

sondrel

digital turnkey services
Complexity delivered simply

FY 2022 Results



Disclaimer

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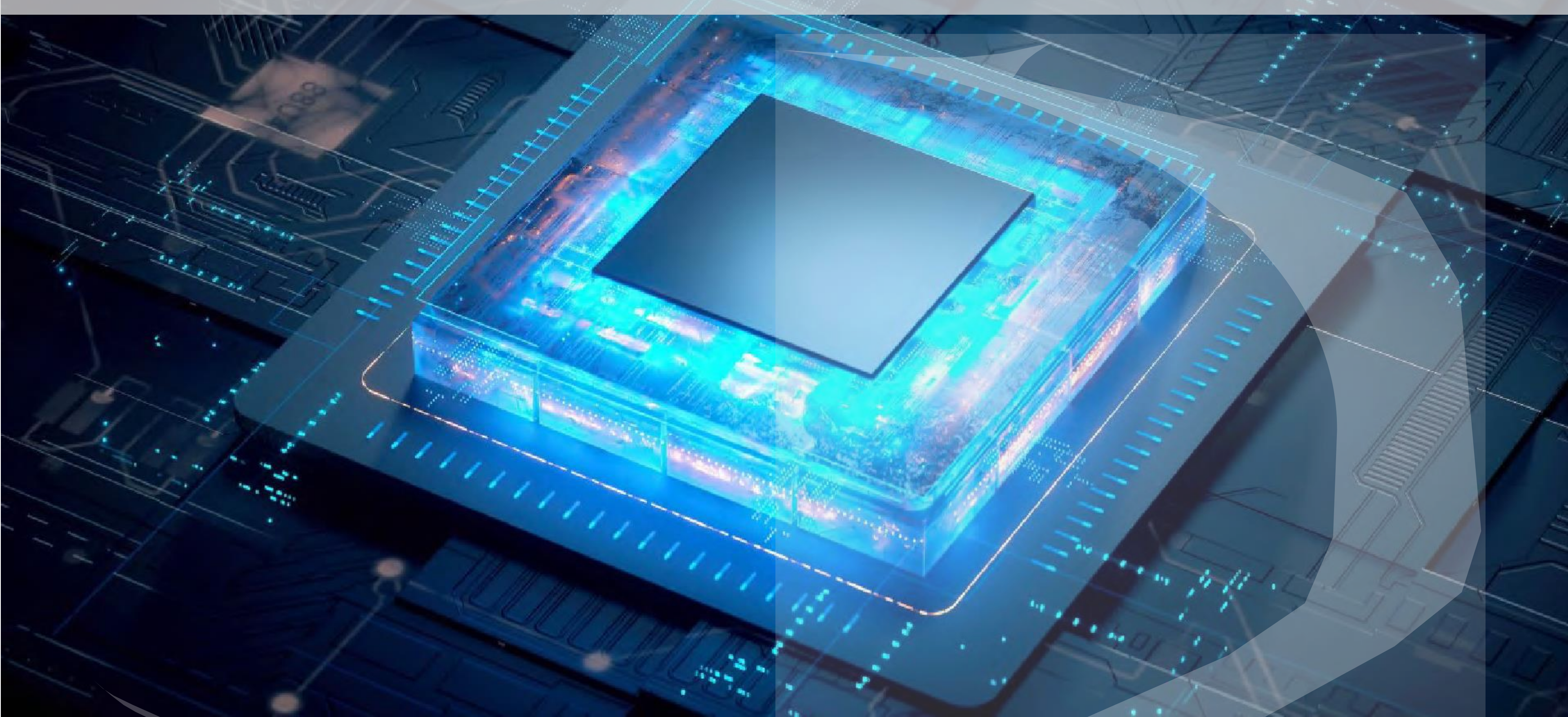
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Introduction

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Revenue
£17.5m
+116%

ASIC Revenue
£12.8m
+313%

Adjusted EBITDA
£(1.1)m
+56%

Total Headcount
181
+5%

Cash
£4.4m
+467%

Revenue per head
£97k
+11%

Well positioned for growth

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Fast growing market

- Worldwide semiconductor market forecast to reach \$1tn by 2030
- ASIC market around 40% of the total semiconductor market
- Focused on supporting key growth markets of Automotive, High Performance Computing, Industrial IoT, and addressing AI designs

Multiple drivers of revenue and earnings growth

- Addressing leading edge designs with increasing cost of ASIC design – EDA, IP, Masks, Wafers,
- Increasing value of 3rd party IP and revenue
- First production orders expected by end 2023

Well supported by strong, industry leading partners

- TSMC DCA partner with direct support
- ARM Approved Design Partner
- One of 2 non-Asian Samsung SAFE partners
- Direct engagement with GlobalFoundries, Amkor, ASE, Arteris

Well-known / limited competition

- Only advanced ASIC company able to offer localised supply chain and management to EMEA and USA customers
- Enabling IP capability

A clear growth strategy with a proven and differentiated business model

- ASIC design – Prototyping – Volume production

Entered the US market

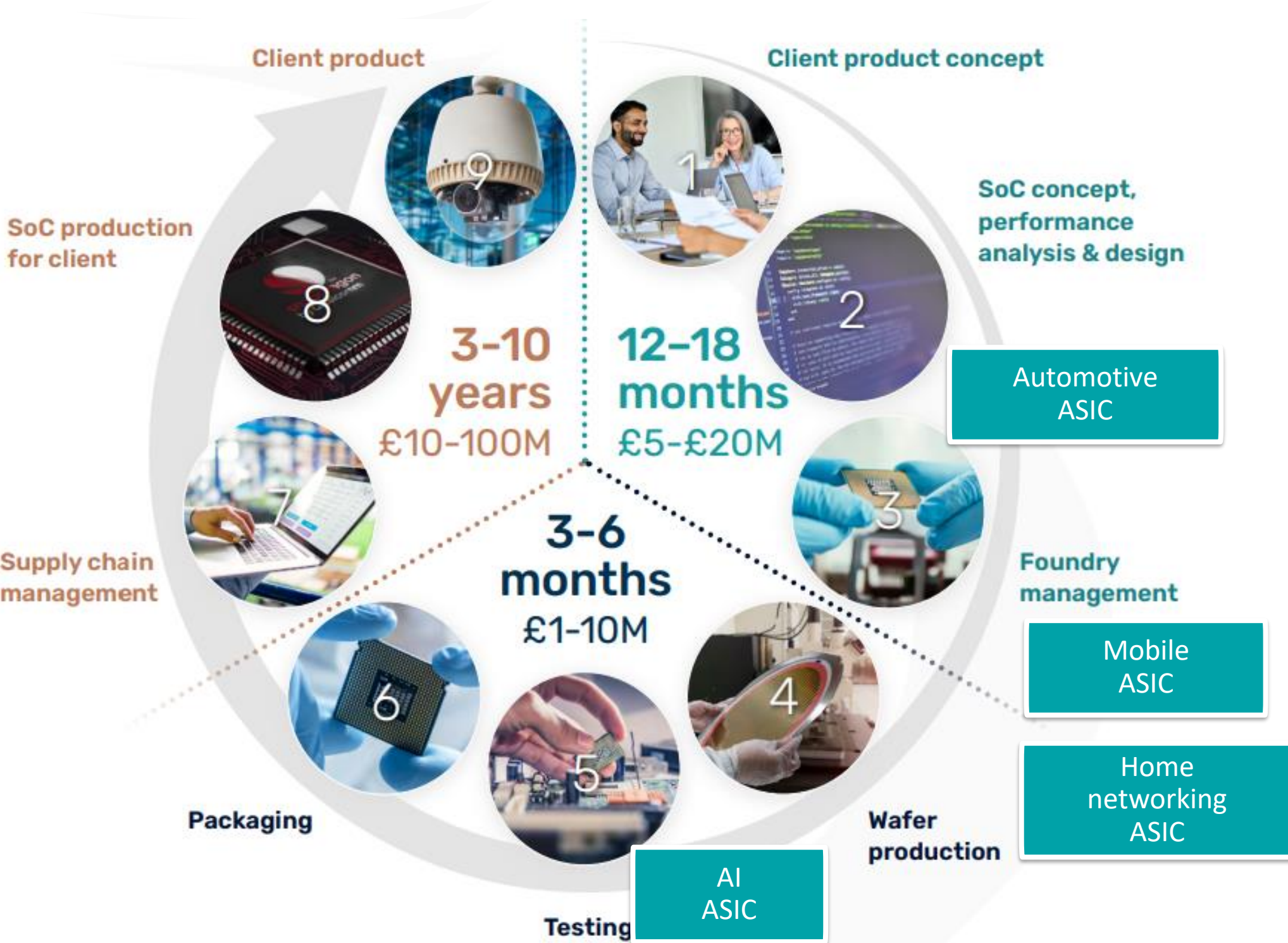
- Many requests for localised supply chain
- Office opened in Santa Clara, California
- Engineering and sales teams established and growing

Introduction to Sondrel

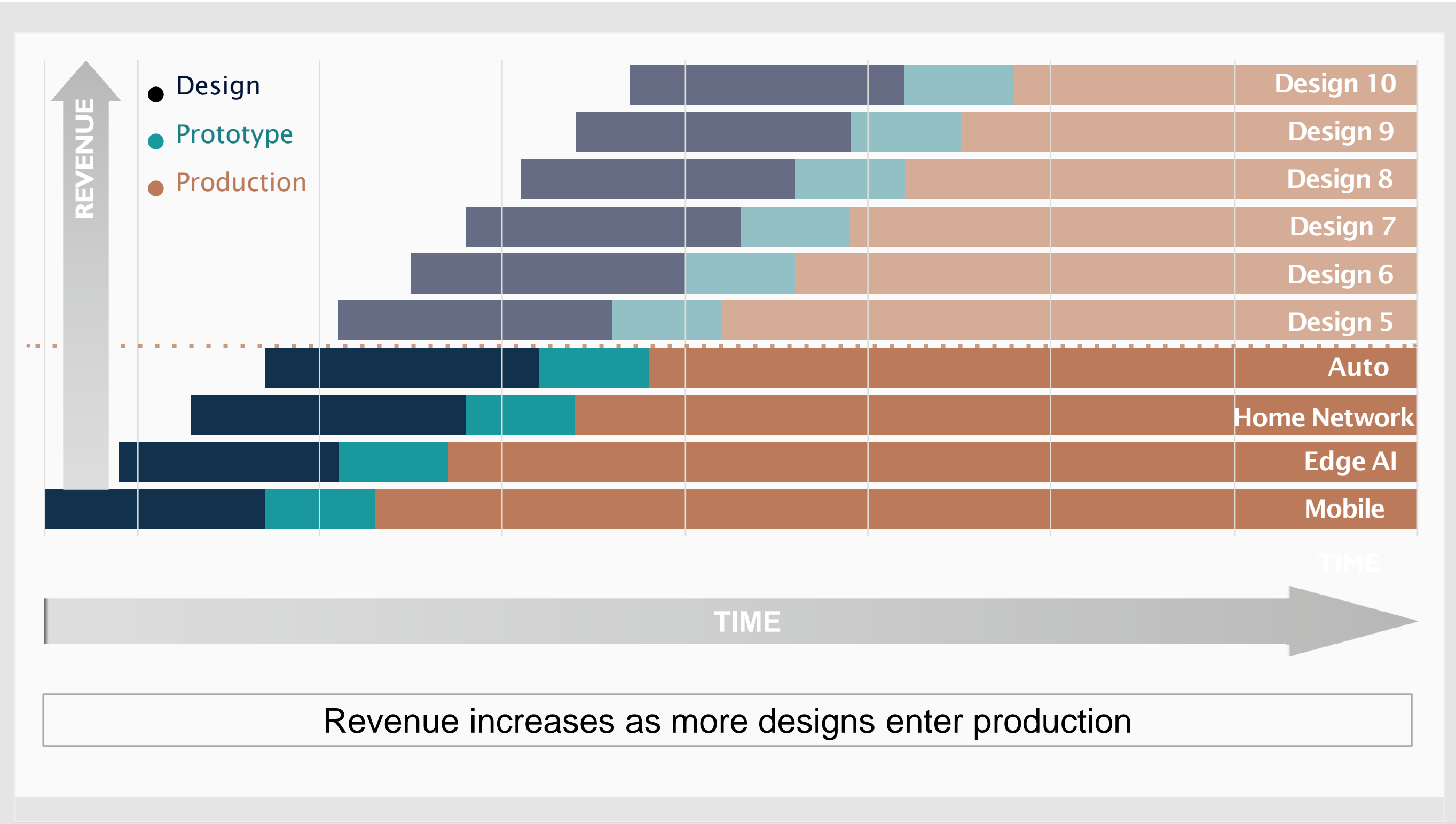


Turnkey service in the design and delivery of **complex ASICs and SoCs** in new technologies for **leading global technology brands** - from concept to delivered products

Forefront of technology with design and delivery capabilities down to 3 nanometres (250 million transistors per mm²)



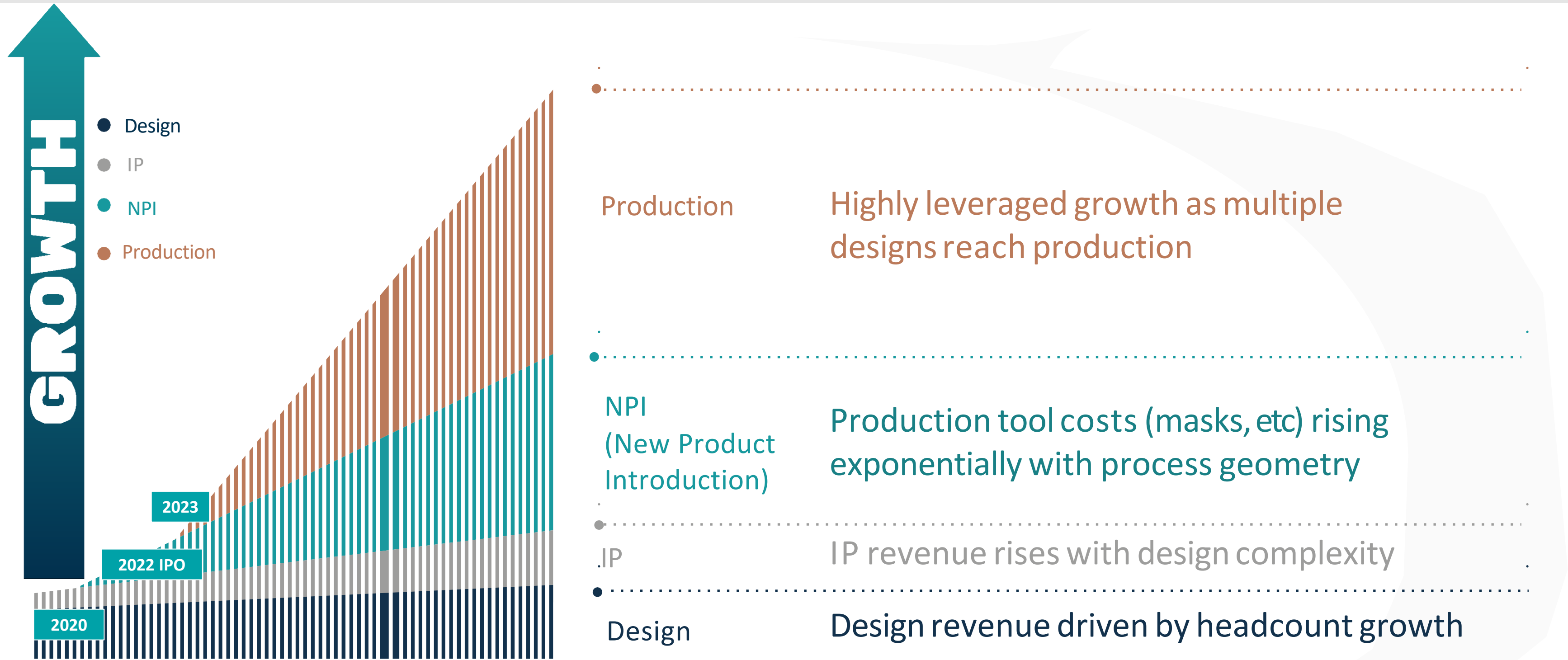
Production - aggregating revenue streams over time sondrel



- Leveraging proven engineering capability to scale revenue
- Fabless chipmaker model provides recurring, scalable 'long-term' revenue stream
- First production from products now in design due late 2023

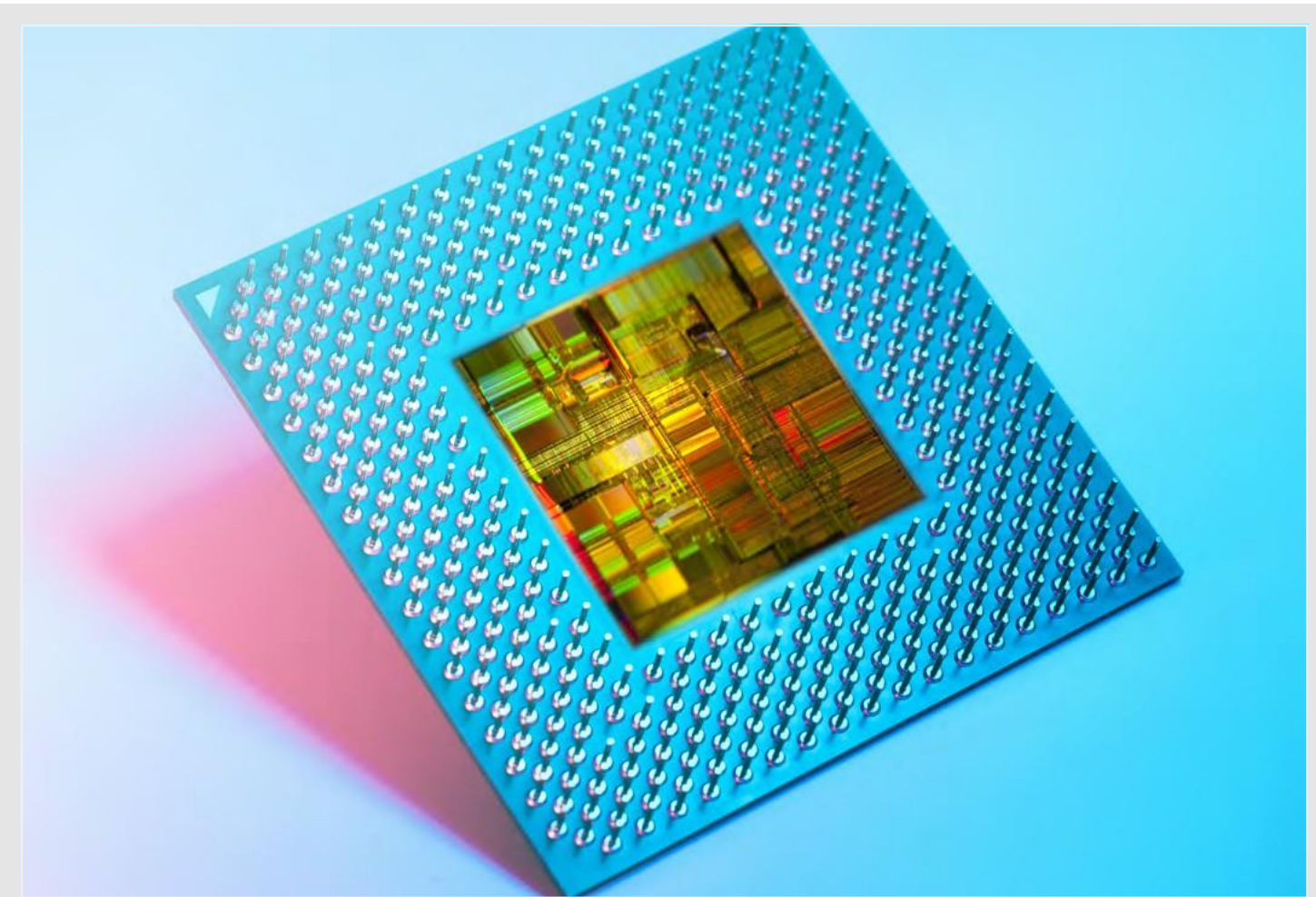
SIMULTANEOUS ENGAGEMENTS

Multi-tier revenue growth



Strong strategic progress since IPO

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“Increasingly, companies want custom-made chips fitting their applications’ specific requirements rather than use the same generic chips as their competitors”¹

1.Accenture

USA office established

4 ASIC projects in progress

4 further ASIC designs in discussion with repeat customers in addition to new customer engagements

Staff retention rate at >90%

Enlarged design centre opened in Hyderabad, India

Engineering team reorganised for improved focus on ASIC projects and R&D

Direct account status with TSMC, GlobalFoundries & Samsung

Continued investment in long-term software tools

Megatrends driving our business

End market megatrends

- | | |
|-----------|---|
| Data | <ul style="list-style-type: none"> • Generation • Consumption • Processing Storage |
| Driven by | <ul style="list-style-type: none"> • Adoption of AI • Expansion of 5G • Autonomous Cars • Deployment of IoT • Data Analytics |

Semiconductor megatrends

Low Power / High Performance

Driven by 'green' drive for electrically connected devices or longer life for battery driven devices.

Cost

ASIC costs massively increasing at leading process nodes.

Immutable Security

Authenticate everything.
Ethical implementation of AI.

SoC turnkey services megatrends

SoC Turnkey Services

adoption driven by

- Product Differentiation
- Increased Performance
- Reduced Cost

Continual Refresh Cycles

driven by evolution of

- Standards
- Speeds
- Process Nodes

Geopolitical megatrends

The semiconductor chip pendulum is slowly swinging west

The US had fallen behind Asian production levels but that may be about to change

Opinion Technology

"On the question of where Britain should focus its energies, expert after expert raises design and intellectual property (IP) as beacons of light" **The Times**

Senate advances more than \$50 billion bill to boost U.S. semiconductor production

Thomas Frank

"The U.S. and European Union have pledged tens of billions of dollars to eventually increase domestic chip manufacturing and competitiveness with Asia." **The Wall Street Journal**

EU plans multi-billion euro boost for chip production to ease supply disruptions

Whitaker

"[The location of] oil has defined geopolitics in the past five decades. But fabs [ie fabrication factories for chips] will shape the next five —this is the new geopolitics," **Pat Gelsinger, CEO of Intel**

Semiconductors + Add to myFT
Intel to invest \$20bn in new Ohio chipmaking complex

Continued investment in R&D to drive growth sondrel

Accelerating Time to Market (TTM) & building product differentiation

Scalable IP

Hardware, software, tools

Graphics

Video Processing

AI

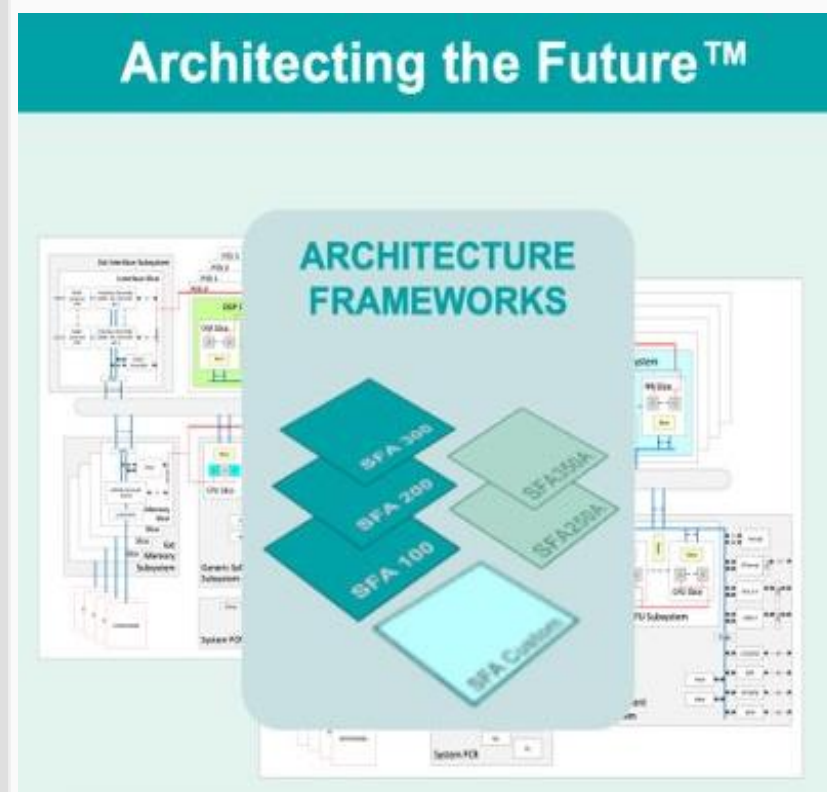
Processors

Communications



Customisable Sondrel Platform

Pre-validated multi-IP configs, drivers, OS port, development boards



Partners' Differentiated ASIC

3rd party applications

Partner-specific applications

CPU

GPU

Video

Comms

Partner IP



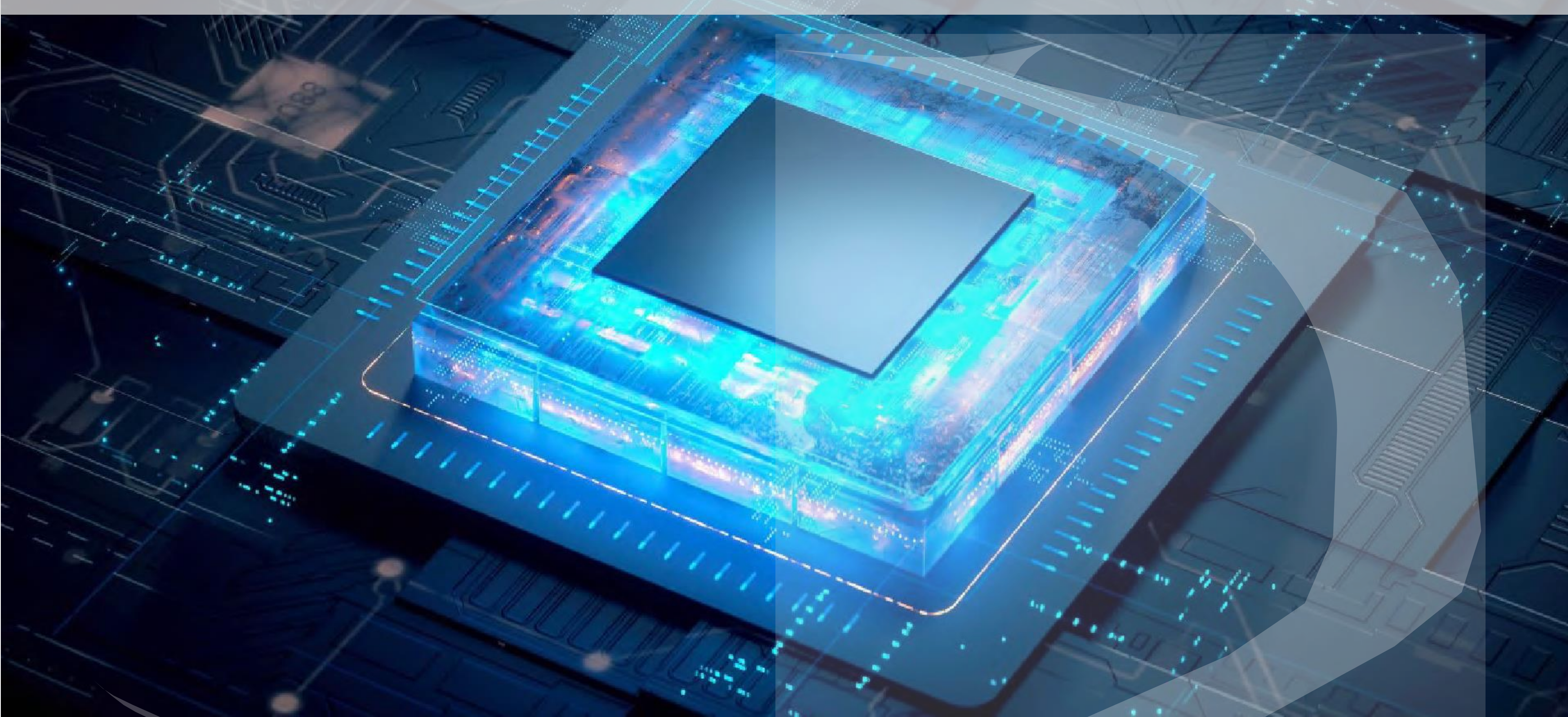
Optimised End Products

- Higher performance
- Lower power
- Lower cost



FY22 Financials

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Financial Highlights

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£m	FY22	FY21	Change	Notes
Revenue	17.5	8.1	116%	
Adj EBITDA*	(1.1)	(2.5)	57%	<ul style="list-style-type: none"> Strong growth across all KPI's compared to prior year
Adj PBT*	(5.0)	(5.5)	9%	
Adj EPS	(6)p	(11)p	45%	<ul style="list-style-type: none"> Increase in R&D tax credits claimed to £1m (2021: £0.5m)
Statutory PAT	(3.2)	(5.5)	42%	<ul style="list-style-type: none"> Debt repaid £1.8m. Remaining loan repaid in January 2023
Debt	0.7	2.5	72%	
Cash	4.4	(1.2)	454%	

* Adjusted for IPO costs

Income Statement

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£m	FY22	FY21	Notes
Consultancy	4.7	5.0	
ASIC	12.8	3.1	<ul style="list-style-type: none"> Shift away from consultancy revenues
Total Revenue	17.5	8.2	<ul style="list-style-type: none"> Significant growth in ASIC revenues leading to future production volumes
Cost of sales	(15.9)	(8.2)	
Gross Profit	1.6	-	<ul style="list-style-type: none"> Cost of sales includes £1.1m of mask development costs for future production, engineering costs and R&D
Admin expenses	(6.4)	(5.5)	
IPO costs	(1.4)	-	<ul style="list-style-type: none"> £1.4m of IPO costs were expensed
Other operating income	1.0	0.5	
Finance costs	(1.2)	(0.5)	<ul style="list-style-type: none"> £1m of R&D tax credits
Loss before Tax	(6.4)	(5.5)	<ul style="list-style-type: none"> £3.2m deferred tax on brought forward losses
Tax	3.2	0.1	
Loss after tax	(3.2)	(5.5)	

Balance Sheet

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£m	FY22	FY21	Notes
Tangible assets	0.9	0.7	
Intangible assets	17.7	9.3	
Non-current assets	18.7	10.0	• Intangible increase due to acquisition of £7.3m of software until 2025
Inventory/WIP	1.0	-	• WIP is the development cost associated with a mask set
Trade and other receivables	10.3	3.1	• Increase in trade receivable due to the rescoping of a customer project and R&D claim of £1m
Cash	4.4	-	
Total current assets	15.8	3.1	
Total assets	34.5	13.2	
Current liabilities	15.0	11.6	• Bank borrowing repaid, shareholder loan repaid in January 2023
Other payables	10.4	7.0	
Borrowings	0.7	1.1	• Long term liabilities increase due to the software acquisition per IFRS 16
Long term liabilities	11.1	8.2	
Total Liabilities	26.0	19.8	
Net assets/(liabilities)	8.5	(6.6)	

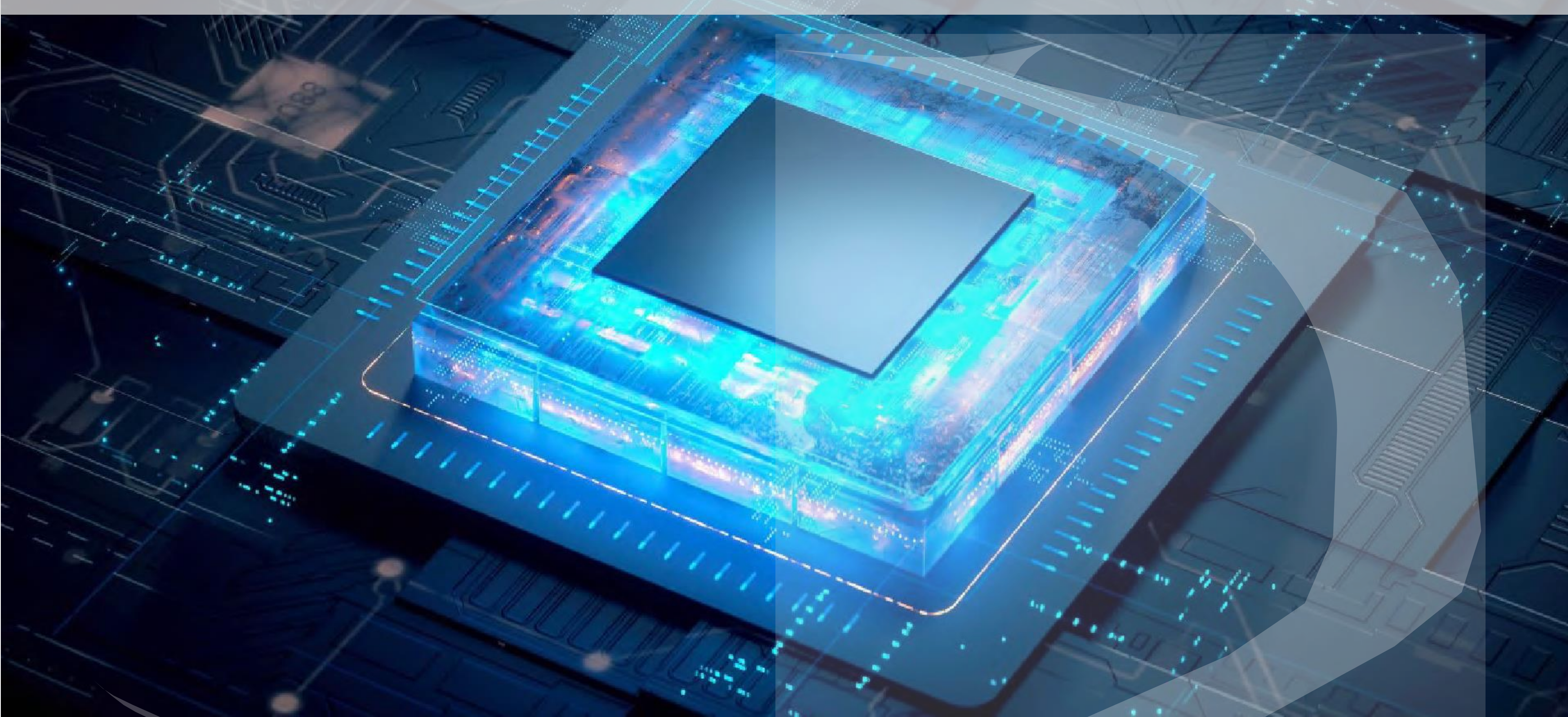
£m	FY22	FY21	Notes
Loss after tax for the year	(3.2)	(5.5)	
Non cash adjustments	0.8	3.7	
Working capital movements	(2.6)	1.5	
Cash generated from operations	(5.0)	(0.3)	<ul style="list-style-type: none"> Non cash adjustments include amortisation and depreciation of £2.8m, netted against a deferred tax asset of £3.1m
Tax received	0.2	0.3	
Net cash (outflow)/inflow from operating activities	(4.8)	0.0	
Net cash outflow from investing activities	(4.5)	(0.2)	<ul style="list-style-type: none"> Working capital comprises £7.3m receivables, £5.9m payables and £1m WIP Investing: acquisition of software £4.3m
IPO proceeds	18.2	0.0	
Borrowings	(1.8)	0.5	
Interest paid	(1.4)	(0.9)	
Net cash inflow/(outflow) from financing activities	15.0	(0.5)	<ul style="list-style-type: none"> Repayment of bank debt
Net increase/(decrease) in cash and cash equivalents	5.7	(0.6)	
Cash and cash equivalents at the beginning of the year	(1.2)	(0.6)	
Cash and cash equivalents at the end of the year	4.4	(1.2)	

- **Continue to deliver live ASIC projects** in line with expectations
 - **Strong growth** in US ASIC opportunities
 - **Remain confident in medium-term ambition** to reach £100m revenue
- **Well placed to benefit from USA & European government investments** in semiconductors and customer demand to shorten supply-chains.
 - **Softening of end demand** around VC investment, certain end markets (e.g. mobile phones), China/Russia trade restrictions, and inflation resulting in softening of demand during early 2023, expected to pick up in H2.
 - **Well positioned in growth markets** – automotive, AI, AR/VR, and image processing, meaning **we are comfortable with market expectations**

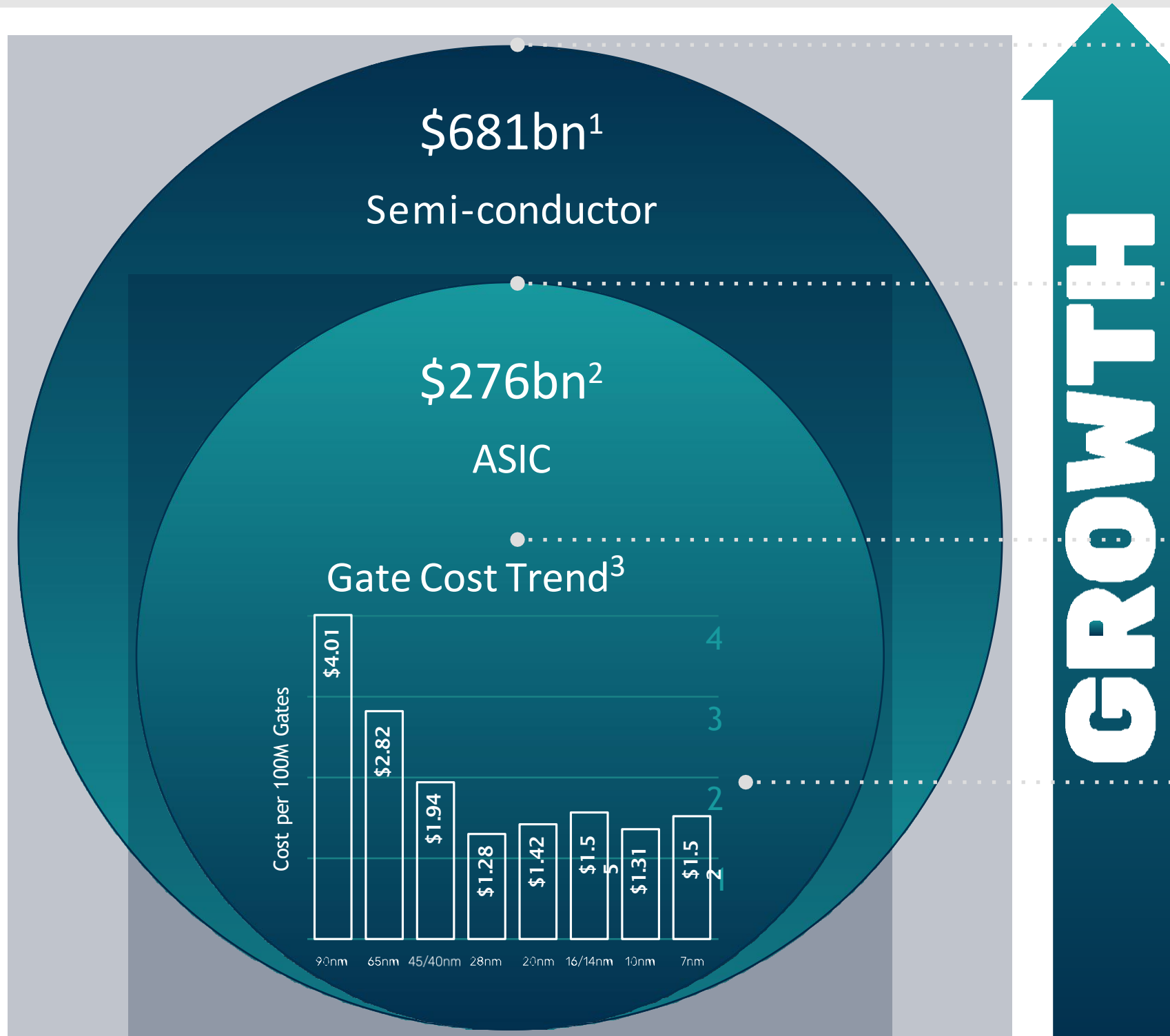


Appendices

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ASIC market growth



The overall semiconductor market is growing at a CAGR of 8.6% - \$803bn by 2028⁴

Total ASICs market accounts for c.40% of the value of the global semiconductor market in 2022

As cost/transistor levels off, specialist custom devices lower cost or improve performance per \$

Power, performance, cost & product differentiation drive growth in demand for custom silicon

1. European Parliamentary Research Service, 2. Precedence Research, 3. International Business Strategies, Inc. \$1.52 is based on the cost of TSMC's 7nm node, 4. Fortune Business Insights

Graham Curren

Founder & Chief Executive Officer



- Founded Sondrel Limited in 2002
- Curren family and related trust retains 44.88% shareholding in the holding company of the Sondrel Group
- Extensive experience in the international high growth technology business arena and has been involved in the acquisition and integration of multiple technology companies
- Former Non-Executive Director of the China-Britain Business Council. Playing an active part in CBBC and UK government activities

Joe Lopez

Chief Financial Officer



- 20+ years' experience within international multi-site operating environments holding a range of executive positions in European companies
- 12+ years' experience as a Chief Financial Officer, ranging from start-ups to corporate multinationals
- Relevant experience in the technology, service and manufacturing industries

Non-executive directors

Nigel Vaughan

Non-Executive Chairman



- 30 years' experience at Board level in innovative businesses (UK plc, US multinational, investor backed enterprises & German Group)
- Performed company turnarounds, acquisitions and change management to maximise shareholder value
- Hands-on approach and team- development skills ensure rapid contribution to new and complex situations
- Extensive investor experience in both institutional (Venture Capital) and private investor (Business Angel) communities contribute to the experience he brings to Sondrel
- Advises the Boards of a number of other successful companies and assists high- growth-potential new ventures to optimise their strategy and secure investment

Adrian Carey

Non-Executive Director



- 35+ years' of board experience across listed, AIM, private equity, venture backed and private businesses, primarily in the technology, legal and educational service sectors
- Adrian acted as CEO for three companies over a 17 year period, prior to which he was a finance director, venture capitalist and Chartered Accountant
- Significant non-executive director experience including as a non-executive director Oxford Metrics plc and Impellam Group plc, both quoted on AIM. He currently acts as a non-executive director for Blacktrace Holdings Limited
- Chair of Sondrel's Audit and Risk Committee and a member of the Remuneration and Nomination Committee

Sherry Madera

Non-Executive Director



- Currently Mastercard's Senior Vice President of Global Public Policy and Government Affairs and formerly the London Stock Exchange Group's Chief Industry & Government Affairs Officer
- Former Economic Ambassador and Special Advisor to Asia for the City of London Corporation and also acted as a Minister-Counsellor at the British Embassy in Beijing, responsible for promoting trade and investment between the UK and China
- Recognised expert on green and sustainable finance as well as on data policy, including as Chair of the Future of Sustainable Data Alliance
- Chair of Sondrel's Remuneration and Nomination Committee

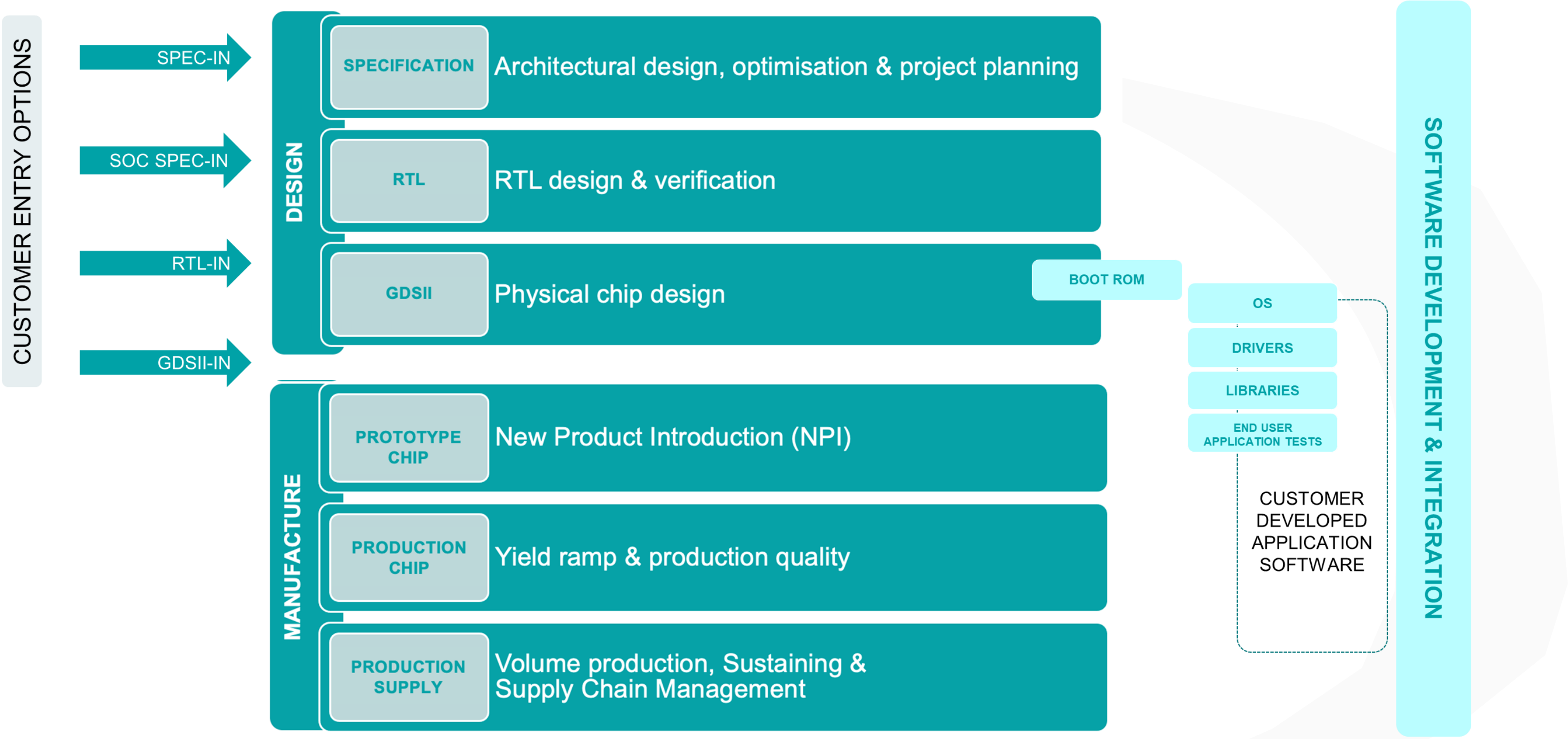
Gordon Orr

Non-Executive Director



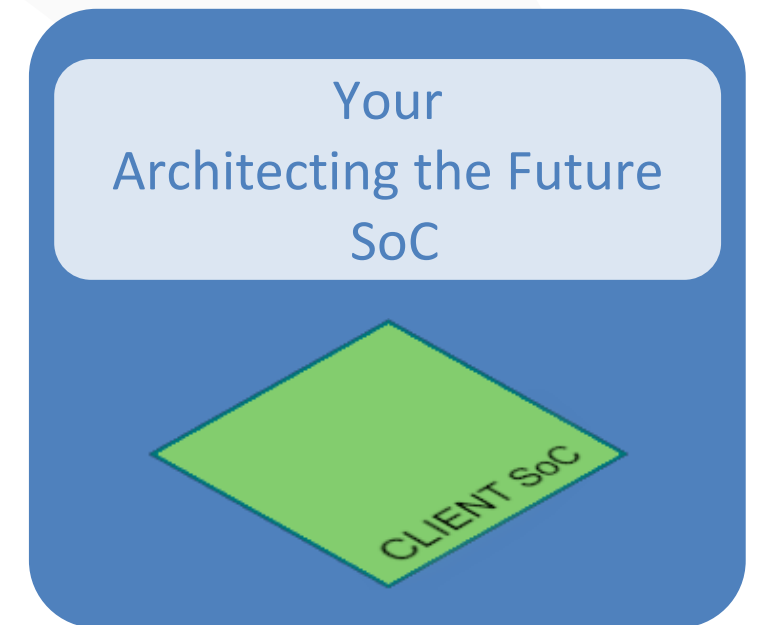
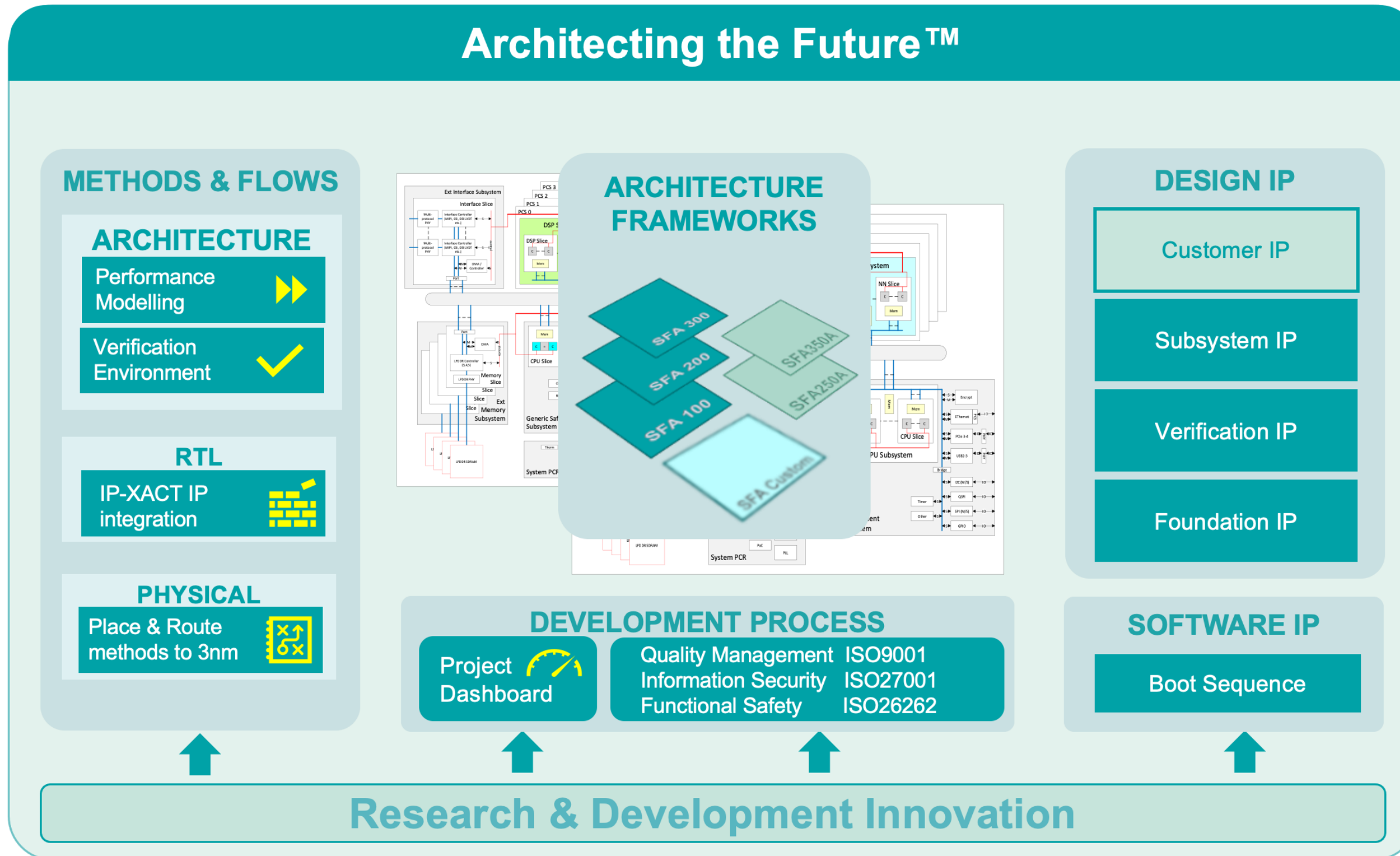
- Previously Chairman of Asia division of McKinsey & Company and a member of McKinsey's global board of directors between 2003 and 2015 with responsibilities for Asia,
- Governance and Risk, before retiring from the firm, to which he remains a Senior Advisor
- Gordon sits on the boards of Lenovo Group Limited, and conglomerate, Swire Pacific Limited
- Advisor to Oxford University and Harvard Business School in Asia and is a Board Member of the China Britain Business Council
- Member of Sondrel's Audit and Risk / Remuneration and Nomination Committees

Custom ASIC Design & Production



Sondrel's silicon chip design platform

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Complexity delivered simply

