

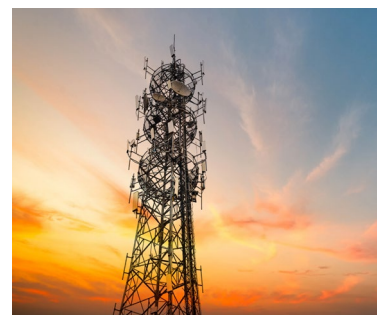
INVESTOR PRESENTATION 2024



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.”



Systems



Power



Communications



Computing

Components



Franchise

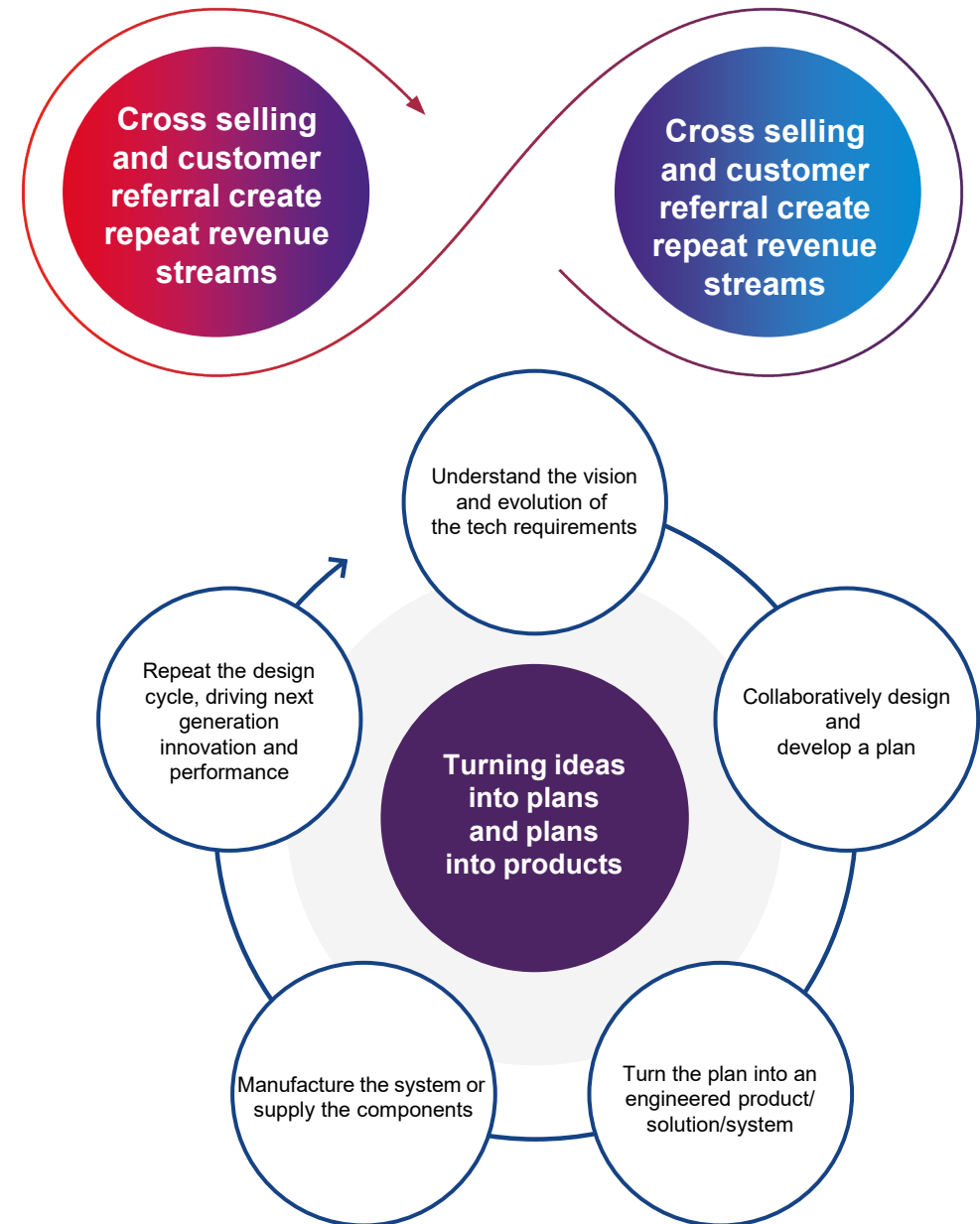
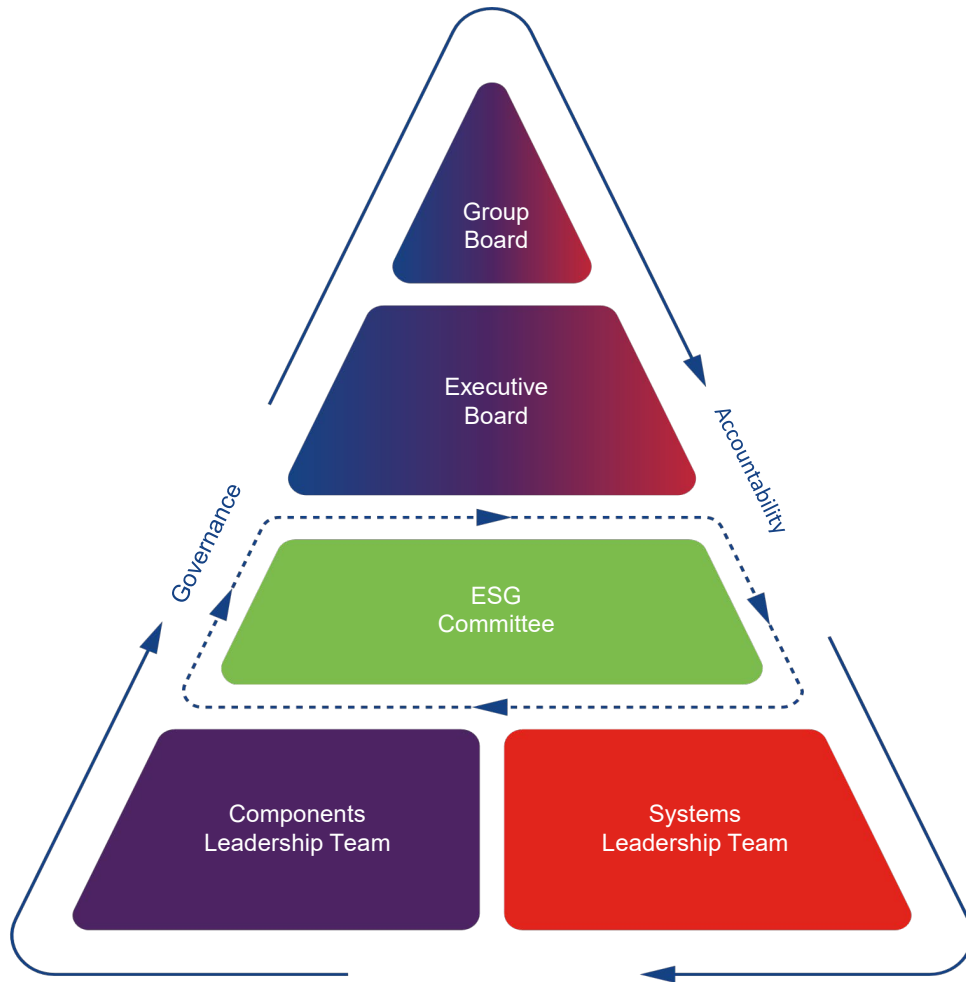


Own Brand



Value Added Services

A profitable & resilient business model



Our customers



Financial highlights

Revenue (million)

£163.3m

2024 163.3m

2023 126.5m

2022 85.0m

2021 66.3m

2020 67.4.0m

Adjusted profit before tax (million)

£15.6m

2024 15.6m

2023 10.8m

2022 7.2m

2021 5.4m

2020 4.7m

Adjusted fully diluted EPS (pence)

99.8p

2024 99.8p

2023 80.7p

2022 70.6p

2021 54.7p

2020 46.3p

Adjusted operating profit (%)

10.4%

2024 10.4%

2023 9.2%

2022 8.7%

2021 8.3%

2020 7.2%

Return on Capital Employed (%)

26.4%

2024 26.4%

2023 20.1%

2022 27.3%

2021 19.0%

2020 16.2%

Net Cash / (Debt) (million)

(£4.7m)

2024 (4.7m)

2023 (8.1m)

2022 (5.2m)

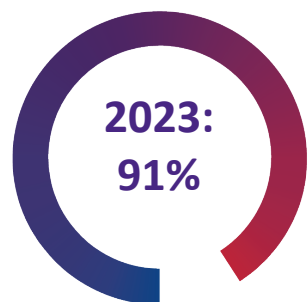
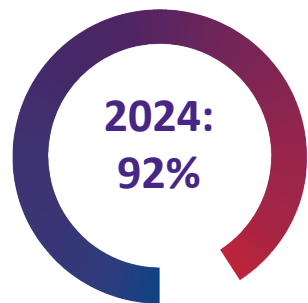
2021 (4.4m)

2020 3.2m

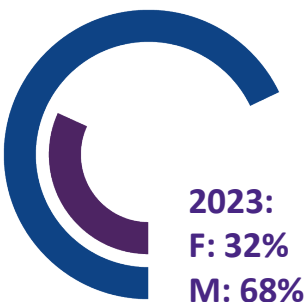
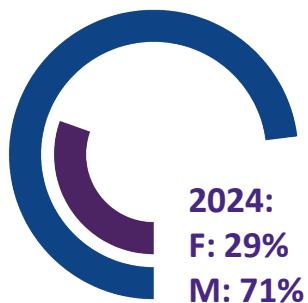
FY21 – impacted by Covid FY23 – electronic component shortages

Operational highlights

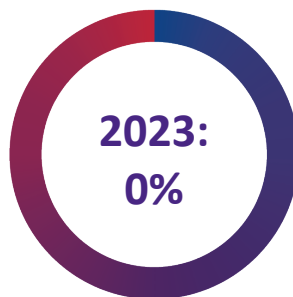
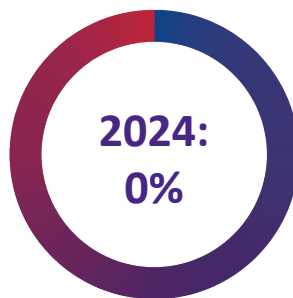
Employee retention



Gender diversity

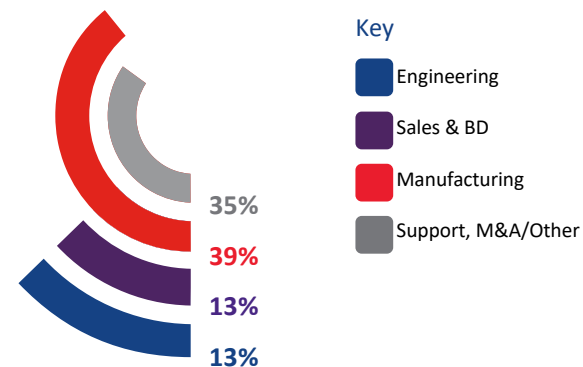


Lost time incidents

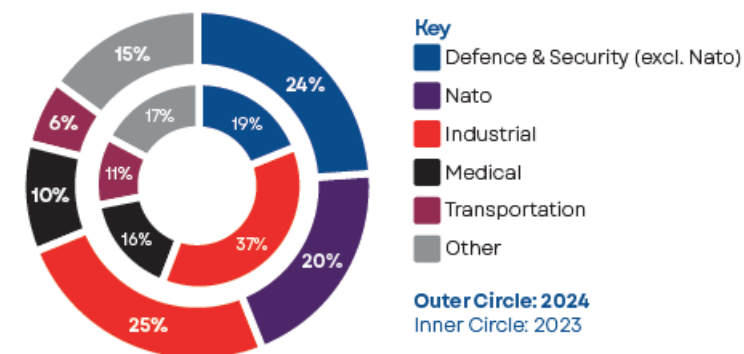


Employee numbers

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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Systems bridge	13
Components bridge	14
Adjusted operating profit	15
Balance sheet highlights	16
Net debt bridge	17
Net assets bridge	18



Financial highlights

Summary of Financial highlights

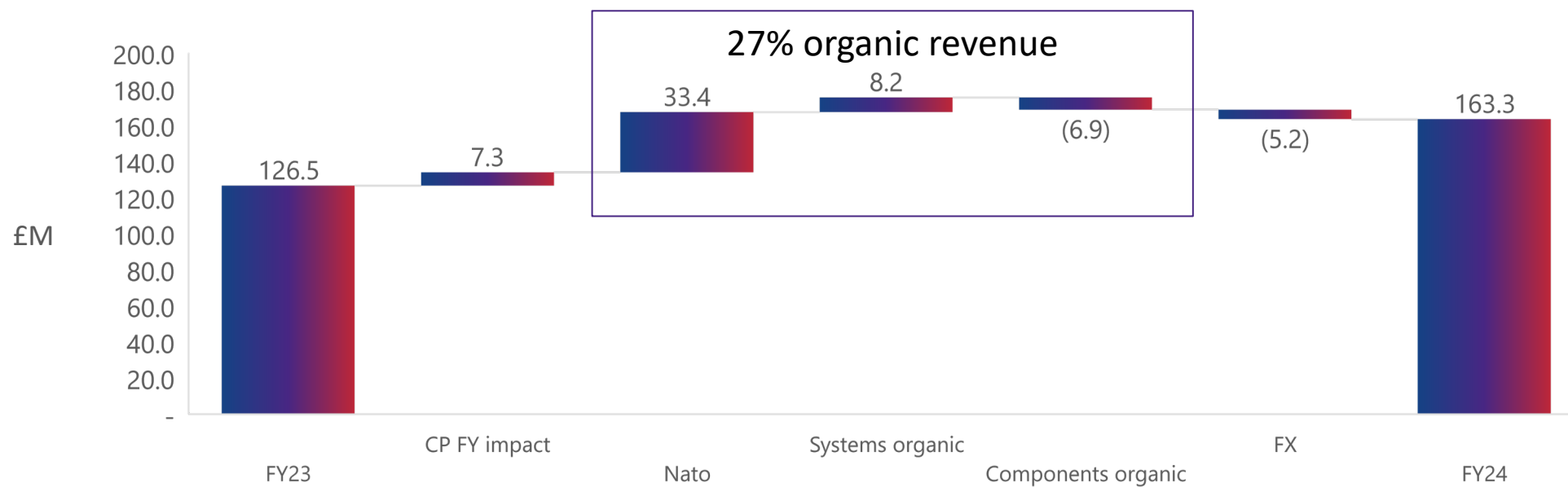
31 March	2024	2023	Change
Orderbook	£88.4m	£120.1m	(26%)
Revenue	£163.3m	£126.5m	29%
Reported operating profit	£13.7m	£9.4m	46%
Adjusted* operating profit %	10.4%	9.2%	120bps
Adjusted* profit before tax	£15.6m	£10.8m	44%
Adjusted* diluted EPS	99.8p	80.7p	24%
Dividend	21.5p	20.0p	8%

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

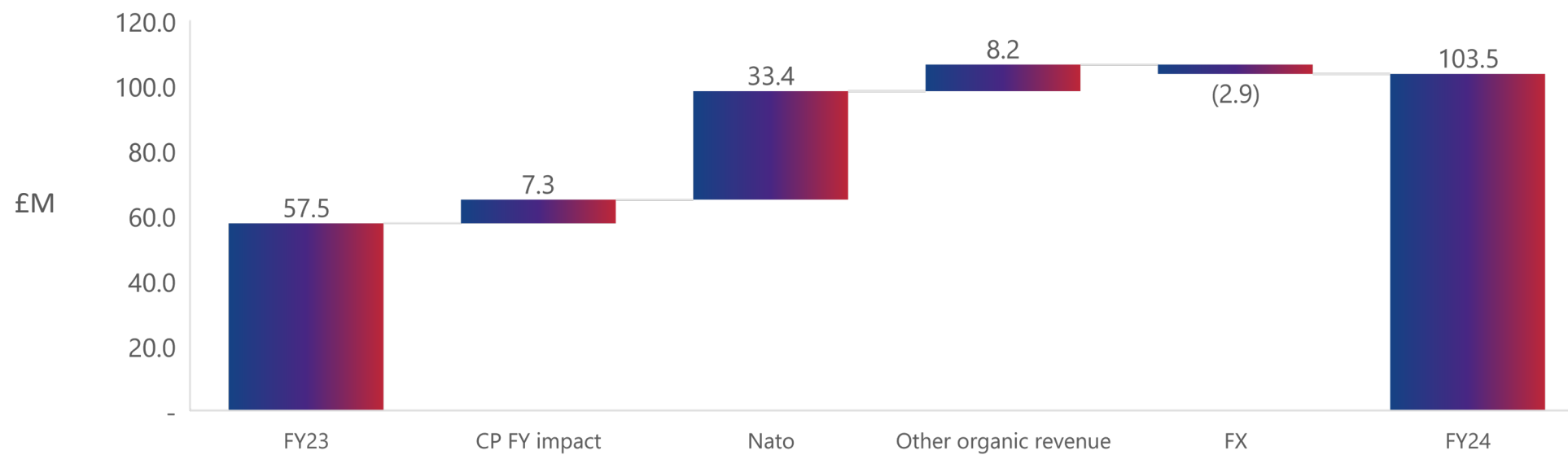
Revenue bridge



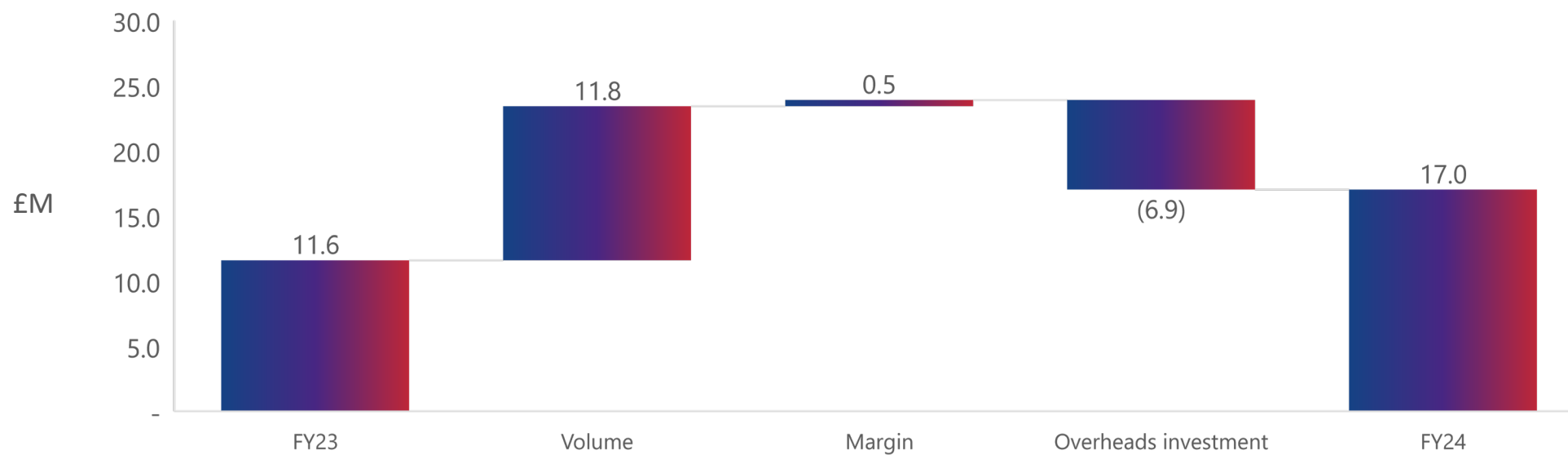
Components revenue



Systems revenue



Adjusted operating profit




Balance sheet highlights

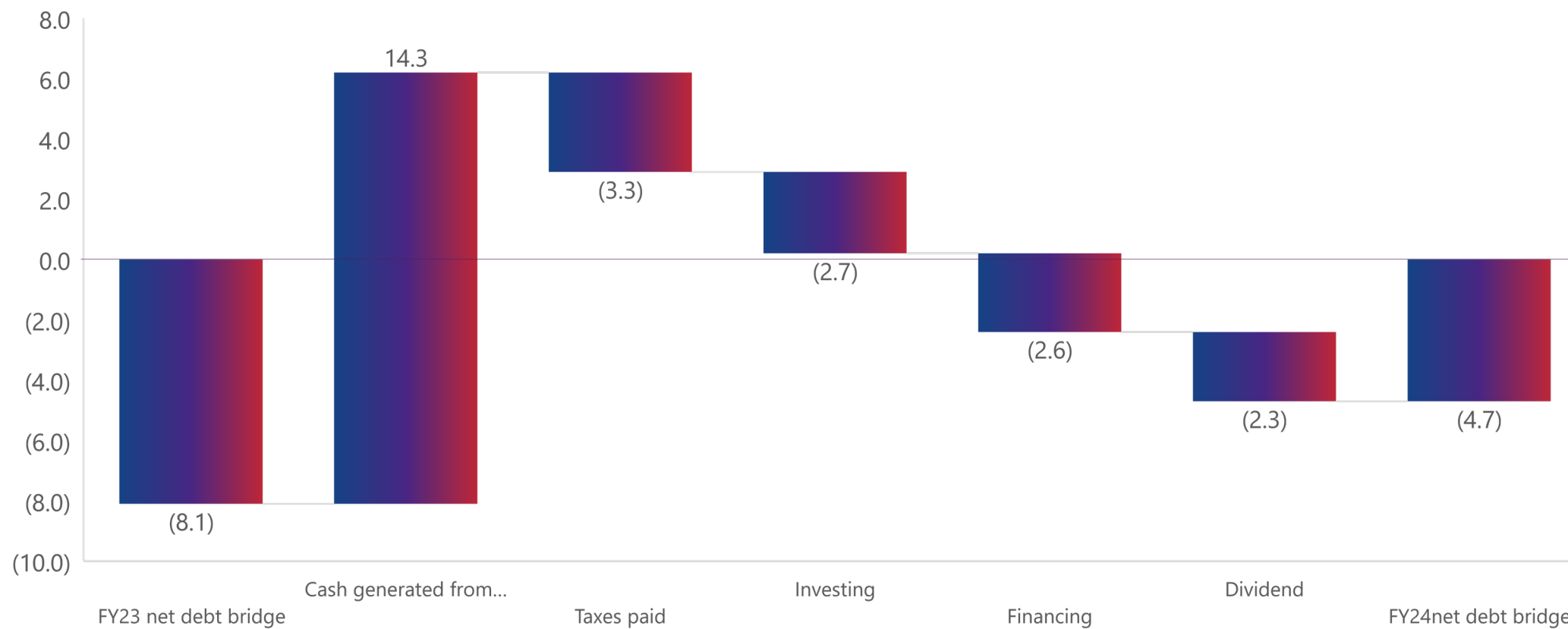
Balance sheet summary

£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%

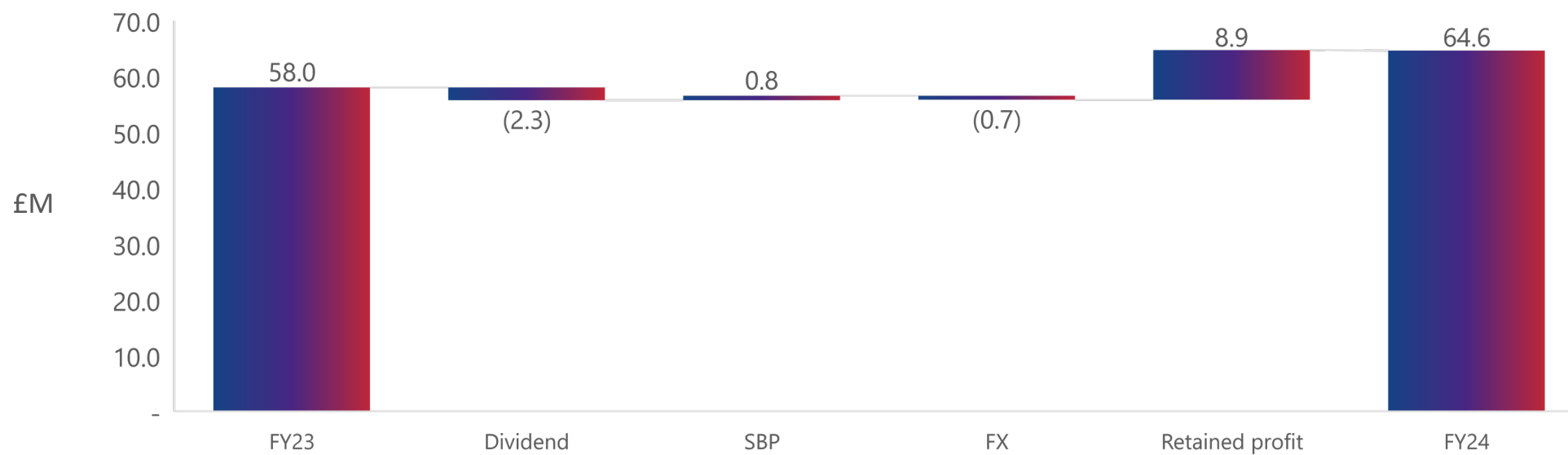
Strong balance sheet for future investment

-  **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

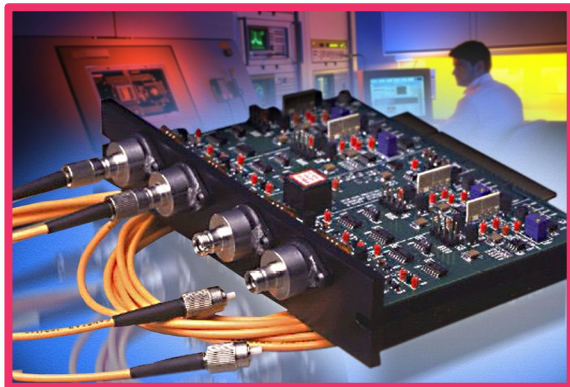
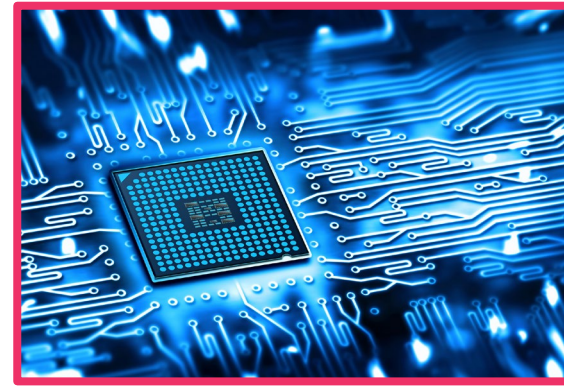
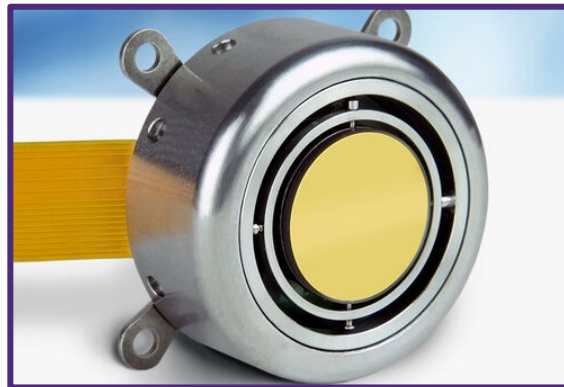


An aerial view of a high-speed train, primarily red and white, traveling along a track that cuts through a dense, lush green forest. The train is moving towards the bottom right of the frame. The background is filled with tall trees, and the lighting suggests a bright, sunny day.

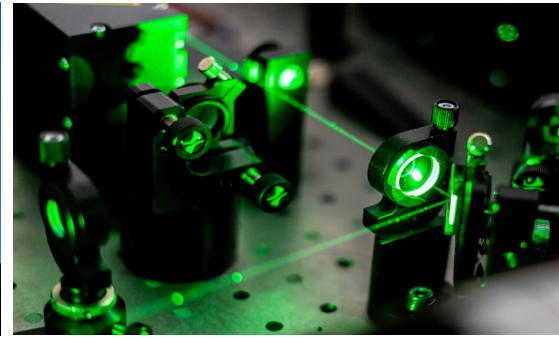
Components Division Solsta

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Solving problems	26

Components - what we do



Component applications



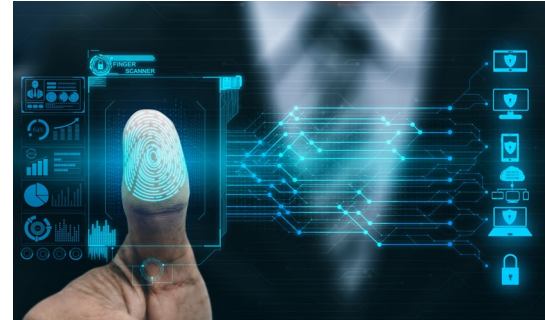
Components - value added services



Components - customer partnership

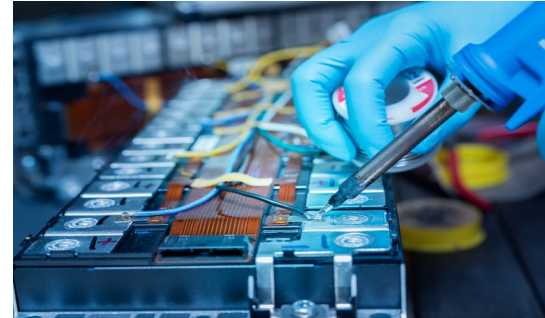
Global Digital Signage Company

- ▣ 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

pacer
A Solid State Group Company



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



DURAKOOL

- ❑ Relays
- ❑ Contactors



Solving problems by linking up the industry





Systems Division Steatite & Custom Power

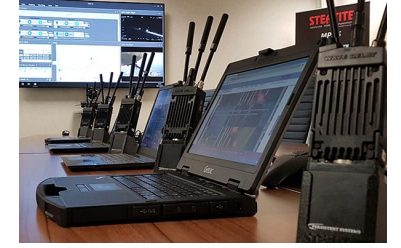
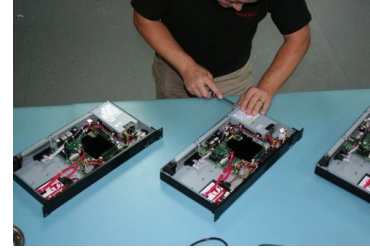
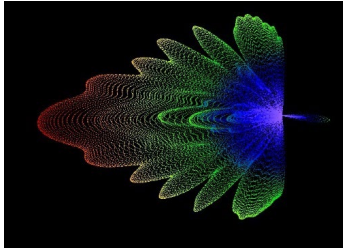
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Adding value	29
Our products	30
Integrated systems	31
Larger contract opportunities	32

Systems - what we do

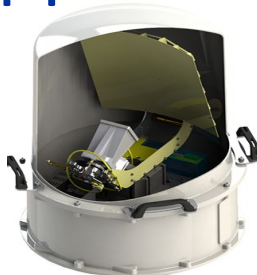
Demanding applications



Engineered Solutions



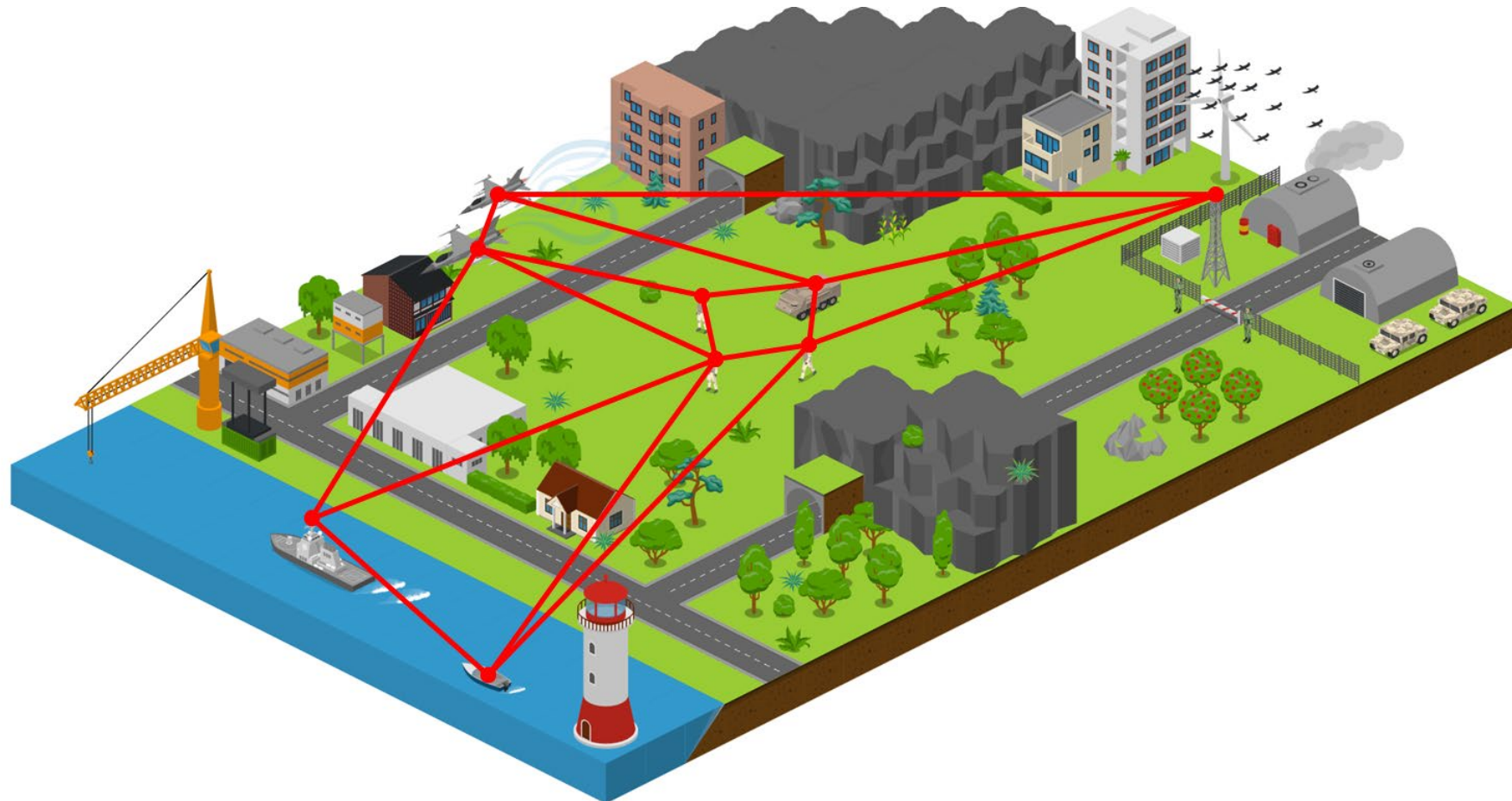
Applied Products





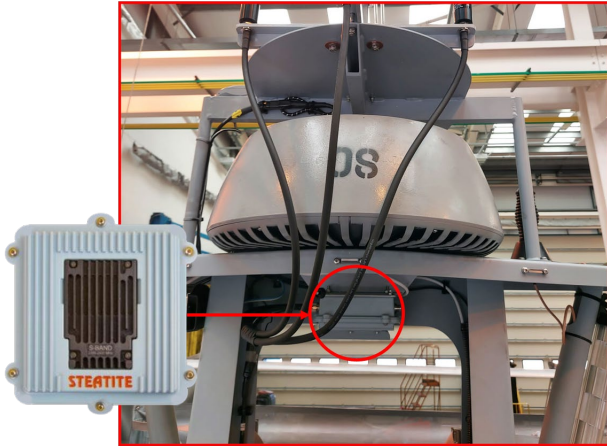
Adding value - Our communications solutions

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

34
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 our "Integrated Systems" production



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Questions



Appendices

A blue-tinted background image showing a robotic arm holding a microchip. The chip is square with a grid of gold pins and a central square area with smaller components. The robotic arm is metallic and complex, with various joints and sensors. The overall scene is industrial 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%
abrdn 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

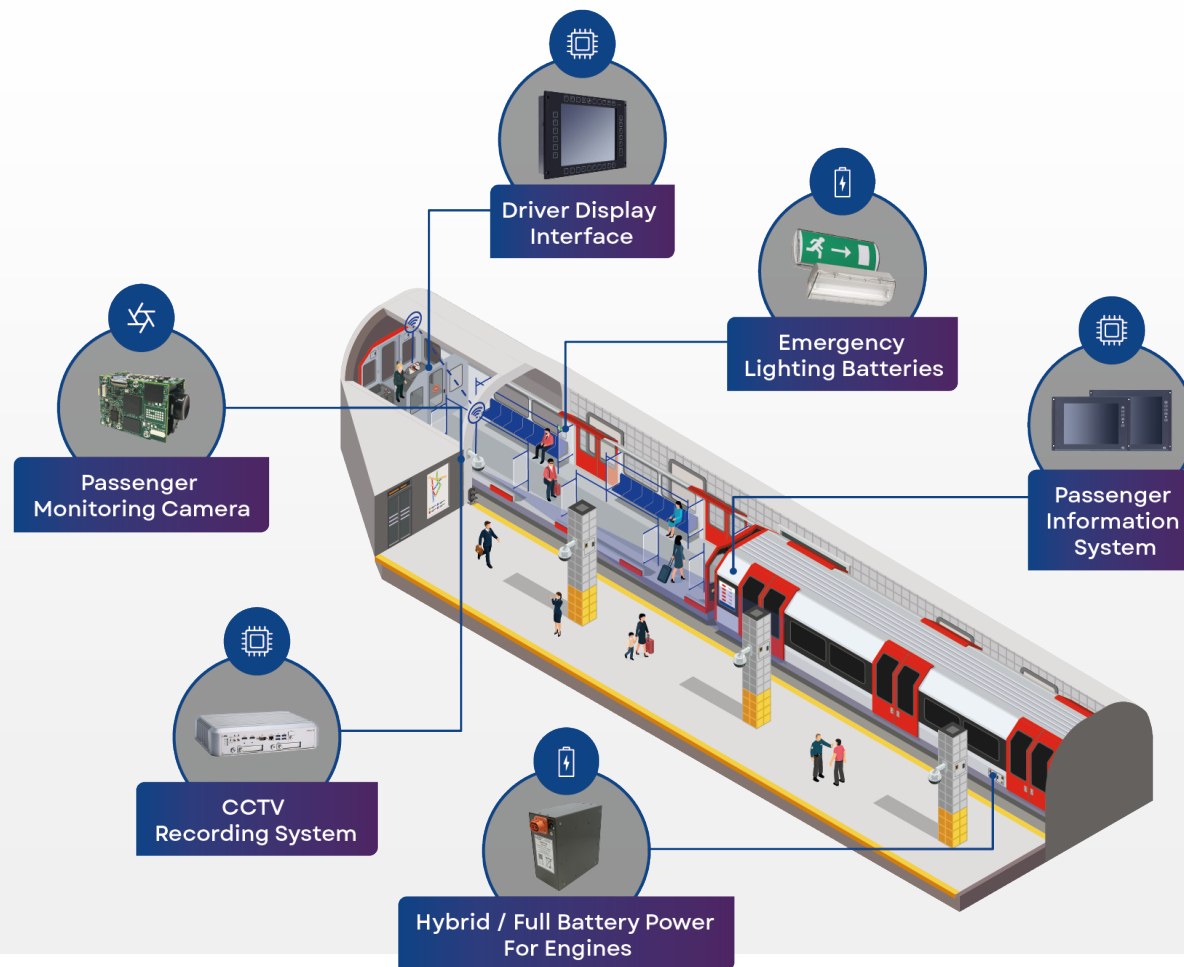
Systems solutions being used to solve problems





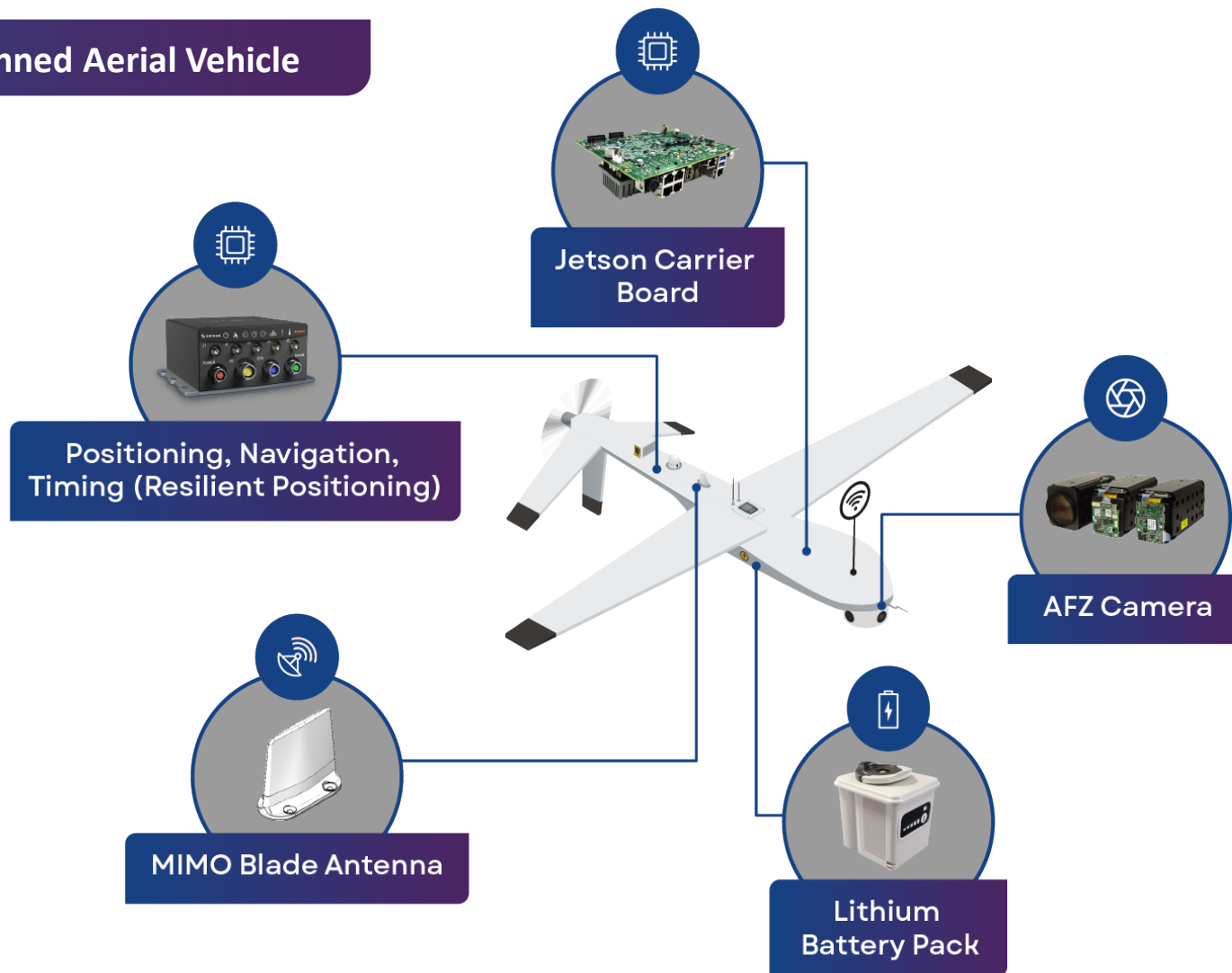
Smart transportation systems

Application example: **Unmanned Aerial Vehicle**



Technology for autonomous systems

Application example: Unmanned Aerial Vehicle



Technology systems for demanding applications

Application example: **Marine**

