

SYNECTICS

A leader in advanced Security and Surveillance Systems

Synectics plc Interim Results 2023

Protecting what matters, where it matters most



About Us

Synectics is a Leader in Advanced **Security** and **Surveillance** Systems

What We Do

We create specialist security and surveillance solutions tailored for environments where security is operationally critical.

At the heart of our solution is Synergy, a powerful, highly flexible software platform which sets us apart as a technical leader in our industry.

How We Create Value


-  Customer-led innovation
-  Deep industry expertise
-  Long-term partnerships
-  Specialists in complex and regulated environments

How We Do It

Operating globally, Synectics secures major contracts for the design, development and deployment of security and surveillance solutions working in partnership with customers to create tailored solutions that meet their requirements.

Deploying and supporting systems through a global network of integration partners, it also supports some end users in the UK directly, through its Security integration business.

Our Global Markets

-  Gaming
-  Oil & Gas
-  Public Space
-  Transport
-  Critical Infrastructure



Agenda

- Overview
- Financial Headlines
- Business Review
- Financial Review
- Strategic Review
- Summary and Outlook

Overview

✓ Results in line with Board's expectations

- Continued progress in revenue and profits
- Full year results weighted to seasonally stronger H2

🔥 Strong oil & gas market

- Increased supply chain and production capacity
- Other markets expected to improve in H2 2023

📈 Order book well ahead

- Strong order intake has continued since period end
- Supports expectation of significantly improved trading in H2 2023

📊 Full year expectations remain unchanged

- In line with market expectations

“Synectics has now had four consecutive periods of progress in revenue and profits and is confident of delivering further progress in H2 2023.

Operating in markets that are strong and recovering, there is solid long-term growth potential, from a sound platform.”

Financial Headlines*

Revenue

£21.9m ↑ 14%

H1 2022: £19.2m

Operating Profit

£0.8m ↑ 61%

H1 2022: £0.5m

Profit Before Tax

£0.7m ↑ 62%

H1 2022: £0.4m

Order Book

£28.4m

31 May 2022: £24.5m

Net Cash

£4.0m

31 May 2022: £4.2m

Earnings Per Share

3.7p ↑ 76%

H1 2022: 2.1p

*All income statement figures set out in this presentation reflect underlying results and continuing operations, unless otherwise stated.

A large offshore oil rig is illuminated at night, with its lights reflecting on the calm water. The rig's complex structure, including tall derrick masts, is silhouetted against a dark blue sky with some clouds. The water is dark, and the rig's lights create a bright reflection on its surface.

Business Review

Revenue well ahead of the prior year, with a strong order book

- Strong gross margins and no material delivery issues, despite ongoing supply chain pressures
- Increased level of contracted recurring revenue and order book of long-term contracts

Strong oil & gas market expected to continue

- Significant contracts for Saudi Aramco will deliver revenue in H2 2023
- Increased supply chain and production capacity in line with expected increased demand amidst numerous other oil & gas contracts

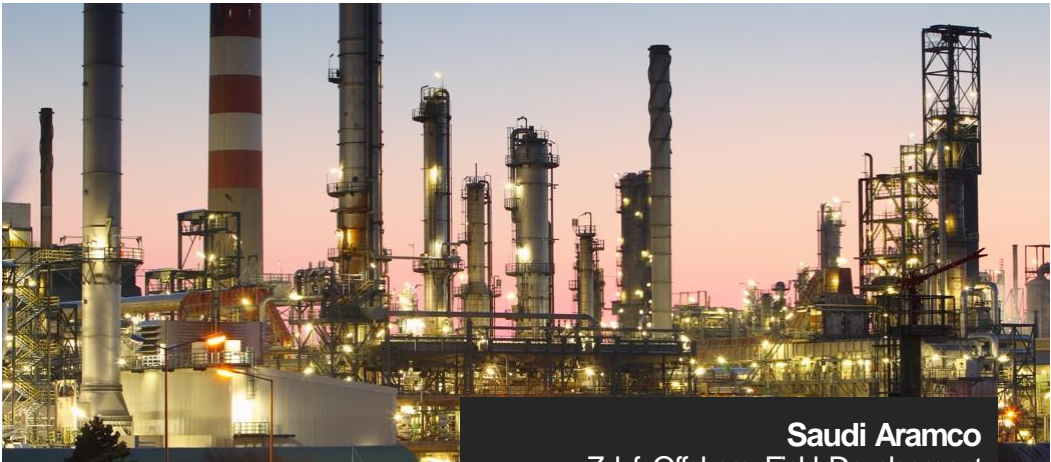
Gaming sector still experiencing delays, but recovering

- Casino contract in Philippines will deliver revenue later than previously expected
- New casino projects in North America won since the period end
- Long-term support agreement with a major corporate account covering multiple sites

Progress in other markets more modest, expected to improve

- Continued work with the City of London Police, including strategically important maintenance contract
- Security upgrade projects at multiple UK sites for a major critical national infrastructure customer
- Multi-site surveillance system for Sheffield NHS Trust has generated significant interest from this sector

Customer Highlights



Saudi Aramco
Zuluf Offshore Field Development



NHS Sheffield Teaching Hospitals
Multi-Site Surveillance System



Bloomberry Resorts
Solaire Metro North Casino Resort

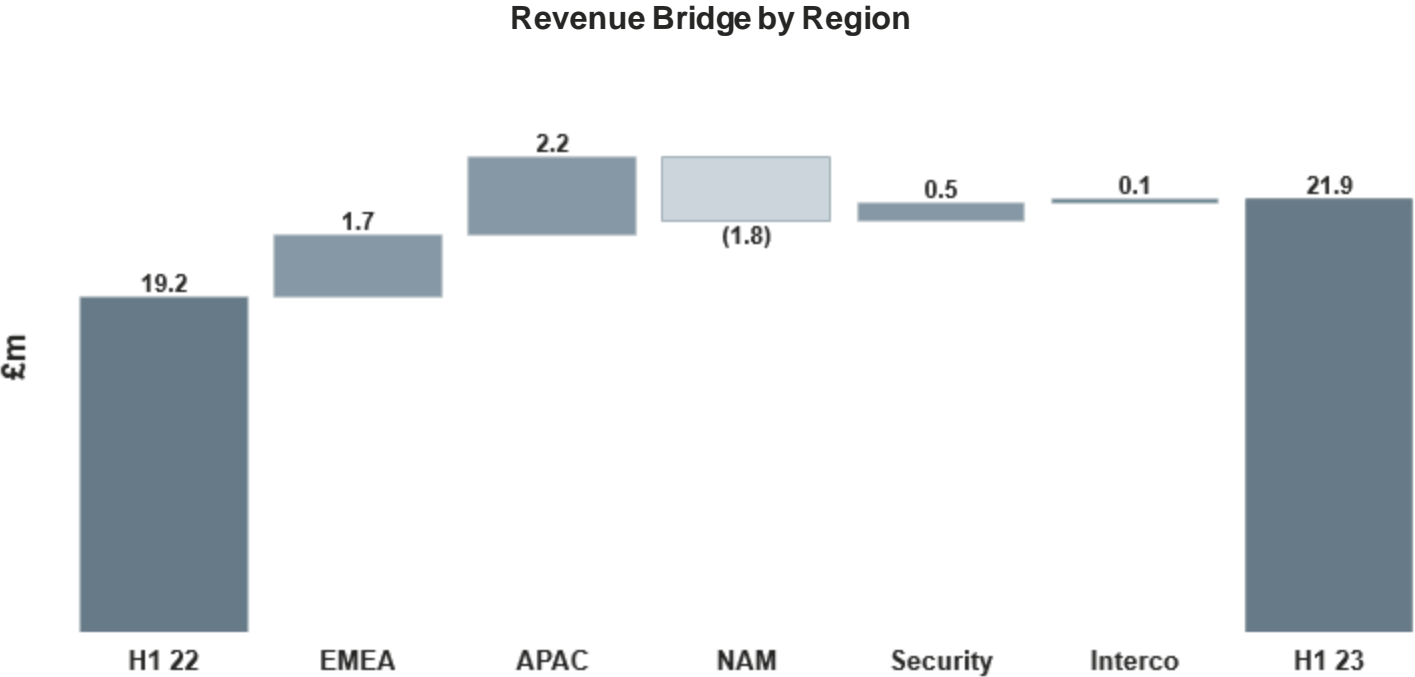


City of London Police
Secure City Programme

Income Statement

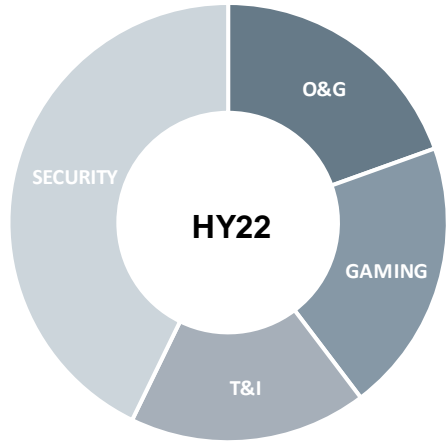
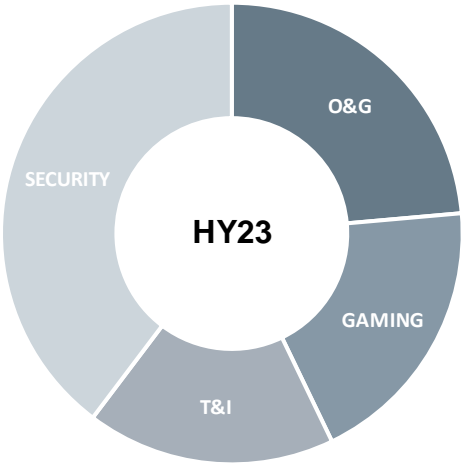
£000 underlying	H1 23	H1 22	Change
Revenue	21,851	19,159	14%
Gross profit	9,115	8,297	10%
%	41.7%	43.3%	(1.6) pts
Operating profit	764	474	61%
%	3.5%	2.5%	1.0 pts
Profit before tax	718	442	62%
EPS	3.7p	2.1p	1.6p

Revenue Bridge

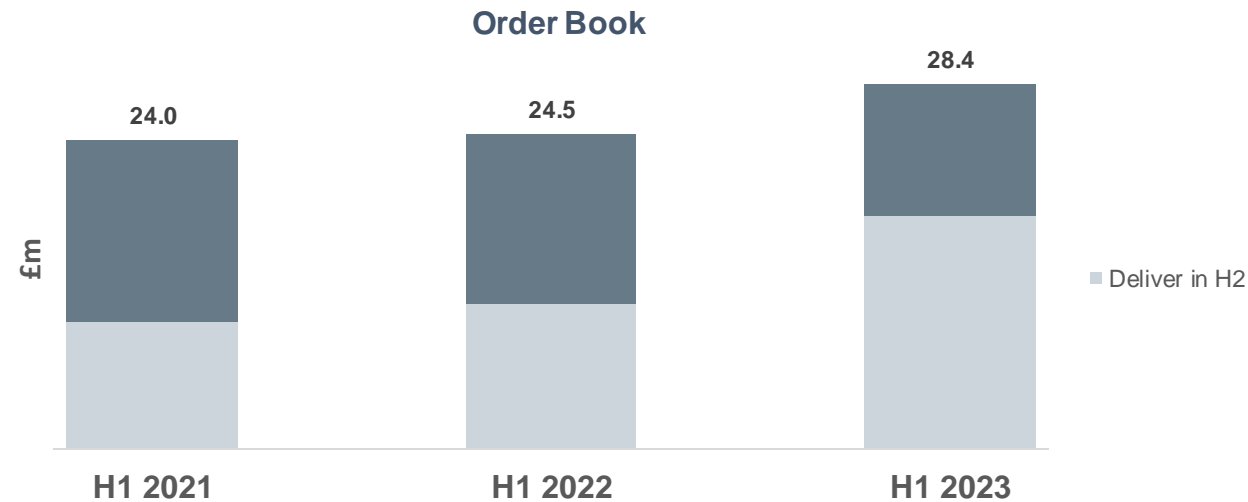
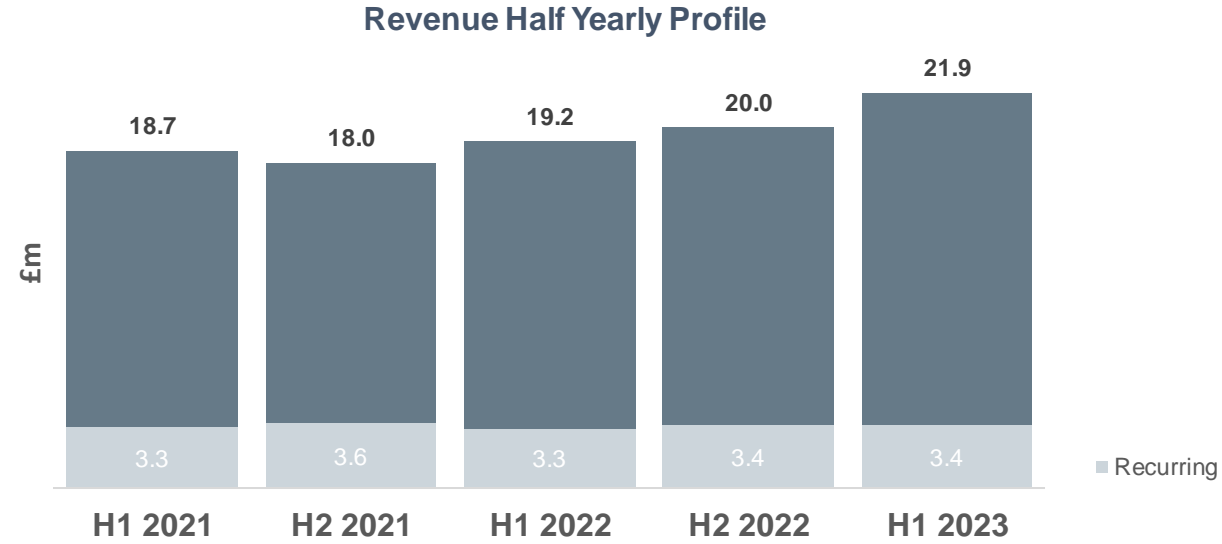


- Systems Revenue £13.8m (H1 2022: £11.8m)
 - EMEA £6.8m (H1 2022: £5.1m)
 - APAC £4.9m (H1 2022: £2.7m)
 - NAM £2.2m (H1 2022: £4.0m)
- Security Revenue £8.7m (H1 2022: £8.2m)

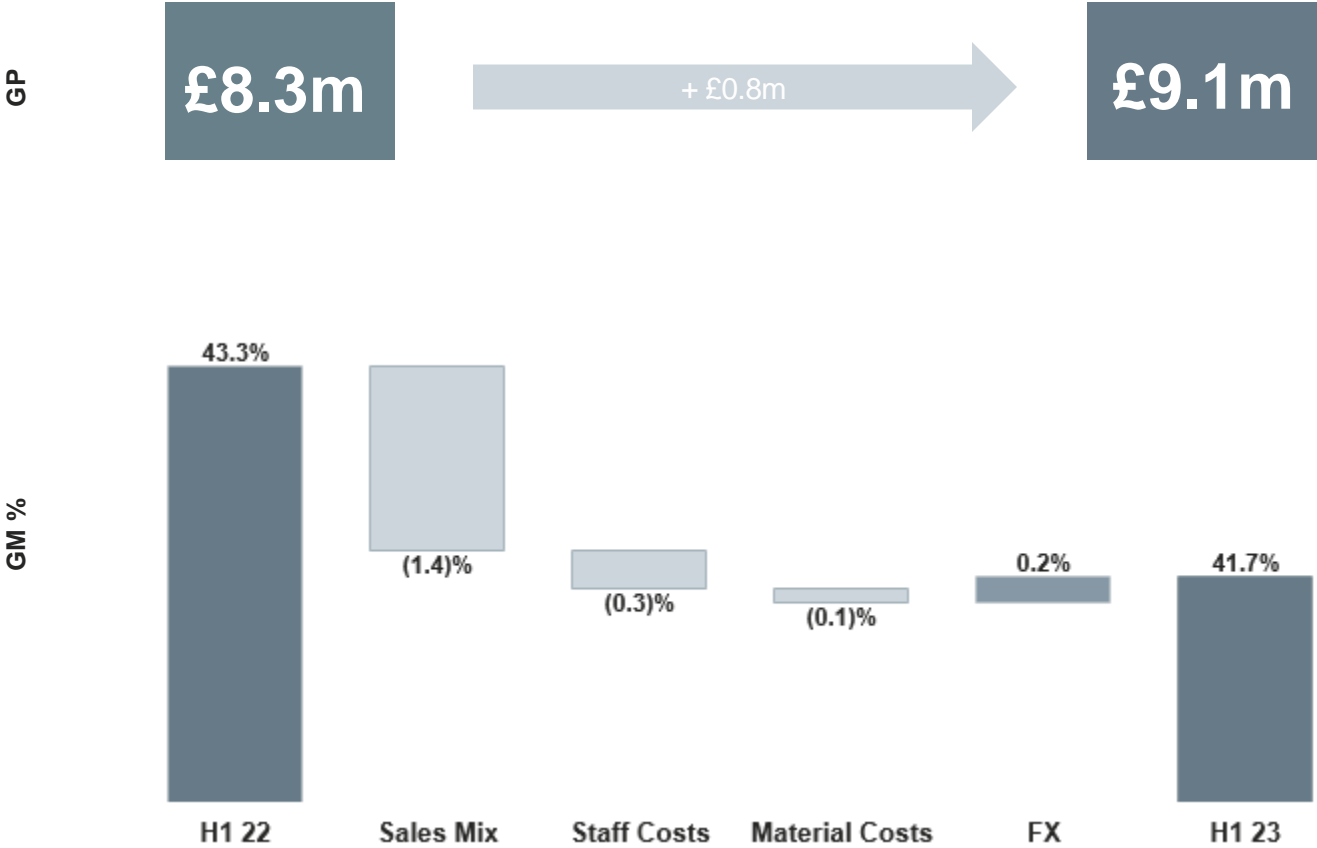
Revenue by Sector



Revenue & Order Book Profile

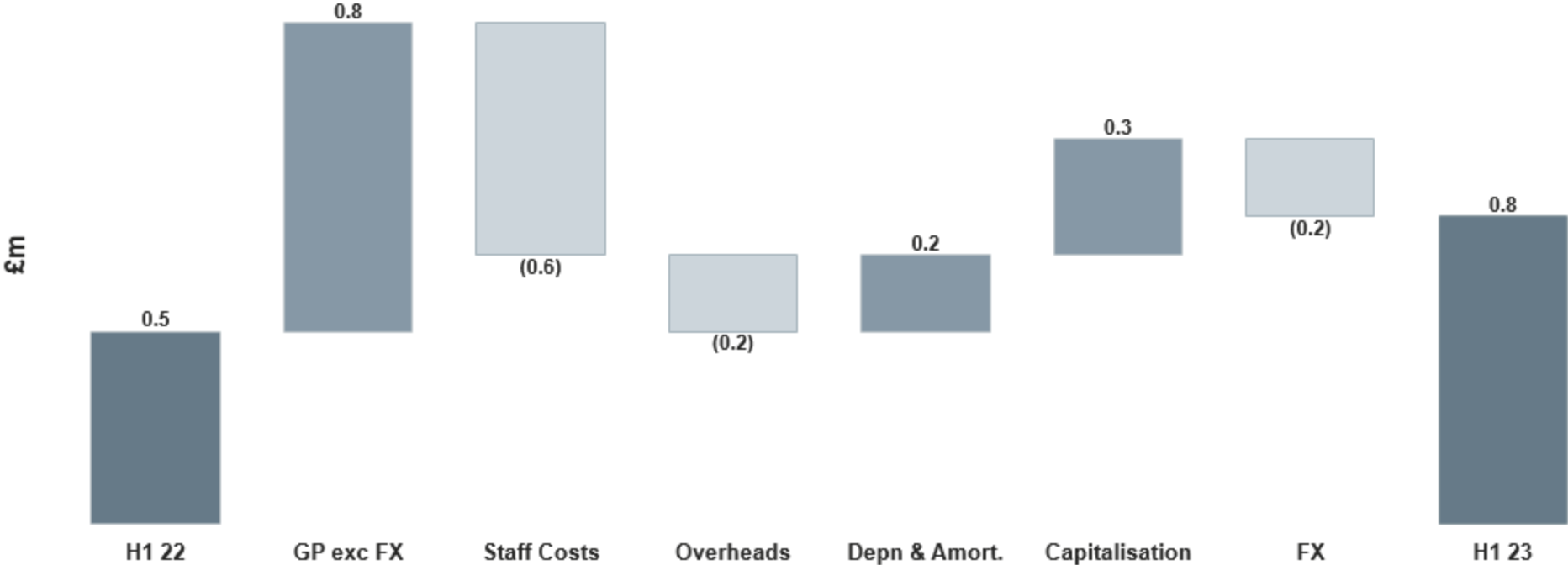


Gross Profit and Margin

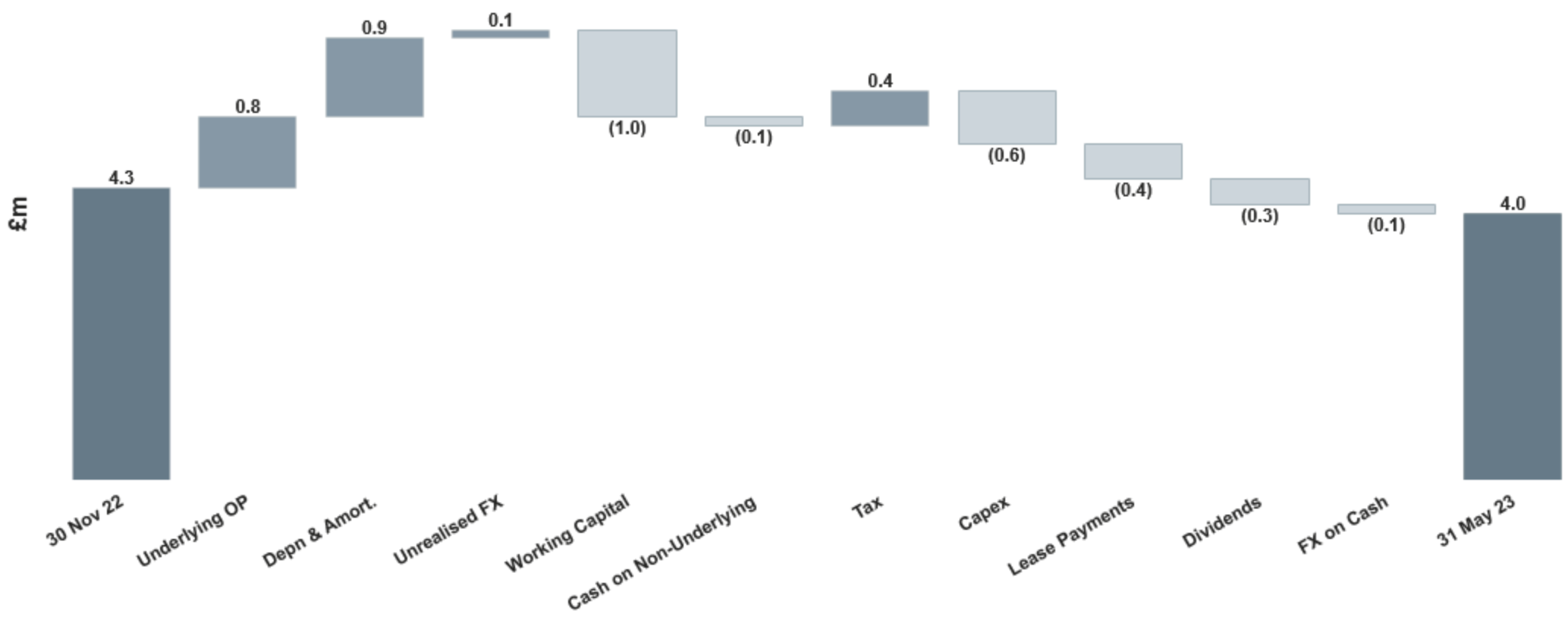


	H1 23	H1 22	FY 22
Systems	49.4%	50.4%	50.6%
Security	26.2%	28.6%	26.4%
Total	41.7%	43.3%	42.5%

Operating Profit Bridge



Net Cash



Strategic Review

Focus on specialist markets

- Deep sector expertise in markets with stringent functional and regulatory requirements
- Global scale and recent recovery in these markets offer strong revenue growth

Sales growth through partnerships

- Local specialist partners and integrators in each market
- Actively developing partner sales channels across various territories for market expansion

Investment in technology

- Investment in new talent complements strong core team
- Enhancing the ease of deploying our core technology
- Significant investments in cloud environment deployment
- Further integration of best-in-class artificial intelligence capabilities

Long-standing customer relationships

- Significant repeat business: upgrades, expansions and ongoing support
- Increasing level of contracted recurring revenue

Engagement with stakeholders

- New website and increased social media activity
- Further activities planned over the next period
- Heightened public attention towards supply chain security risks

Summary and Outlook

✓ Strong, recovering markets

- Synectics has a clearly defined position in markets that are returning to growth, with solid long-term potential

⬆️ Excellent foundation for growth

- The business is healthy, with a strong balance sheet that provides a robust platform for future growth

📈 Four consecutive periods of progress

- Since return to profit in H2 2021 we have had four consecutive periods of progress in revenue and profits

📊 Improved trading expected in H2 2023

- Order book well ahead, with a significant proportion expected to trade in H2 2023
- Order intake has continued strongly since the period end
- In line with market expectations, despite being weighted to the seasonally stronger H2

“Based on the current order book and pipeline of anticipated business, the Board expects the Company’s results for FY 2023 to be in line with market expectations, despite being weighted to the seasonally stronger H2.”



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