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Innovation in RF technology

FY2025 Mid-Year Results

4 February 2025

Nat Edington, CEO
Michael Tyerman, CFO

THE QUEEN'S AWARDS FOR ENTERPRISE: INTERNATIONAL TRADE 2021

THE KING'S AWARDS FOR ENTERPRISE 2024 INNOVATION

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1H FY2025 Summary

- ✓ Significant Revenue and EBITDA increase
- ✓ Deepening relationship with SpaceX with longer term planning
- ✓ Good progress with new Design Wins
- ✓ Significant progress with technology developments, with production wafer released for new RF band chip
- ✓ Opened office in Cambridge, with design team assembled
- ✓ Scaled manufacturing capacity with two new production lines added
- ✓ Enhanced engineering capabilities with 30 new engineers onboard (to end Jan)
- ✓ Strengthening of Leadership Team

Market Focus

Accelerated technology development

Manufacturing capabilities & scaling

Leadership & Business Development

Moving up the value chain

Half Year Summary

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Revenue
£25.6m (202%)

Adjusted EBITDA*
£8.7m (4,129%)

Operating profit
£6.8m (1,932%)

Cash at bank
£7.2m (0%)

Net cash (net of all lease obligations except right of use property lease)
£5.1m (1%)

* Adjusted EBITDA is adjusted earnings before interest, taxation, depreciation, amortisation, share-based payment and exceptional items

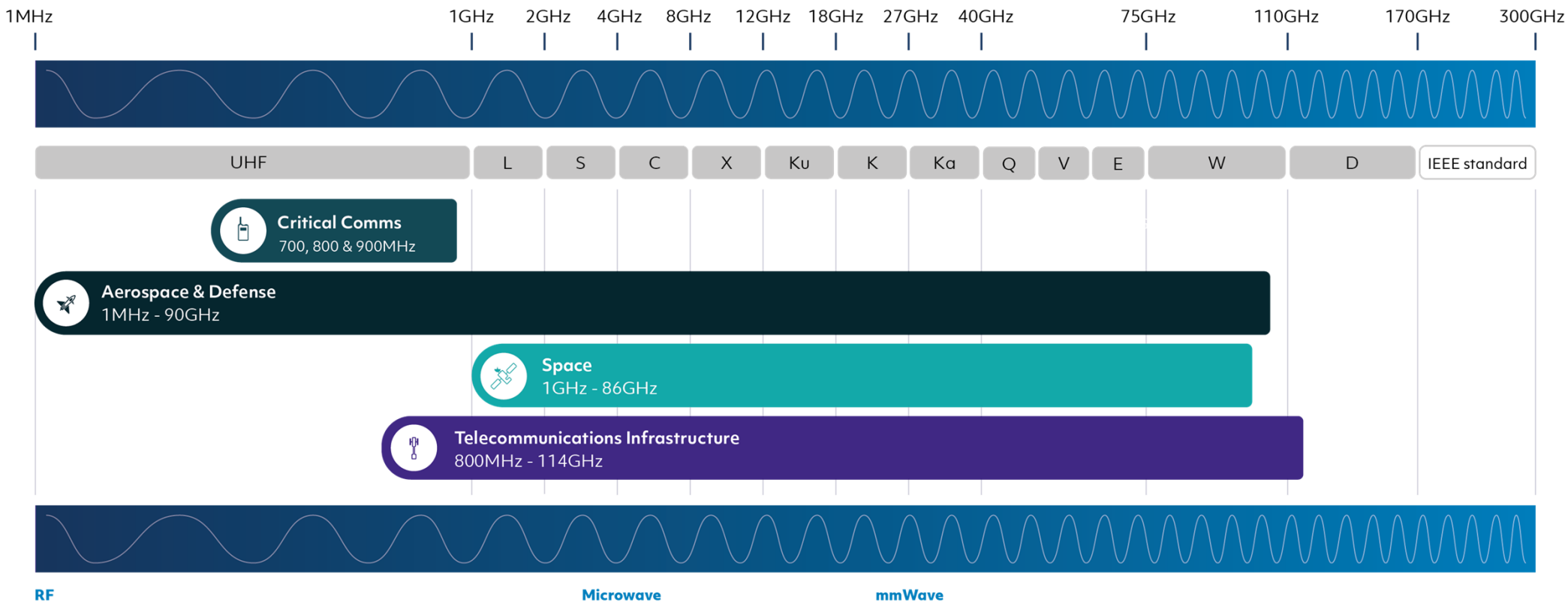
Operational Highlights

- Strong order inflow from SpaceX in the period aligned with the Strategic Partnership agreement.
- Technology developments progressing well to deliver on our future product roadmap in conjunction with key customers.
- Excellent progress made with the recruitment drive to scale the engineering team to meet demand and serve the healthy opportunity pipeline. This has resulted in a 16% headcount increase including the recruitment of a design team in Cambridge.
- Two new production lines installed in the period to increase manufacturing capacity to support revenue growth.
- Healthy cash position enables continued investment in revenue growth initiatives to deliver the strategic plan.

Post-period Highlights

- Leadership team further strengthened with three key appointments added.
- Positive cadence of order intake has continued in H2 resulting in two material upgrades to market expectations in the last two months.

RF solutions across the spectrum



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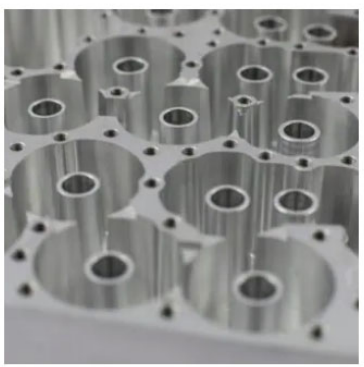
Where we excel

RF design and manufacturing capabilities across the entire spectrum and up to the highly complex challenging frequency bands at E/W and D-band.

Transceivers

Solid-state power amplifiers



Filters

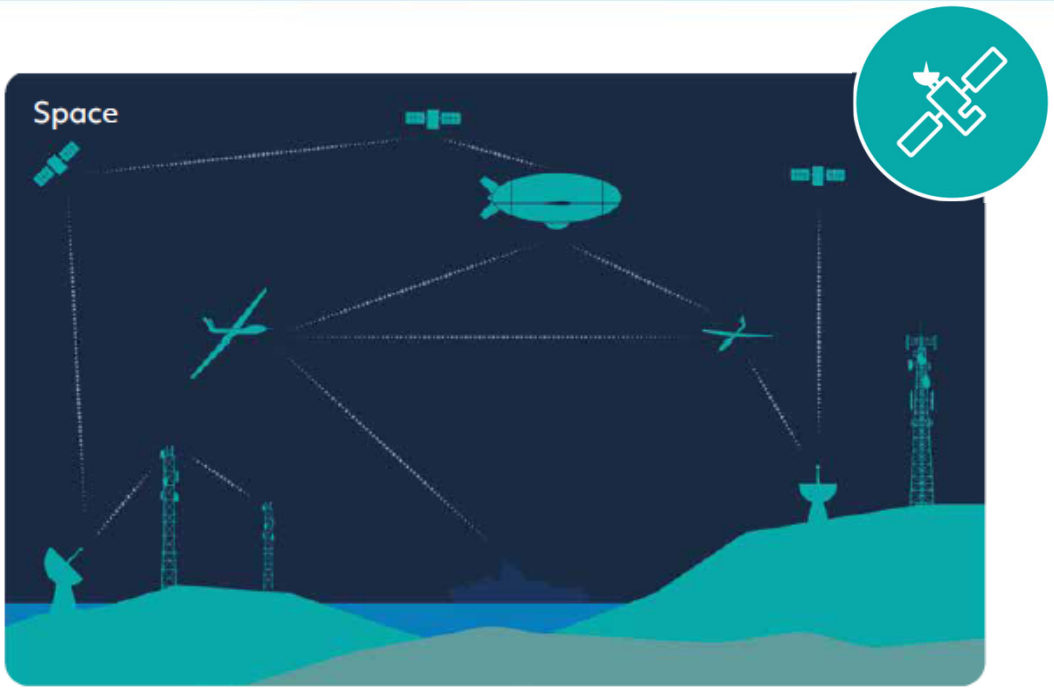
Space Communications

Telecommunications Infrastructure

Aerospace & Defence

Critical Communications

Growth markets



Connecting a converged network

- Low Earth Orbit (LEO) and High Altitude Pseudo Satellites (HAPS) applications
- Commercial and Military solutions
- Transceivers, Power Amplifiers, Filters

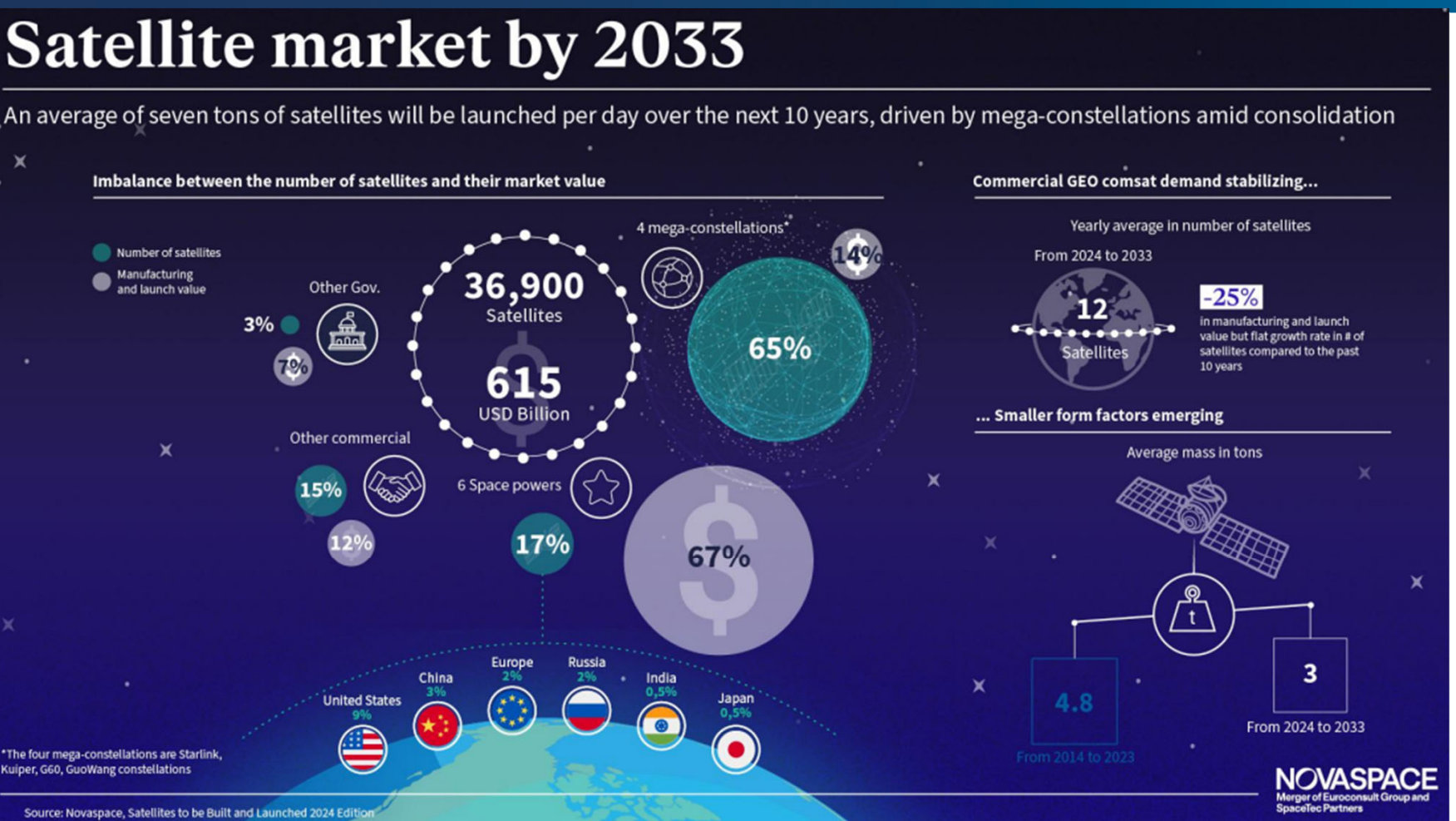
RF, Electronic Warfare & AESA Radar

- Unmanned & counter unmanned systems
- Electronic countermeasures
- Space communications solutions
- Transmit-Receive Modules, Switched filter banks, system builds

Market Dynamics

	Telecommunications Infrastructure (*X-haul*)	LEO Space (*Gateway / Payload Links*)	Aerospace & Defence (*Radar / EW / ECM*)	Critical Communications (*LMR / P25 Networks*)
Primary Applications	• E-band backhaul transceivers for 5G telecoms infrastructure • Private telecom solutions	• LEO Gateway communication links – payload and ground station	• RF transceiver modules for airborne ASEA radar and EW systems • Battlefield communications	• Subsystems for LMR secure public safety / first responder communications networks
Market Growth Rate	• **5G E-band Backhaul growth: 20% p/a CY2024-28** • 2025/26 outlook less optimistic due to overstocking by telcos	• **>36,000 LEO satellites launched by 2033** • SpaceX setting the pace • European constellations will need to accelerate their systems	• **Global market for EW to grow to $35B by 2031** • **£16.5bn increase in UK Defence Spending CY2020-27 (under review)** • **£6.6b DSTL S&T budget**	• **LMR market growth: 7% p/a CY2022-26**
Market Drivers	• **Global 5G telecoms rollout** • Release of E-band licences • High density urban networks • Low installed fibre in backhaul	• **Ubiquitous broadband access** • Release of Ka,Q/V E-band licences • Economic network coverage • Future operating revenues	• **Outsourced RF design capability** • Sovereign OSAT hybrid facility • UK Defence Strategy / Exports	• **Reliability P25 LMR solutions** • Upgrade + MRO installed base • Introduction of LTE solutions • Integration LTE LMR solutions
Filtronic USP	• **Partnership with market leader** • Quality /reputation / brand • Proven IP / Performance • History of volume delivery	• **Partnership with SpaceX** • Tx /Rx Power SSPA performance • Telecoms reputation / cost • Volume manufacture + ramp-up	• **Partnership with market leaders** • Accredited UK RF hybrid facility • Strong RF design / DFM support • Manufacturing processes	• **Partnership with Motorola** • Quality /reputation / brand • US manufacturing facility

Space - A massive market opportunity



- Mega constellations drive volume but lower % of $
- Large projects with the “Space Powers” US, Europe, India and Japan.
- Key solutions for the market:
  - SSPA
  - Transceivers
  - Filter
  - Diplexer
  - Transponders

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Primary LEO Space Constellations

Programme	Target Segments	Target Constellation Size	HQ	Launch Partners	Satellite OEM	Bands	Comments
StarLink	Consumer and Enterprise Internet / Government	42,000	Redmond, USA	SpaceX	SpaceX	Ka, E, others	Service live across, US, EU and SE Asia inc Australia and NZ
Amazon Kuiper	Consumer and Enterprise Internet / Government	3,236	Seattle, USA	Arianespace, Blue Origin, United Launch Alliance	Amazon Kuiper	Ka	Trials ongoing but delayed, expecting launch first satellite in 2024, service starts in 2025/6
OneWeb	Consumer and Enterprise Internet / Government	648	London, UK	SpaceX	Airbus / LHM	Ka	Limited service available / OWG2 under review
TeleSat	Enterprise Internet / Government	188	Ottawa, Canada	Arianespace, SpaceX, ILS (Russian)	Boeing, Space Systems Loral, EADS Astrium, BAE,	Ku, Ka	GEO service available, LEO undergoing trials
AST	Direct to Cellular	95	Texas, USA	SpaceX	AST	Ka, V/Q	Trials - some objections to their 700sq ft satellite
Rivada	Enterprise Internet / Government	600	Munich, Germany	TBA RFQ out	TBA - RFQ out	Ka	Trials, Deployment starts 2025, expected service 2028
Lynk	Direct to Mobile Connections	5000	Washington, USA			Ka	Trials
SES O3B	Media and Private Networking	20	Luxemburg	SpaceX		Ka / E	MEO service for media today

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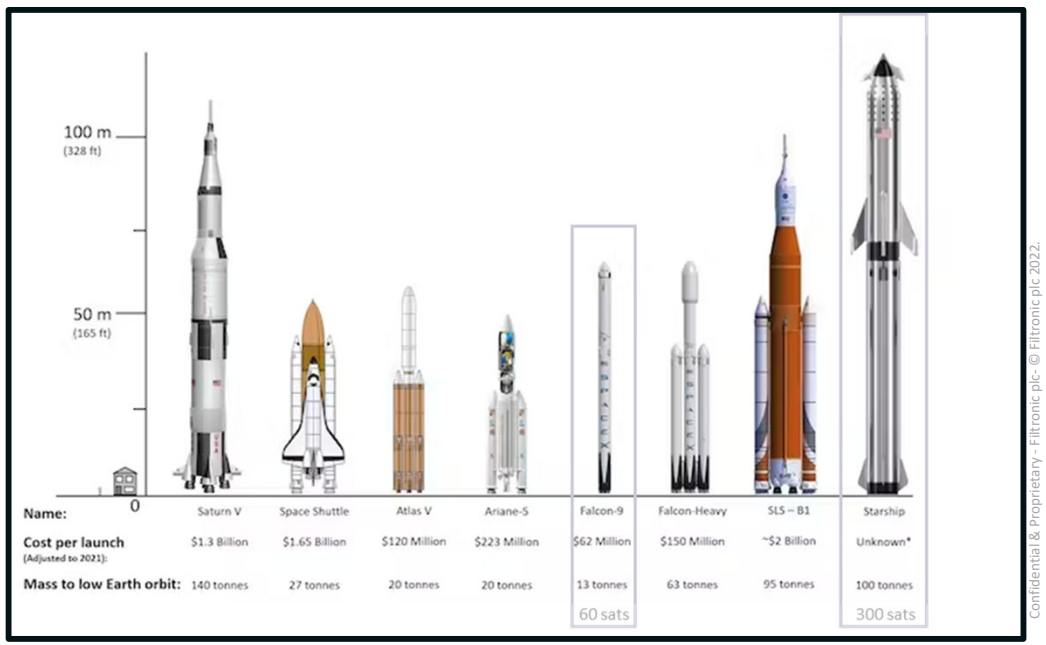
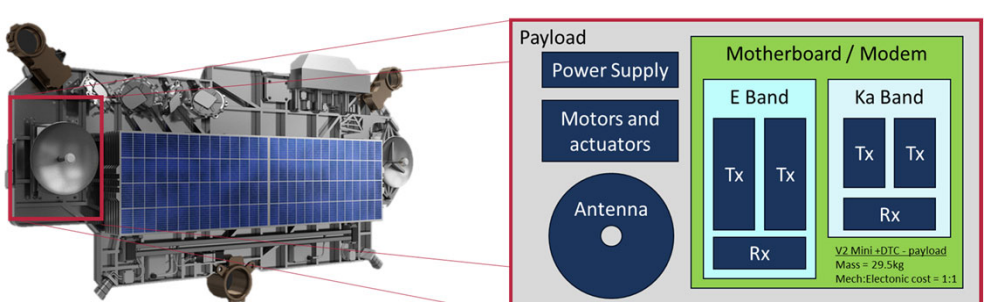
LEO Space - Ground Station Opportunity

- Ground stations, or **Gateway Links**, links the ground to and from the LEO satellite as it passes overhead
- Uplinks require high performance amplification at mmWave frequencies to expand **network capacity and lower latency**
- LEO deployment will have multifrequency connectivity **Ka, E-band** in a dual-band system with **additional bands** added in the future to maximise capacity and optimise latency
- Ratio of between **1:1 and 4:1 satellites per ground station** depending on user demand, service standards and network configuration

LEO Space - Satellite Payload Opportunity

- Solving the **cost of launch and deployment** has been the key to unlocking the economic potential of LEO satellite constellations
- The speed of network deployment depends on launch capacity.
- Payload solutions must consider **size, weight, power and cost** and be designed to survive in a radiation environment – this requires significant qualification effort – ref: ESA contract award
- Current market assumption is **>36,000 LEO constellation satellites in service by 2033** – between 1 and 5 payload links per satellite





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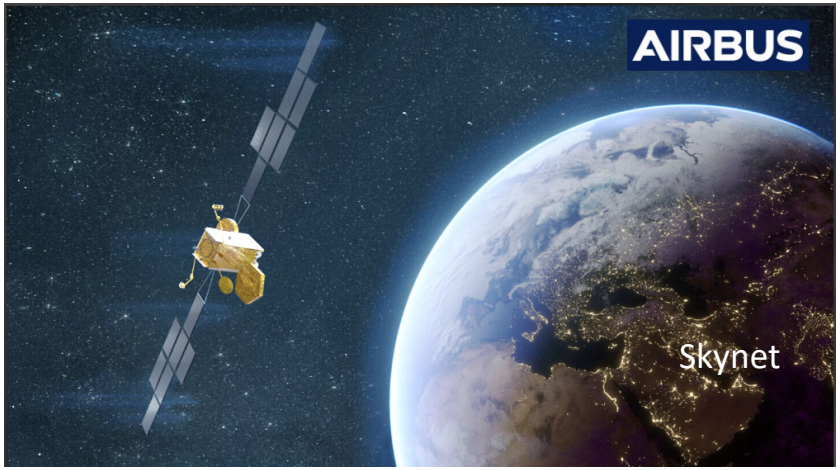
Aerospace & Defence Market

Filtronic investment case

- **Sovereign capability** - Filtronic secure UK facilities with full defence accreditation
- **RF skills shortage in the UK** – defence primes need support on key programmes to deliver
- **Current conflicts** highlight the importance of Electronic Warfare (EW) and Electronic Counter Measures (ECM)
- **Convergence of markets** – space and defence converging with telecoms

UK Defence Budget: approx. 2.3% GDP

- UK Typhoon fleet radar system
- **SkyNet 6 –** secure MoD GEO Space communications
- **Tempest** - next generation fast jet platform
- **DSTL -** 5-year budget for Science & Technology £6.6b



New leadership appointments

Antonino Spatola

Chief Commercial Officer

Over 20 years of expertise in commercial leadership, business development, and strategic growth, with a particular focus on the Space and Defence sectors.

Prior to joining Filtronic, Antonino held senior commercial positions at industry leaders including Teledyne E2V and Leonardo.

Dave Marshall

Director of Programmes

Dave now leads the company's portfolio of critical programmes in key sectors such as Defence and Space.

Prior to joining Filtronic, Dave held senior leadership roles at Leonardo, including his most recent position as Vice President of Typhoon Radar Development. With a proven track record of managing complex, high-profile projects, he brings extensive expertise in programme management and strategic leadership.

Sarah Shaw

General Counsel

Sarah oversees the company's legal affairs and manages critical commercial contracts with major customers. With over a decade of global experience as a commercial lawyer and business leader, she is adept at navigating complex challenges with sound commercial judgement and strategic insight.

Before joining Filtronic, Sarah served as Director of Contracts and Counsel at Teledyne

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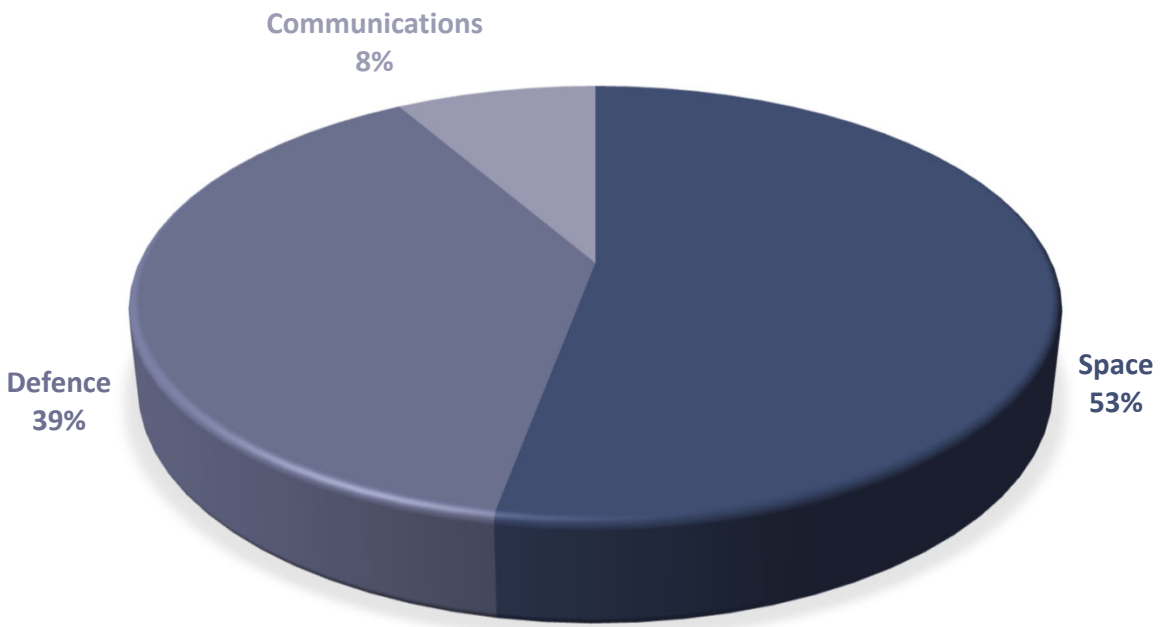
Design Win and Sales Pipeline progress

- 12 new Design Wins with 9 customers in 1H 2025 with lifetime revenue >£30M
- Target growth markets of Space & Defence dominate sales pipeline
- Strategic Defence Review has imposed some delays on key opportunities
- Good progress with customer diversification, but this will be an evolving picture over the next 2-3 years

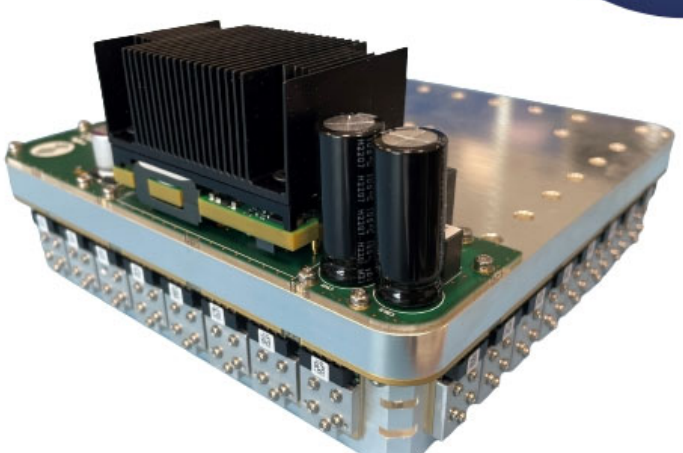


Sales Pipeline Market split (w/o main customer)

SpaceX

- Partnership progressing well
- First 5% share warrants from Strategic Partnership fully vested due to high levels of orders for E-Band GaAs SSPAs
- Greater long term visibility and planning
- Next generation technology developments are on time for roll out
- Increasing demand, which had led to market upgrades

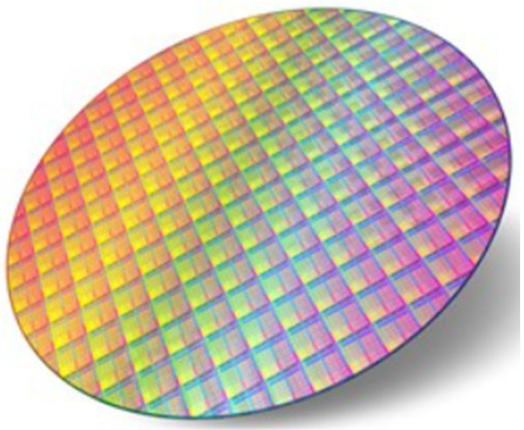
SPACEX
Strategic Partnership for
STARLINK
filtronic



Core Technology Developments

Next RF band Chip Development

- Initial devices produced and measured
- Improved designs & tape-out complete
- Production ready H1 FY2026

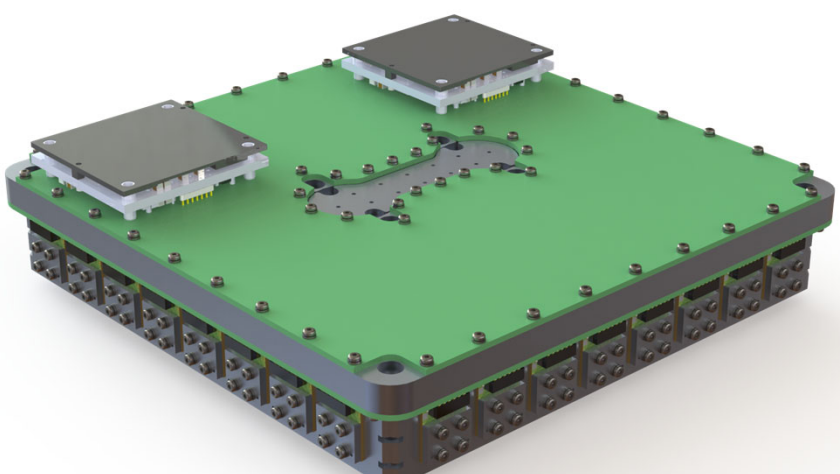


High power GaN Chip Developments

- Three RF band developments in parallel
- Good performance demonstrated and one production mask released
- Production ready H2 FY2026

GaN based Solid State Power Amplifiers

- All modules underway aligned with chip developments
- First prototypes H1 FY2026
- Production ready H2 FY2026



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HQ Expansion – Entry Summer 2025

- Move of headquarters to new state of the art facility on the same site
- 44,000 sqft manufacturing and office space (current is 17,000 sqft)
- 6x larger cleanroom than current facility – ISO7, 8 and 9 zones
- >150 office staff area

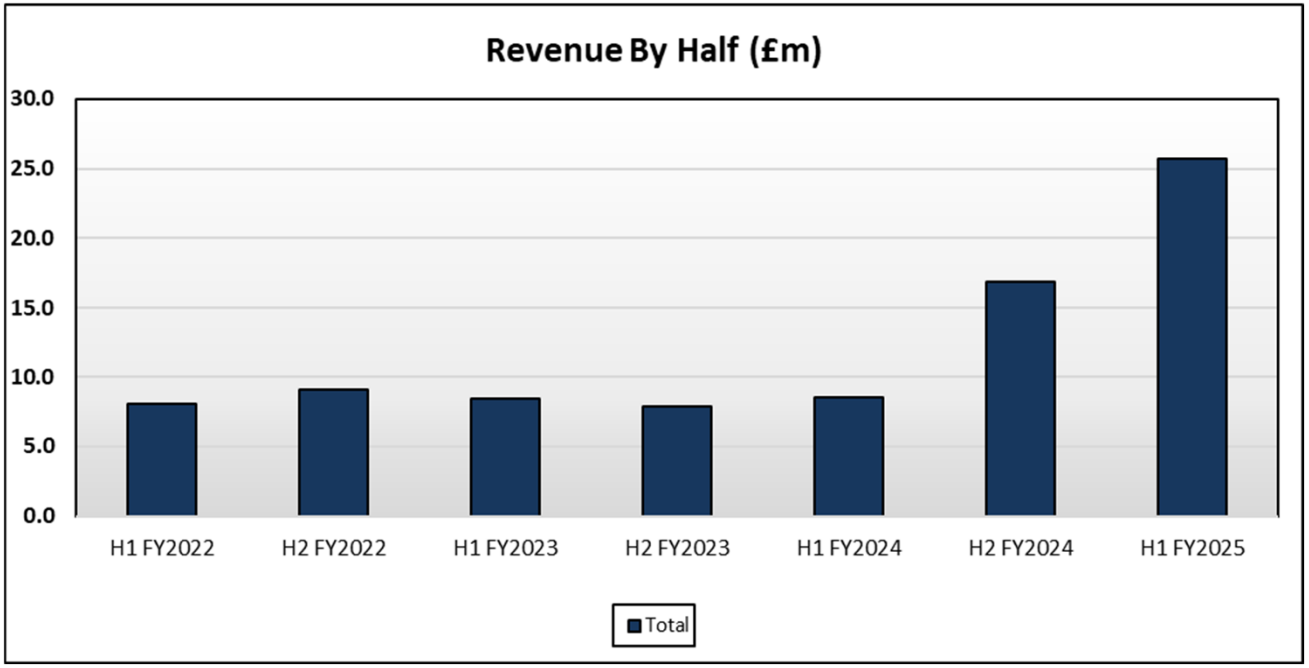
Financial Summary

Revenue: Increase of 202% vs FY2024

Revenue from long-term development contracts at ESA, BAE and QinetiQ still to be realised

Key strategic objective:

Continue to develop customer base outside of major customers



Group revenue £25.6m (2024: £8.5m)

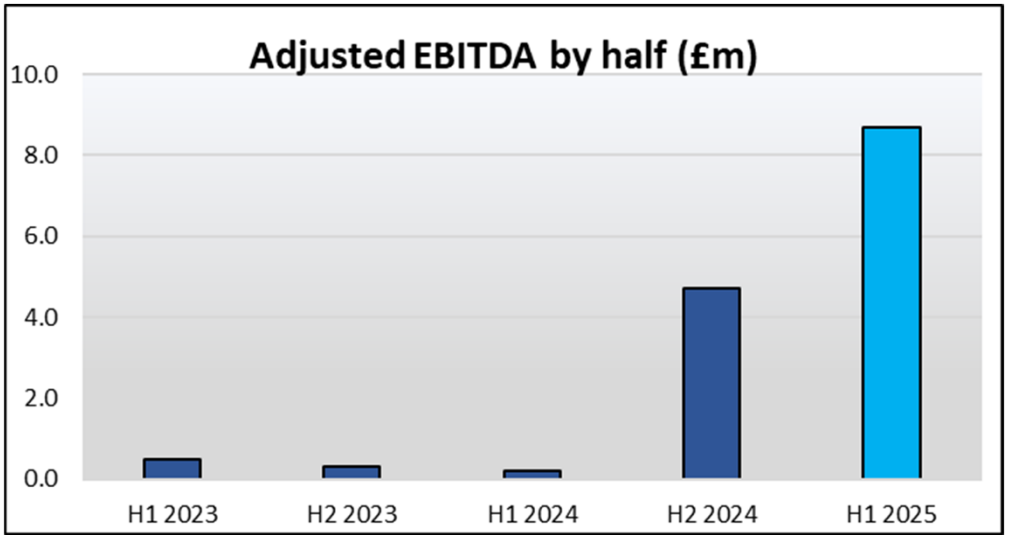
- Space market delivering transformational growth for the business thanks to strategic partnership with SpaceX.
- Aerospace & defence projects impacted by a supply hiatus due to component trials. Demand expected to return.
- Critical communications results normalised after semiconductor shortages after covid.

202% increase against FY2024

- **Xhaul including Space:** Increased 426% vs HY2024 with space market driving growth.
- **Defence:** Decrease of 7% vs HY2024.
- **Critical comms:** 39% revenue decrease vs HY2024.

Execution of Strategy and Investing for Growth

Tangible results starting to show from the output of strategy execution



Full year results (£m)			
	HY2025	HY2024	Change
Revenue	**25.6**	**8.5**	**202%**
Material costs	(9.7)	(3.2)	(200%)
Operating costs	(9.1)	(5.6)	(62%)
Operating (loss)/profit	**6.8**	**(0.4)**	**1,932%**
EBITDA (Adjusted)	**8.7**	**0.2**	**4,129%**

- **Sales mix** is similar to the prior year with contribution margin flat
  - Increased level of trading, benefit of improved overhead recovery, driving margin improvement.
- Investment in engineering continued which has increased the overhead cost base by 62% to £9.1m to support revenue growth.
- **Adjusted EBITDA** increased by 4,129% albeit from a low base to £8.7m.
  - Driven by stronger sales despite aggressive investment in resources and processes.
- EBITDA **margin** is over 30% reflecting the business's ability to scale.

Balance sheet

	Nov-24	May-24	Nov-23
	£m	£m	£m
Goodwill and intangible assets	2.6	2.3	2.0
Right of use assets	3.8	3.7	3.6
Property, plant and equipment	2.1	1.2	0.8
Deferred tax	1.0	1.0	1.2
Non-current assets	**9.5**	**8.2**	**7.6**
Inventory	4.2	3.3	2.6
Trade and other receivables	15.1	6.5	4.5
Contract assets	1.7	0.0	0.0
Cash and cash equivalents	7.2	7.2	4.1
Current Assets	**28.2**	**17.0**	**11.2**
Trade creditors and other payables	8.2	5.4	2.8
Provisions	0.5	0.5	0.4
Deferred income	1.5	1.5	1.8
Lease liabilities	3.0	3.0	2.8
Total liabilities	**13.2**	**10.4**	**7.8**
Net assets	**24.5**	**14.8**	**11.0**
Share capital and reserves	**24.5**	**14.8**	**11.0**

Capital expenditure and Right of use assets

- Two new production lines added enabling us to flex capacity as well as the addition of increased engineering capability.

Capitalised development costs

- Execution of the strategic plan and technology roadmap have led to capitalisation of £0.5m development costs in line with IAS38.
    - Space market product development.

Working capital

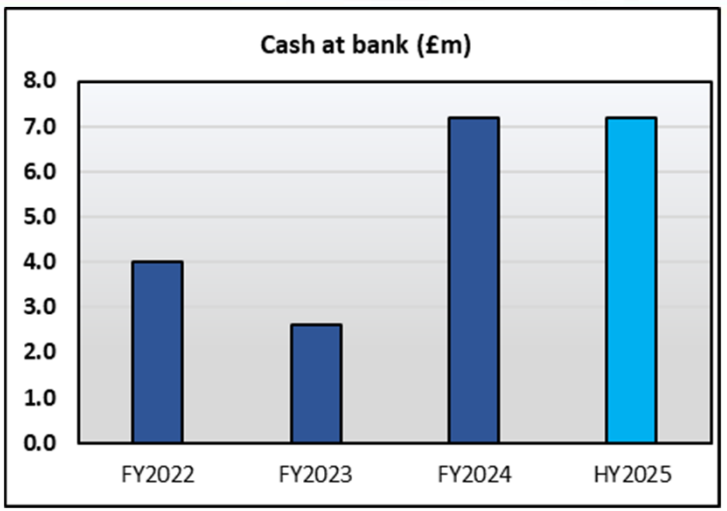
- Inventory managed tightly with a reduction of holding by 30 days.
- All within terms and in-line with industry standard.

Contract assets

- Recognition of SpaceX share warrants as a contract asset at fair value. £0.9m amortised to revenue as variable consideration in the period.

Cash

	Nov-24	May-24	Nov-23
	£m	£m	£m
Net cash generated from operating activities	2.1	1.9	1.8
Net cash used in investing activities	(2.0)	(0.5)	(0.5)
Net cash used in financing activities	(0.1)	0.1	0.1
Movement in cash and cash equivalents	**0.0**	**1.5**	**1.5**
Currency exchange movement	0.0	0.0	0.0
Opening cash and cash equivalents	7.2	2.6	2.6
Closing cash and cash equivalents	**7.2**	**4.1**	**4.1**



Cashflow movement

- Generated £2.1m from operating activities: Strong EBITDA generation with adverse working capital movement financing revenue growth.
- Investments in product development and capital expenditure saw outflow of £1.5m.
- Cash neutral in HY2025 but working capital unwind and further EBITDA generation will drive healthy cash growth in H2.

Cash position healthy to maintain investment in growth

- £7.2m cash at bank at 30 November 2024 (May 2024: £7.2m).
- A healthy cash position to maintain.
- RCF signed with Santander in November 2024 for a 3-year committed facility for £5.0m – available to UK and USA. No drawings at 30 Nov (May 2024: no drawings).

Key Financial Themes

- Aerospace and defence
- Space
- Critical comms

Quality of Earnings

- Telecoms

Future investment	
Engineering resource	Target to maintain investment at 13% of revenue
Sales and marketing	Strengthening of the direct sales channel with a focus on space and defence to capitalise on the strong macro tailwinds
Operational cost base	Cost base previously sub-scale but now operating efficiently at this level of trading. Small number of add-ins will be needed to prepare business for future growth.
Manufacturing capacity	Higher revenue can be supported without the need for significant capex spend. More space added in FY2026 giving more flexibility for future strategy decisions
Capex requirements	Requirement for additional engineering capability and support new market-driven frequency band. New state-of-the-art facility in Sedgefield due to be operational in the middle of 2025.
EBITDA margin	Healthy EBITDA margin supporting re-investment

Investment Proposal

- On a significant growth trajectory
- Focused strategy designed for major revenue growth and shareholder value
- Significant and growing orderbook and opportunity pipeline for FY2025 and beyond
- Controlled investment in leadership, business development, engineering
- Global technology leaders in high growth markets, innovating at pace

Thank You!