

# INVESTOR PRESENTATION INTERIM RESULTS FY 2025



# Agenda

## Areas of focus

- ▣ Business overview
- ▣ 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  QPAR USA

### Components

 solsta  
THE VITAL COMPONENT

 DURAKOOL®

 pacer  
A Solid State Group Company

 GATEWAY  
Electronic Components



Power



Communications



Computing



Franchise



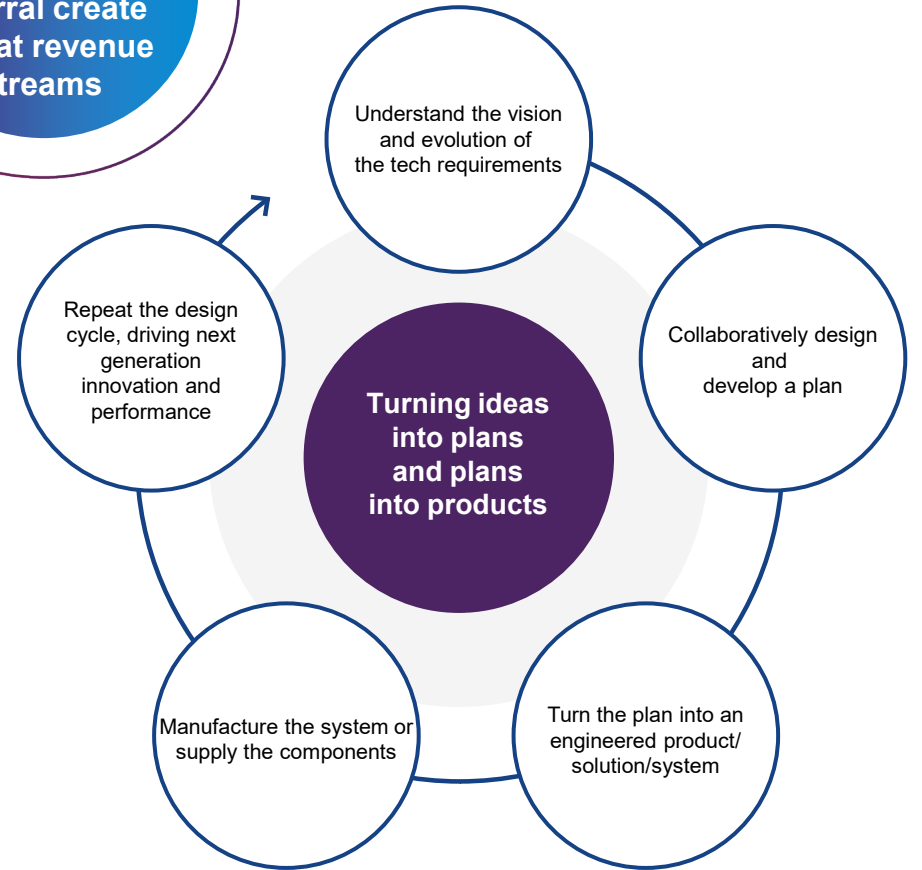
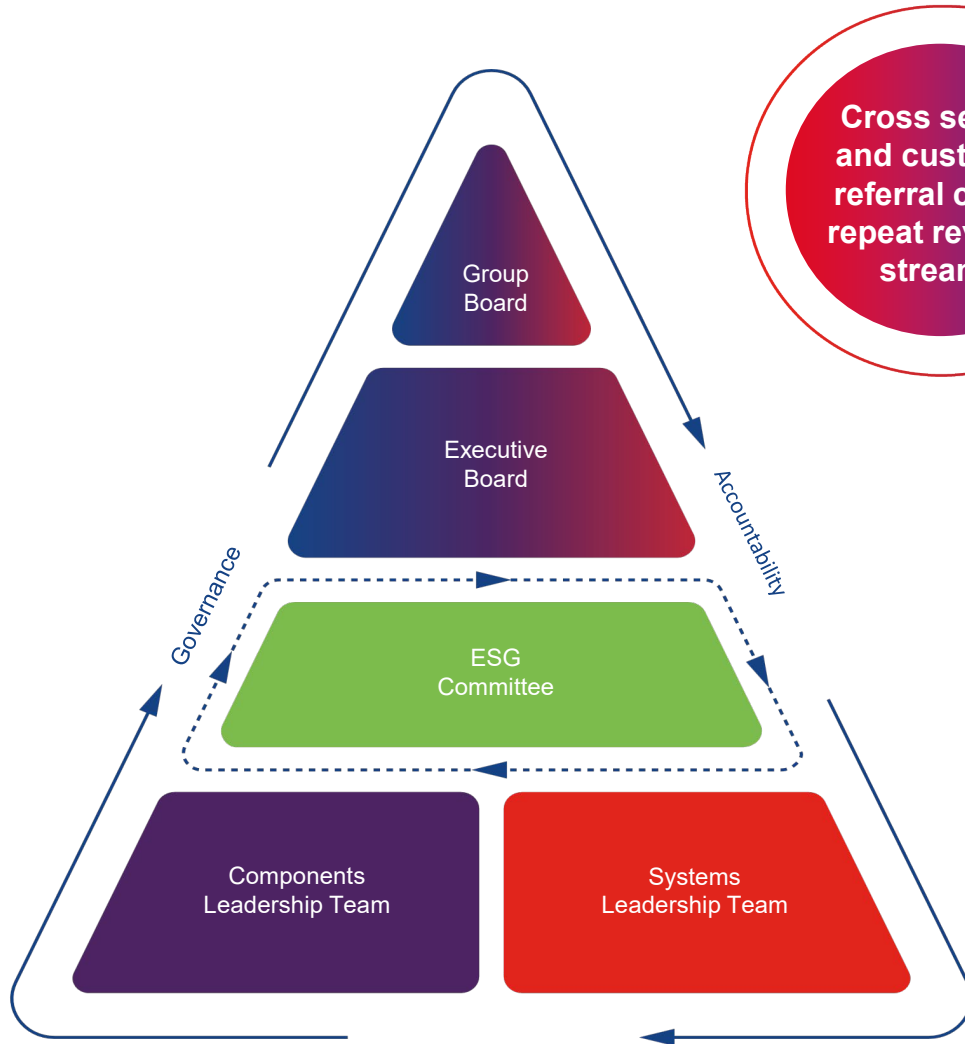
Own Brand



Value Added Services

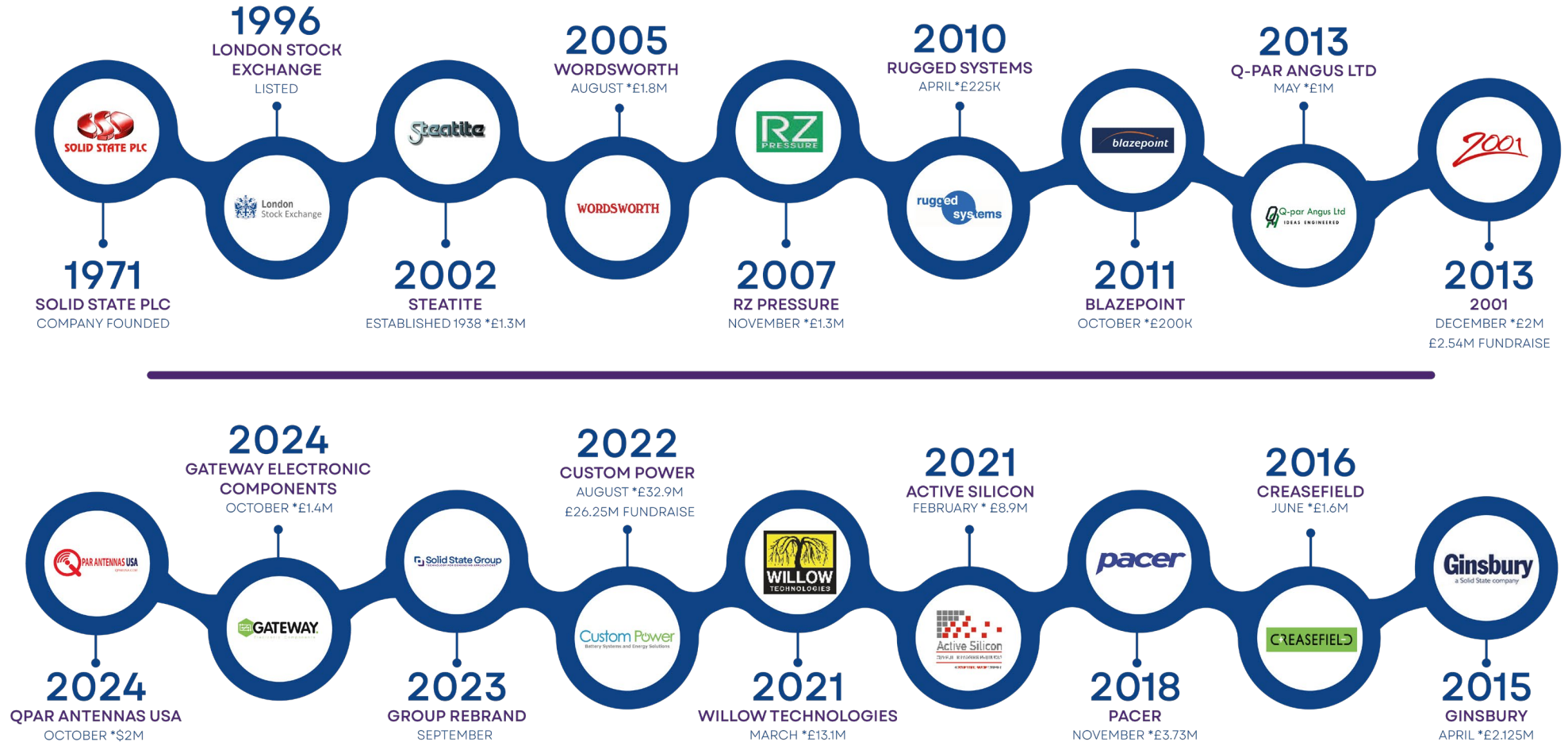


# A profitable & resilient business model





# Acquisition & history timeline



\* LEVEL OF CONSIDERATION PAID

# Our customers





A blue-tinted background image featuring a robotic hand holding a square microchip with a grid of gold pins. The chip has some text on it, including the number '300'. The scene is set in a laboratory or industrial environment with blurred mechanical parts.

# Financial highlights

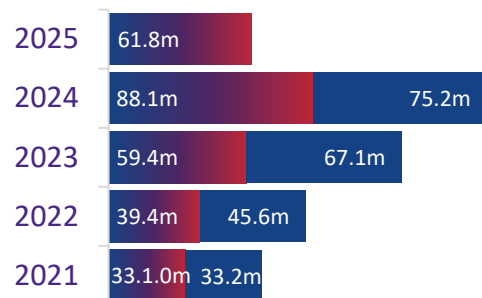


# Financial highlights

H1  
H2

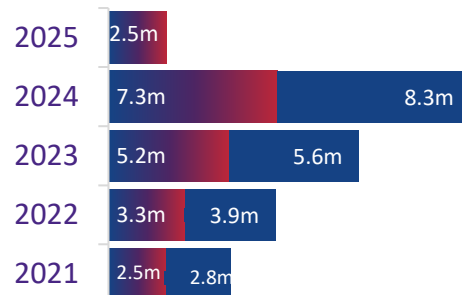
Revenue (million)

**£61.8m**



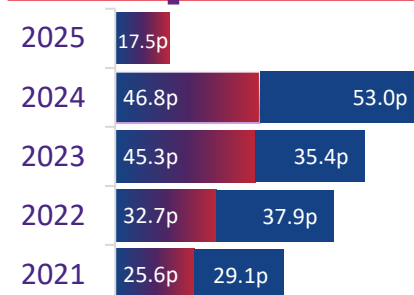
Adjusted profit before tax (million)

**£2.5m**



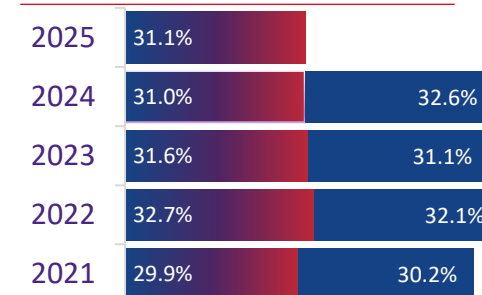
Adjusted fully diluted EPS (pence)

**17.5p**



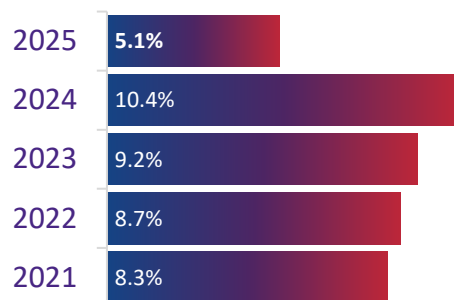
Gross profit (%)

**31.1%**



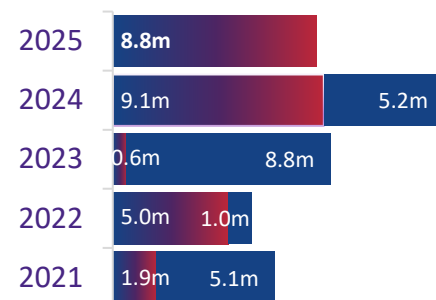
Adjusted operating profit (%)

**5.1%**



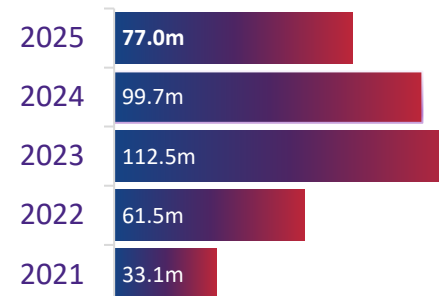
Cash generated from operations (million)

**£8.8m**



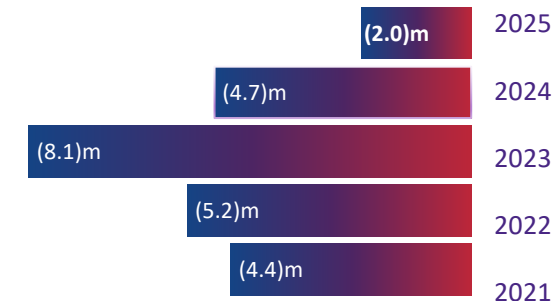
September open orderbook(million)

**£77.0m**



Net debt (million)

**£(2.0)m**



FY21 – impacted by Covid    FY23 – electronic component shortages



# Financial highlights

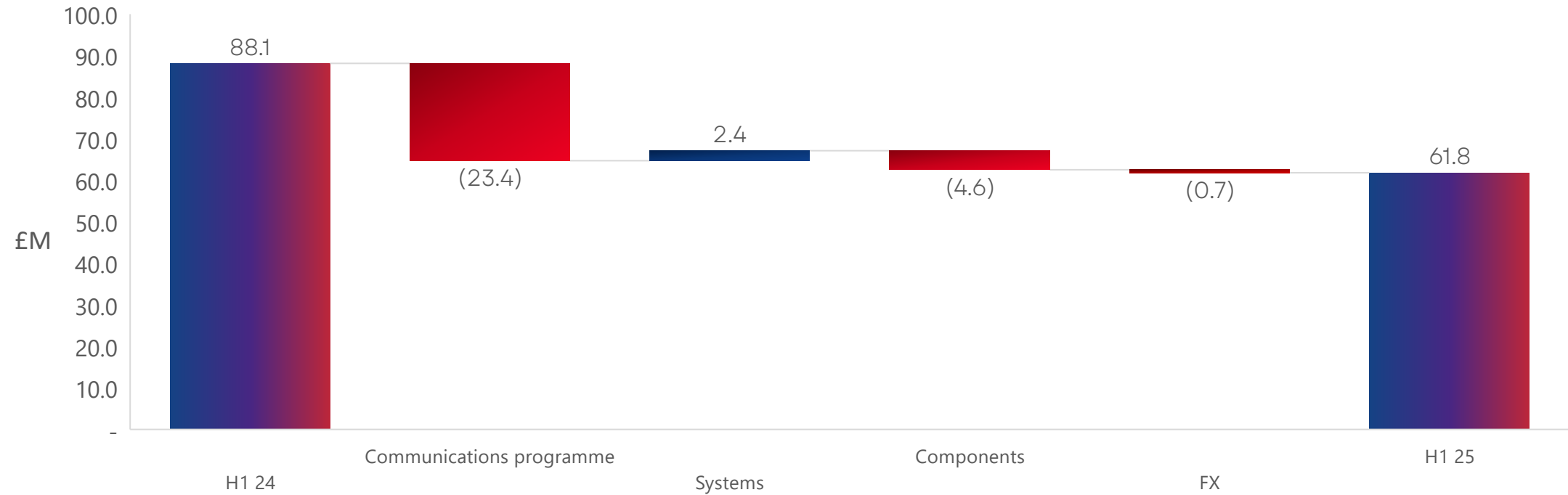
## Summary of Financial highlights

30 September	HY25	HY24	Change
Orderbook	<b>£76.6m</b>	£99.7m	<b>(23.2%)</b>
Revenue	<b>£61.8m</b>	£88.1m	<b>(29.9%)</b>
Gross margin	<b>31.1%</b>	31.0%	<b>+0.1%</b>
Reported operating profit	<b>£1.8m</b>	£6.9m	<b>(73.9%)</b>
Adjusted operating profit	<b>£3.1m</b>	£8.1m	<b>(61.7%)</b>
Adjusted* profit before tax	<b>£2.5m</b>	£7.3m	<b>(65.8%)</b>
Adjusted* diluted EPS	<b>17.5p</b>	46.8p	<b>(62.6%)</b>
Interim dividend	<b>0.83p</b>	1.40	<b>(40.7%)</b>

30 September	HY25	HY24	Change
Cash flow from operations	<b>£7.2m</b>	£8.3m	<b>(13.3%)</b>
Net debt	<b>(£2.0m)</b>	(£3.2m)	<b>37.5%</b>
Net assets	<b>£62.5m</b>	£61.8m	<b>1.1%</b>

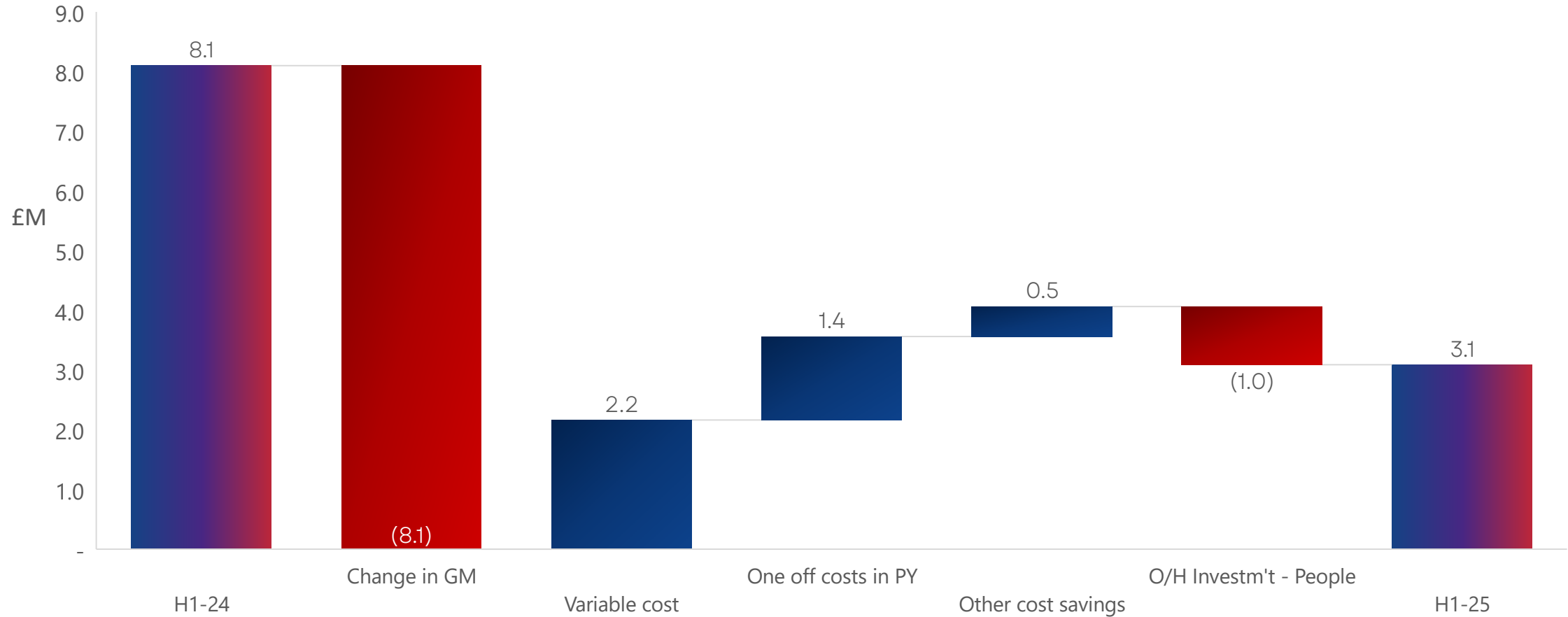
- 📄 Order book – Nov 24 – £85.5m
  - 📄 Post H1 orderbook continues to build at £85.5m and strong pipeline for H2
- 📄 Revenue of £61.8m:
  - 📄 Reflects the current market conditions and delay of communications programme revenue.
  - 📄 March year end benefitted from the pull in of Nato comms order
- 📄 Gross margin and Adj. operating margins:
  - 📄 Stable Gross margin at 31.1%
  - 📄 Operating margins are depressed due to operational gearing and continued investment.
- 📄 Adj PAT and Adj diluted EPS 17.5p
  - 📄 Continue to be profitable and confident in meeting y/e expectations.
- 📄 Dividend – 0.83p
  - 📄 Interim dividend is proportionate with earnings
- 📄 Strong cash generation and falling net debt
  - 📄 Cash conversion of 231%

# Revenue bridge



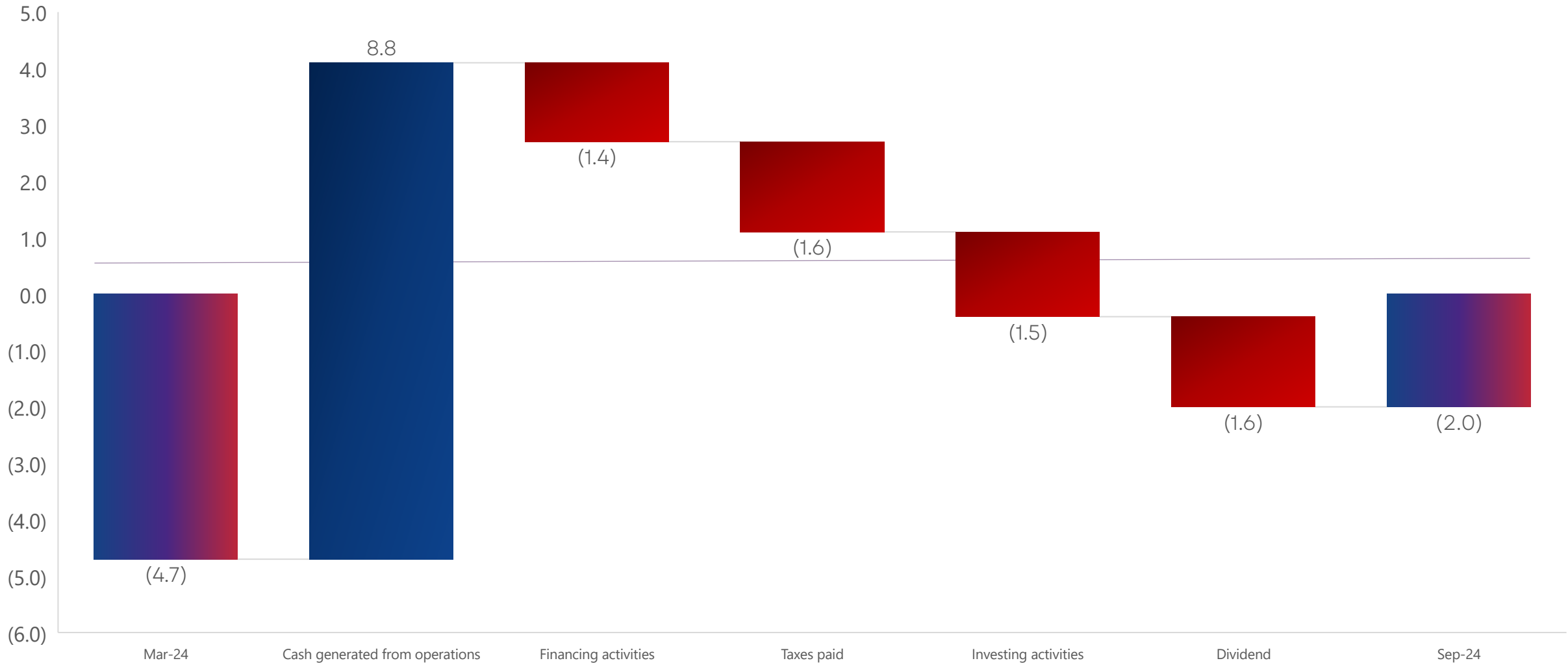


# Adjusted operating profit

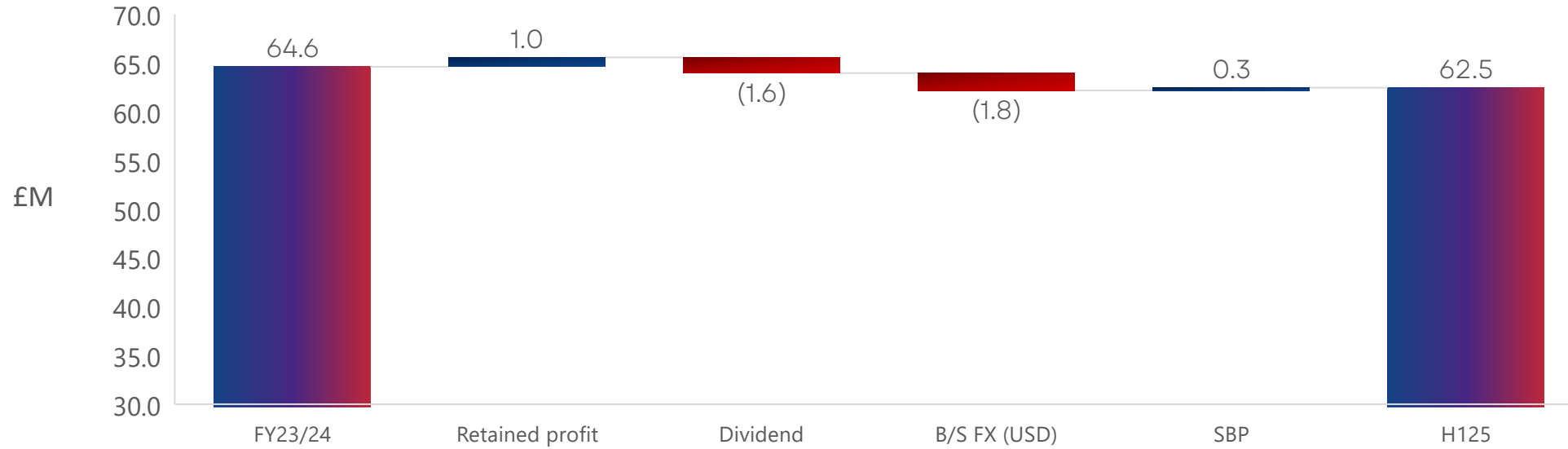




# Net debt bridge



# Net assets bridge





An aerial view of a high-speed train, likely a Shinkansen, traveling through a dense, lush green forest. The train is sleek and aerodynamic, with a red and white color scheme. It is moving along a set of tracks that curve through the trees. The lighting suggests a bright, sunny day, with sunlight filtering through the canopy. The overall scene is serene and emphasizes the integration of modern infrastructure with nature.

# Components Division Solsta



# Solving problems by linking up the industry



# Own brand & franchise components

## Own brand components



## Franchise components





# Components – Case study examples



# Components – Case study examples



# Acq'n - Gateway Electronic Components



## Gateway Electronic Components Ltd

- Acquired for £1.4m and is funded from the Group's cash resources
- Joins the components division of the Group, Solsta
- Is a specialist manufacturer and distributor of ferrite and magnetic components
- The enlarged division will benefit from the broadened product offering, enlarged customer base and increased sales force
- Current trading - revenue and profit before tax circa £3.0m and £0.2m respectively





# Systems Division Steatite & Custom Power





# Steatite Integrated Systems - Ashchurch



Integrated Systems

## Why Ashchurch?

- ❑ 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



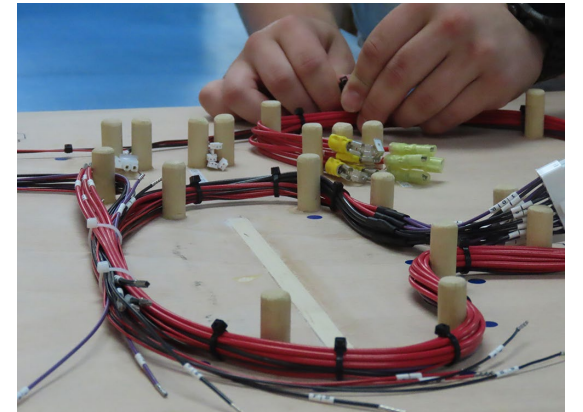


# Steatite Integrated Systems

Military certified computing engineered for harsh environments

## Systems we specialise in

- ▣ Multifunction Operator Consoles
- ▣ Integrated 19" Rack Cabinets
- ▣ Rugged Portable Systems
- ▣ Hardware Refresh for Legacy Equipment







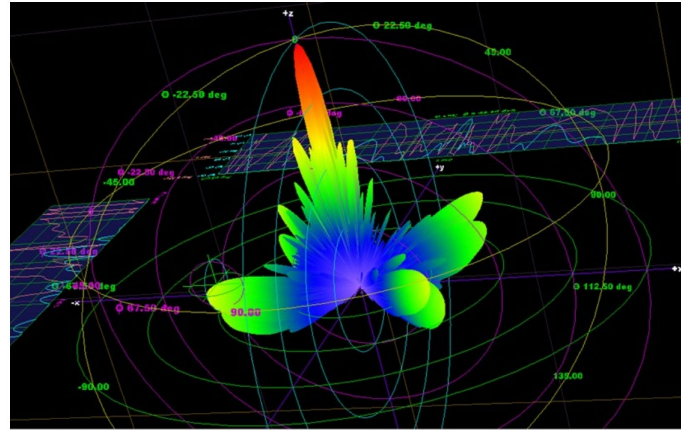
# Steatite Antennas



Fully Anechoic RF testing chamber – Large dish testing capability



A large parabolic dish being installed into the RF chamber



Antenna analysis using the RF chamber



A finished, large clipped parabolic dish installed in the test chamber





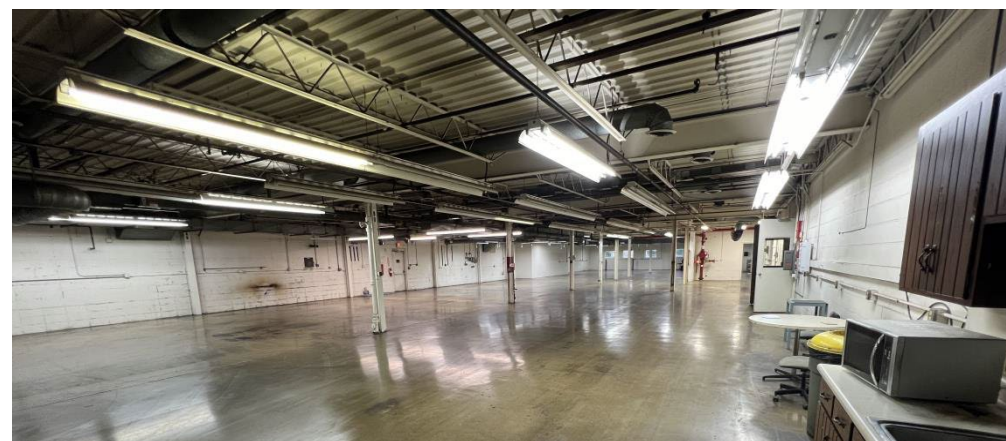
# Acquisition of Q-Par Antennas USA



## Q-Par Antennas USA

- Acquired for a max consideration of up to \$2.0m and is funded from the Group's cash resources
- Q-Par is a long-standing distribution partner of Steatite Antennas in the UK and is a respected and trusted brand in the US market.
- De-risk existing credit risk and securing customer relationships
- Builds a platform in the US Antenna market & expands Solid State's US footprint
- Revenue of approx. \$2.0m albeit when adjusted for inter-company sales it is \$0.4m and PBT of \$0.2m

Building 1 (freehold) - Indiana USA ~45,000 sq. ft.



# Strategy review



# Strategy achievements



- Investment & development of talent
  - New Executive Board is working well and is driving progress in developing and delivering the strategy;
  - Recruit talent for our Ashchurch facility and investment of leadership team in Power business
- Broaden complementary products & capability/technology profile
  - Investment in our Ashchurch facility for our Integrated Systems business unit
  - Achieved the ISO13485 medical standard in our facility in Weymouth
- Internationalise the Group
  - Acquisition of Q-Par Antennas USA
  - Contract wins with two defence prime contractors in USA for Custom Power
- Develop our "own brand" product portfolio
  - Acquisition of Gateway Electronic Components Ltd
  - Completed the rebranding of the existing Group



# 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

## M&A pipeline:

- Own brand products
- International component sales channel
- Med tech components

Opportunities to accelerate organic growth post-completion

# Prospects & Outlook





# Prospects & Outlook



## Strategic priorities

- ▣ Continue to improve quality of earnings
- ▣ Enhancing operational & technical capabilities
- ▣ Diversifying supply chains – Taiwan / China + 1

## Organic growth opportunities

- ▣ Integrated systems production facility - operational in FY25/26
- ▣ Achieved ISO13485 accreditation at Weymouth facility for medical production
- ▣ Significant RF opportunities - Comms & Antennas, internationally & domestically



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A scientist in a white lab coat and glasses is focused on looking through a microscope in a laboratory. The scene is dimly lit with a blue tint, and various lab equipment like beakers and bottles are visible on the table. The text 'Questions & Appendices' is overlaid in white on the left side of the image.

# Questions & Appendices



## Key shareholders - (3% and over)

	% Holding
Charles Stanley & Co	14.1%
BGF Investment Management Limited	10.4%
Schroders plc	7.5%
Mr & Mrs Gordon Comben	6.4%
Canaccord Genuity Group Inc	5.6%
abrtn plc	5.6%
Close Brothers Group	5.0%
Mrs Barbara Marsh	4.8%
Hargreaves Lansdown Asset Management	4.8%



# 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



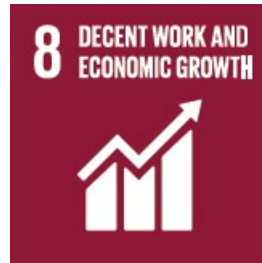
## Health & Safety

- 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

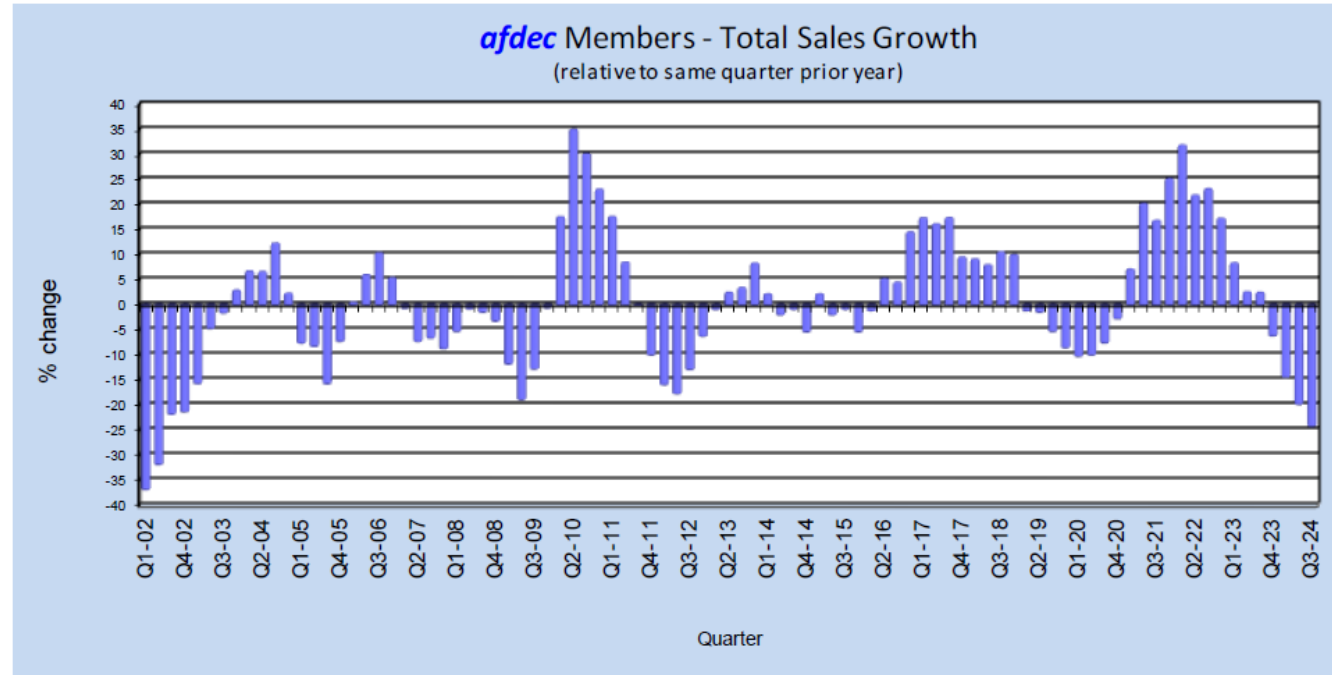
- Reduction in our Scope 1 and Scope 2 emissions by 60%
- Intensity ratio has reduced to 12.68 tonnes





# Electronics market growth cycle

## Electronics market cycle



The historic picture from Q1'02 to Q3' 24.



FORECAST PREPARATION 2025  
© The Electronic Components Supply Network Ltd



# Trusted technology for demanding applications

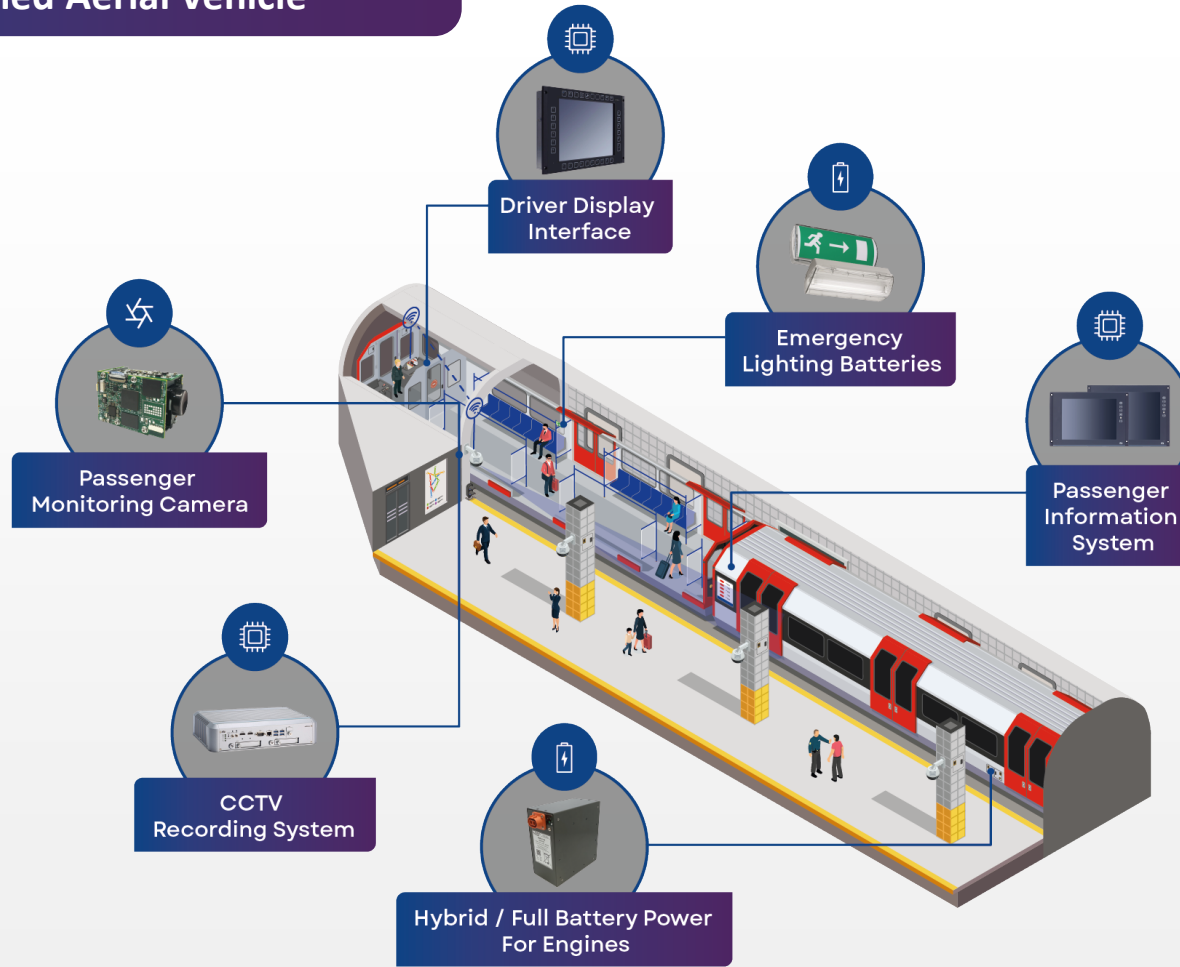
Own brand – Systems technology in a box





# Smart transportation systems

Application example: Unmanned Aerial Vehicle

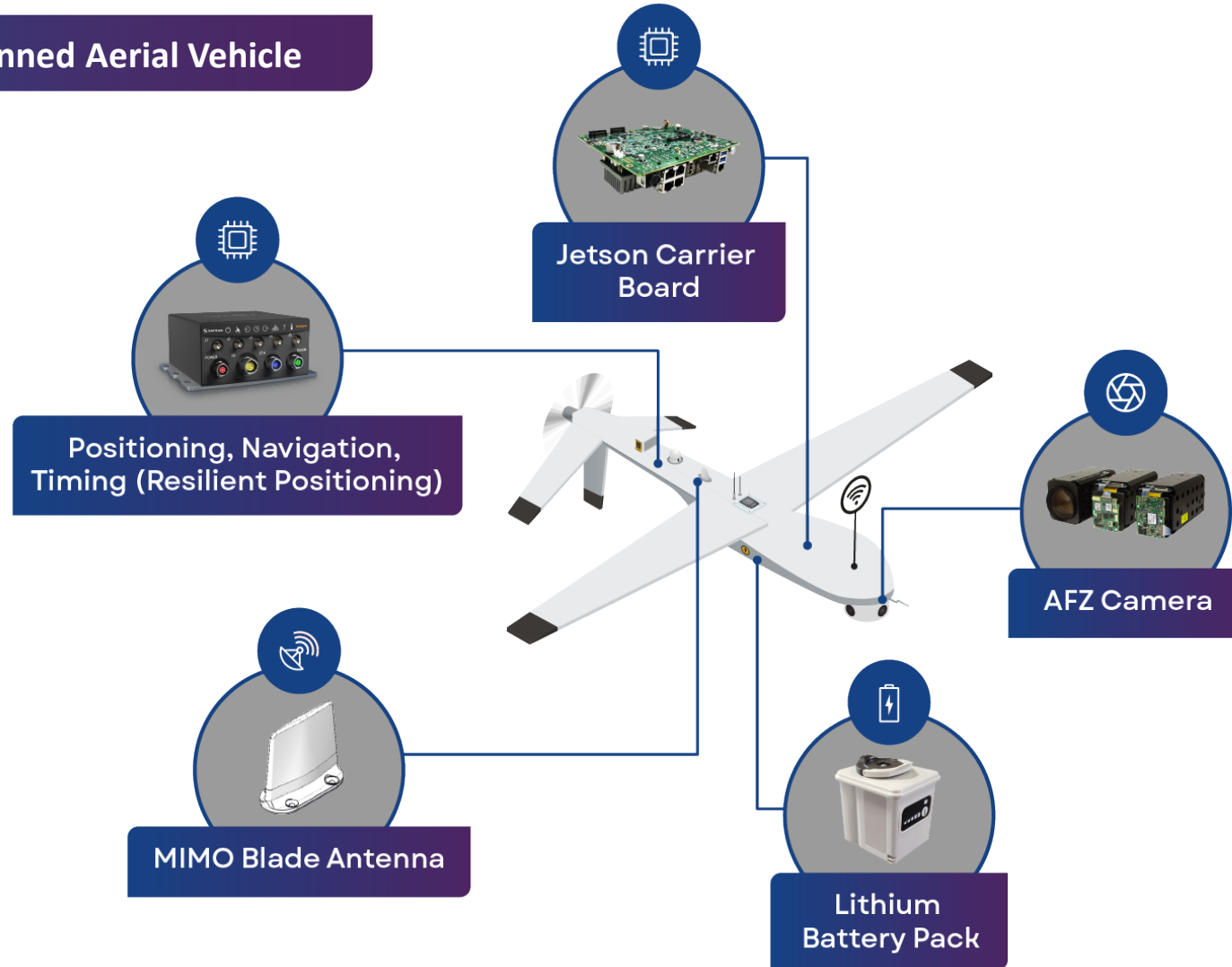






# Technology for autonomous systems

Application example: Unmanned Aerial Vehicle





# Technology for maritime applications

Application example: **Marine**

