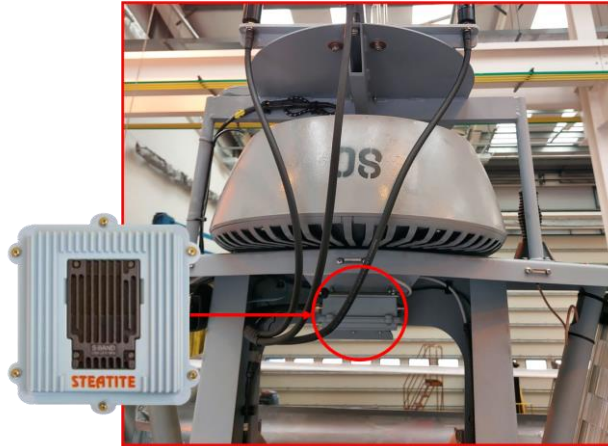
Adding value - Our communications solutions

Wave relay – Communications network for emergency services, security and defence



Our products are key part of the comms system

Own brand – Systems products solving problems





Steatite Integrated Systems - Tewkesbury

Why Tewksbury?

- ❏ Large production facility with substantial office space.
- ❏ Strong local Defence & Security business presence
- ❏ Good Location and access Jct 9 M5
- ❏ Rich talent pool – production and engineering skills





Access to larger contract opportunities



Strategy review

Strategy achievements
M&A strategy

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35



Strategy achievements



Investment & development of talent

- Third NED appointed to the Group
- Four senior females recruited within last 18 months
- Investment of leadership team in Power business

Broaden complementary products/ technology profile

- Strong performance in Security & Defence built on previous investment
- R&D investment
- Closure of energy intensive production site

Internationalise the Group

- Adopted Custom Power brand in the UK
- Secured US franchise agreement with Digi

Develop our “own brand” product portfolio

- Rebranded and refocused to adopt Solsta brand
- Enhance and develop the Steatite antenna branded product.

M&A strategy



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

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:

- Pipeline targeting- own brand components
- Components business in Germany
- US communications production capability
- Med tech

Prospects & Outlook

Prospects & Outlook

37

Prospects & Outlook



Supply chain & M&A opportunities

- ☒ Diversifying supply chains - China + 1
- ☒ Invest in developing the sales channel
- ☒ Broadening the Group's own brand portfolio

Organic growth opportunities

- ☒ Re-organised US Components business positioned for growth
- ☒ ISO13485 accreditation at Weymouth facility for medical production
- ☒ Investing in expanding its "Integrated Systems" production



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Questions



Appendices

A blue-tinted background image featuring a robotic hand holding a microchip. The hand is positioned on the right side, with its fingers gripping a small, square, gold-colored chip. The chip has a grid of pins and some text on its surface. The background is a blurred industrial setting with various mechanical parts and cables. The overall aesthetic is futuristic and technological.

Acquisition timeline





Key shareholders - (3% and over)

	% Holding
Charles Stanley & Co	14.41%
BGF Investment Management Limited	10.40%
Schroders plc	7.82%
Mr & Mrs Gordon Comben	6.40%
Canaccord Genuity Group Inc	6.30%
abrtn plc	6.06%
GPIM	4.98%
Hargreaves Lansdown Asset Management	4.96%
Mrs Barbara Marsh	4.85%
A J Bell Securities	3.26%
Close Brothers Group	3.09%

ESG highlights

We have aligned our ESG goals with the United Nations Sustainable Development Goals.



Supporting local communities

- Supporting local food banks
- Sponsor local YMCA accommodation
- Proud signatory of the armed forces covenant



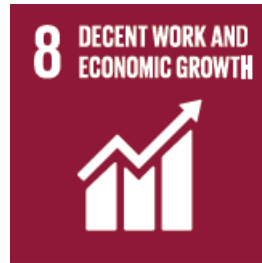
Health & Safety

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



Our People

- 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 60%
- Intensity ratio has reduced to 12.68 tonnes

Trusted technology for demanding applications

Own brand – Systems technology in a box



Solutions for the most demanding environments

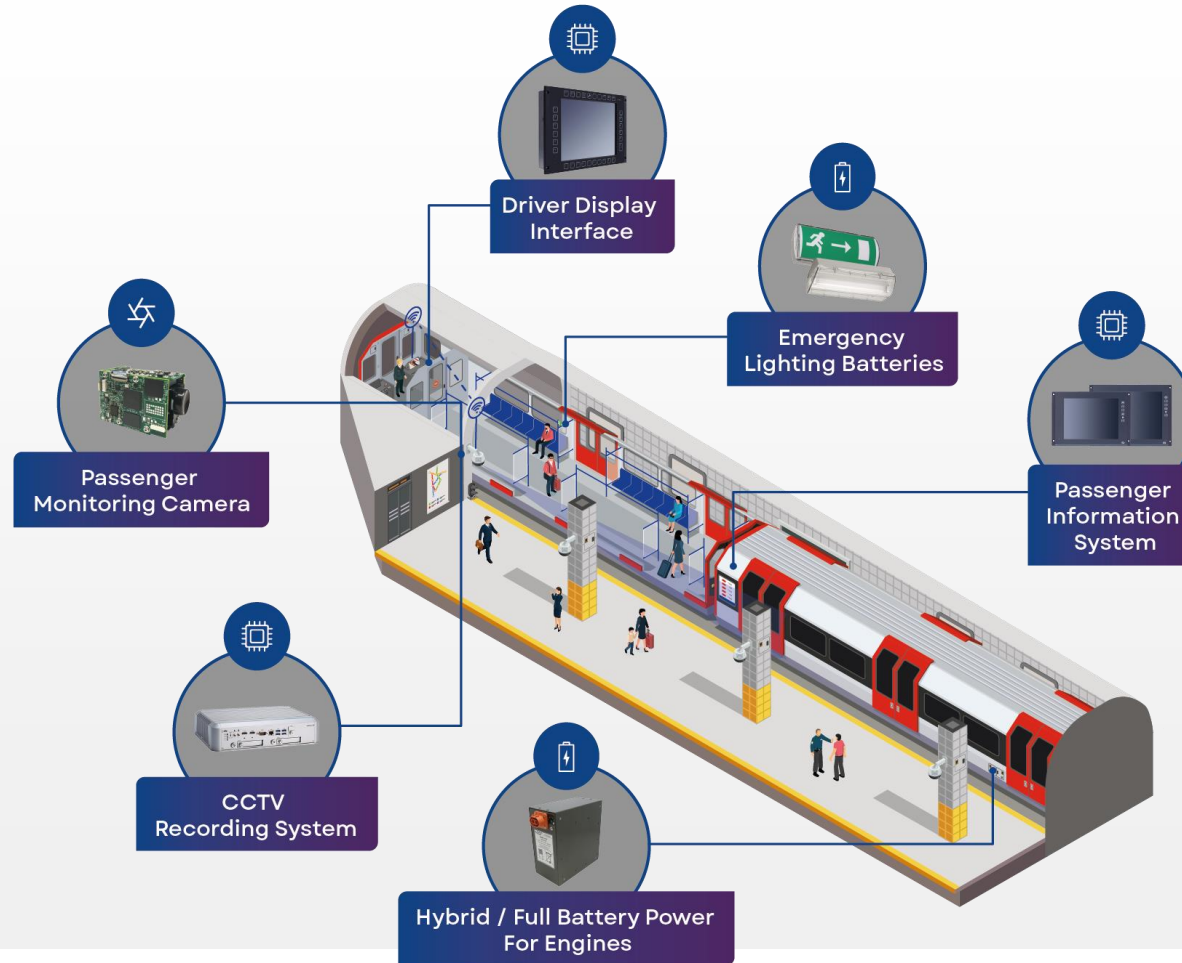
Systems solutions being used to solve problems





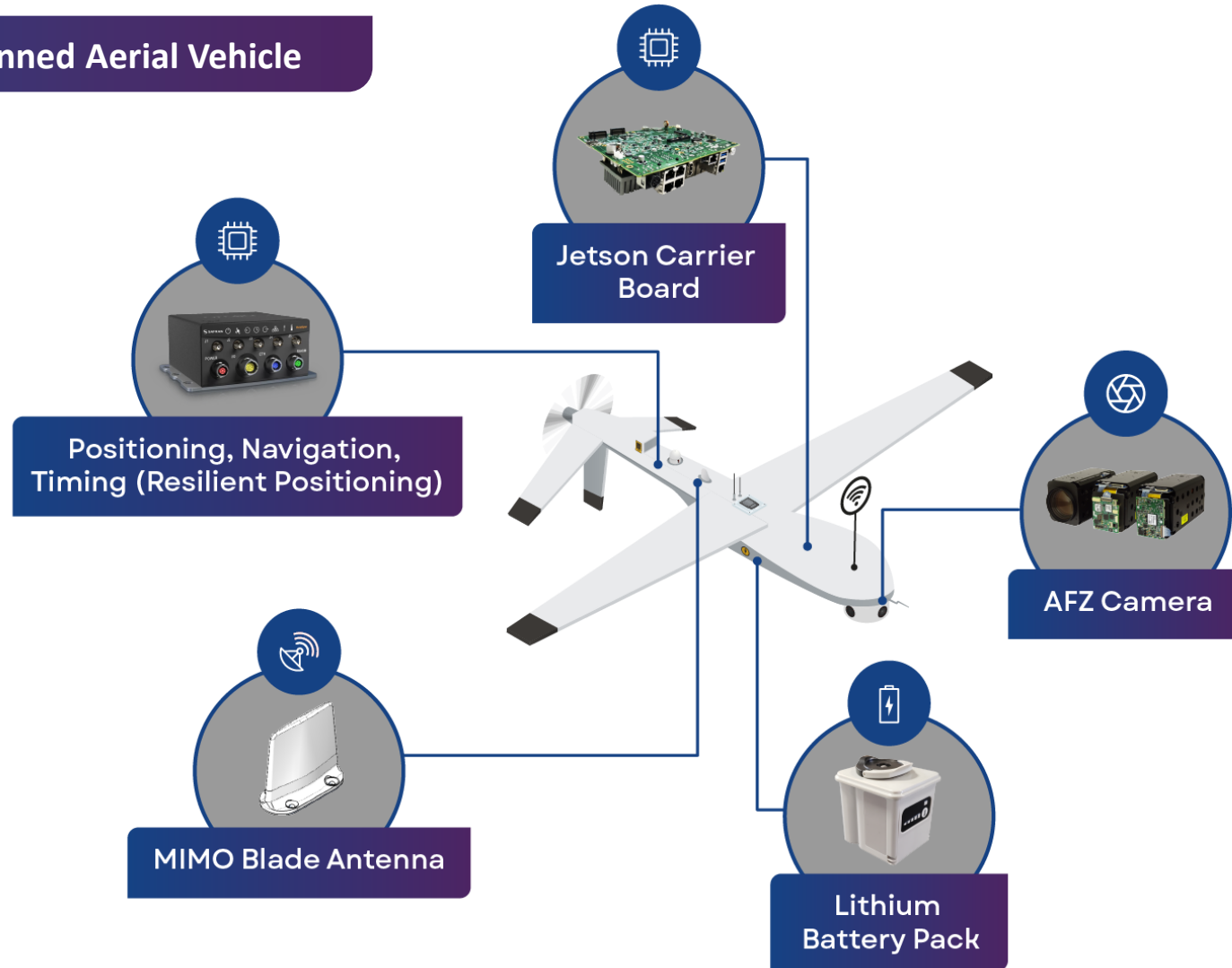
Smart transportation systems

Application example: Unmanned Aerial Vehicle



Technology for autonomous systems

Application example: Unmanned Aerial Vehicle



Technology systems for demanding applications

Application example: Marine

