EDISON

Filtronic

Record order from SpaceX

Contract win

Tech hardware and equipment

28 August 2025

Hot on the heels of a $32.5m/£24.0m order in June, SpaceX has just placed a $62.5m/£47.3m order, the highest yet. This is for E-band solid-state power amplifiers (SSPAs) manufactured using gallium nitride (GaN) for delivery over FY27 and FY28. The strategic agreement has been revised to include GaN-based product in the second warrant tranche and for warrants to vest with product delivery rather than order receipt. We maintain our forecasts, with the order providing significant coverage of our FY27 revenue estimate.

Year end	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	DPS (p)	P/E (x)	Yield (%)
5/24	25.4	4.9	3.4	1.43	0.00	100.1	N/A
5/25	56.3	17.0	15.1	6.83	0.00	21.0	N/A
5/26e	54.1	10.1	6.3	2.31	0.00	62.0	N/A
5/27e	59.6	11.8	7.7	2.68	0.00	53.3	N/A

Note: EBITDA, PBT and EPS (diluted) are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

SpaceX first in line for GaN product

SpaceX has placed an order worth $62.5m/£47.3m for Filtronic's next-generation proprietary GaN E-band product. This is the first GaN product from Filtronic's next-generation product line and can deliver double the output power of the existing gallium arsenide (GaAs) product line. Compared to GaAs, GaN supports higher power, improved efficiency and better thermal performance, which makes it ideal for use in Filtronic's target markets (satellite communications, aerospace and defence). The product sets a new benchmark for size, weight, power and cost in this frequency domain.

Revised warrant agreement

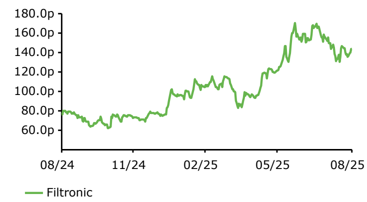
Filtronic and SpaceX have revised their strategic partnership agreement to include E-band GaN products in the second warrant tranche (which previously required orders for SSPA products at frequencies other than E-band in return for warrants worth 5% of shares outstanding). The vesting of these warrants will now depend on product delivery rather than order receipt and double the volume is required to fully vest. With targeted delivery starting in FY27, we expect these warrants to vest over the course of FY27 and FY28, at which point we expect SpaceX to have vested warrants equivalent to c 15% of outstanding shares.

Valuation: Factoring in sustained growth

Performing a reverse discounted cash flow valuation with a WACC of 8.3%, the current share price implies revenue growth of 18.8% per year for FY28–35e, with an average EBITDA margin of 23.8% over that period. In our view, the strengthened relationship with SpaceX, the potential to widen the customer base in the space market and the growing penetration of the aerospace and defence market all provide avenues for sustainable growth.

Price	**143.00p**
Market cap	**£313m**
Net cash at end FY25 (excludes property leases)	£12.3m
Shares in issue	219.1m
Free float	70.9%
Code	FTC
Primary exchange	AIM
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	(5.6)	17.7	83.3
52-week high/low		173.0p	61.5p

Business description

Filtronic is a designer and manufacturer of advanced radio frequency (RF) communications products, supplying a number of market sectors including mobile telecommunications infrastructure, space, public safety, aerospace and defence.

Next events

AGM	October 2025

Analyst

Katherine Thompson +44 (0)20 3077 5700

tmt@edisongroup.com

Edison profile page

Filtronic is a research client of Edison Investment Research Limited

Update on SpaceX strategic agreement

In April 2024, Filtronic entered into a strategic agreement with SpaceX. In return for a specified volume and type of orders over a period of five years (maximum $60m/£48m) across two tranches, Filtronic agreed to issue warrants to SpaceX that would enable SpaceX to subscribe for up to 10% of the company's existing share capital at an exercise price of 33p.

In March 2025, the company extended the agreement to add to the first tranche (described as tranche 3 below).

Below we update the tranches for the amendment to the agreement:

- **Tranche 1:** warrants for up to 10,856,055 shares (up to 5% of the existing share capital). Warrants vest on the receipt of purchase orders against a staged vesting profile for E-band SSPAs. All warrants will vest once $37m/£30m of irrevocable purchase orders are placed. 100% vested.
- **Tranche 2:** warrants for up to 10,856,055 shares (up to 5% of existing share capital). Warrants will vest on the delivery of product against a staged vesting profile for SSPA modules at other frequency bands or E-band SSPAs manufactured using GaN. All warrants will vest once $46m/£34m of product has been delivered (double the previous volume). No warrants have vested yet – we assume they will vest over the course of FY27 and FY28.
- **Tranche 3:** warrants for up to 10,856,055 shares (up to 5% of the existing share capital) at an exercise price of 92.8p. Warrants will vest on the receipt of purchase orders against a staged vesting profile for E-band SSPAs. All warrants will vest once $37m/£30m of irrevocable purchase orders have been placed. 100% vested.

A further condition is that SpaceX must place a minimum order value of $10m in each subsequent 12-month period from the contract date to be delivered within 12 months. The timing between purchase orders must not exceed 12 months. If the order flow is not maintained in accordance with these conditions within the five-year warrant period, the warrants will expire six months from that date.

Exhibit 1: Financial summary

Year end May £m	2020	2021	2022	2023	2024	2025	2026e	2027e
INCOME STATEMENT								
Revenue	17.2	15.6	17.1	16.3	25.4	56.3	54.1	59.6
EBITDA	1.2	1.8	2.8	1.3	4.9	17.0	10.1	11.8
Operating profit (before amort. and excepts.)	0.4	0.6	1.6	0.2	3.7	15.2	6.5	7.9
Amortisation of acquired intangibles	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exceptionals	(0.6)	0.1	0.4	0.0	0.0	(1.3)	(3.5)	(1.3)
Reported operating profit	(0.2)	0.6	2.0	0.2	3.6	13.4	2.7	6.3
Net Interest	(0.2)	(0.4)	(0.1)	(0.2)	(0.2)	(0.1)	(0.2)	(0.2)
Exceptionals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit Before Tax (norm)	0.1	0.1	1.5	0.1	3.4	15.1	6.3	7.7
Profit Before Tax (reported)	(0.4)	0.2	1.9	0.1	3.4	13.4	2.5	6.1
Reported tax	(0.1)	(0.2)	(0.4)	0.4	(0.2)	0.7	(0.7)	(1.2)
Profit After Tax (norm)	0.1	0.3	1.2	0.1	3.2	15.9	5.6	6.5
Profit After Tax (reported)	(0.5)	0.1	1.5	0.5	3.1	14.0	1.8	4.9
Discontinued operations	(1.4)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income (normalised)	0.1	0.3	1.2	0.1	3.2	15.9	5.6	6.5
Net income (reported)	(2.0)	0.1	1.5	0.5	3.1	14.0	1.8	4.9
Average Number of Shares Outstanding (m)	211.0	213.4	214.7	215.1	216.3	218.9	219.0	219.0
EPS - normalised (p)	0.05	0.14	0.54	0.07	1.47	7.24	2.56	2.98
EPS - normalised fully diluted (p)	0.05	0.14	0.53	0.06	1.43	6.83	2.31	2.68
EPS - basic reported (p)	(0.25)	0.03	0.68	0.22	1.45	6.42	0.83	2.25
Dividend (p)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BALANCE SHEET								
Fixed Assets	7.5	6.2	5.4	7.4	9.5	15.6	25.5	27.4
Intangible Assets	1.8	1.7	1.5	1.8	2.3	3.5	5.7	8.3
Tangible Assets	3.8	3.3	3.0	4.3	4.9	9.1	18.1	17.4
Investments & other	1.9	1.2	0.9	1.3	2.3	3.1	1.8	1.8
Current Assets	9.8	8.4	11.1	10.7	18.3	34.2	30.7	33.1
Stocks	2.9	2.2	2.6	2.8	3.3	4.0	3.9	4.2
Debtors	4.8	3.3	4.5	5.3	6.6	12.2	11.9	13.1
Cash & cash equivalents	2.0	2.9	4.0	2.6	7.2	14.5	13.6	15.8
Other	0.0	0.0	0.0	0.0	1.3	3.5	1.3	0.0
Current Liabilities	(6.0)	(3.6)	(4.0)	(4.8)	(8.2)	(11.6)	(11.9)	(12.9)
Creditors	(3.5)	(2.4)	(3.0)	(3.7)	(5.4)	(9.1)	(9.4)	(10.4)
Short term borrowings including lease liabilities	(0.7)	(0.6)	(0.5)	(0.6)	(0.9)	(1.1)	(1.1)	(1.1)
Other	(1.8)	(0.6)	(0.5)	(0.5)	(1.9)	(1.4)	(1.4)	(1.4)
Long-Term Liabilities	(2.0)	(1.7)	(1.4)	(1.7)	(2.3)	(2.8)	(6.8)	(4.8)
Long-term borrowings	(2.0)	(1.6)	(1.3)	(1.7)	(2.1)	(2.6)	(6.6)	(4.6)
Other long-term liabilities	0.0	(0.1)	(0.1)	(0.0)	(0.1)	(0.2)	(0.2)	(0.2)
Net Assets	9.4	9.4	11.0	11.5	17.4	35.4	37.5	42.7
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Shareholders' equity	9.4	9.4	11.0	11.5	17.4	35.4	37.5	42.7
CASH FLOW								
Op Cash Flow before WC and tax	1.2	1.8	2.8	1.3	4.9	17.0	10.1	11.8
Working capital	(1.7)	1.1	(0.8)	(0.4)	1.5	(3.1)	0.7	(0.5)
Exceptional & other	(3.3)	(1.0)	0.3	0.0	0.0	0.0	0.0	0.0
Tax	1.2	0.5	0.0	0.0	(0.0)	(0.0)	(0.7)	(1.2)
Operating Cash Flow	(2.6)	2.5	2.3	0.9	6.3	13.8	10.1	10.1
Capex (including capitalised R&D)	(1.2)	(0.4)	(0.3)	(1.5)	(1.6)	(5.8)	(8.8)	(5.8)
Acquisitions/disposals	3.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net interest	(0.3)	(0.2)	(0.2)	(0.2)	(0.2)	(0.1)	(0.2)	(0.2)
Equity financing	0.3	0.0	0.0	0.0	0.1	0.1	0.0	0.0
Dividends	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Cash Flow	(0.2)	1.9	1.9	(0.8)	4.6	8.1	1.2	4.1
Opening net debt/(cash)	(2.0)	0.7	(0.8)	(2.2)	(0.3)	(4.2)	(10.8)	(6.0)
FX	0.0	0.0	0.0	0.0	0.0	(0.0)	0.0	0.0
Other non-cash movements	(3.0)	(0.4)	(0.5)	(1.1)	(0.7)	(1.4)	(6.0)	0.0
Closing net debt/(cash) including lease liabilities	0.7	(0.8)	(2.2)	(0.3)	(4.2)	(10.8)	(6.0)	(10.1)
Property lease liabilities	1.1	1.2	1.0	1.3	1.0	1.5	1.5	1.5
Closing net debt/(cash)	(0.4)	(2.0)	(3.1)	(1.6)	(5.2)	(12.3)	(7.5)	(11.6)

Source: Filtronic, Edison Investment Research

General disclaimer and copyright

This report has been commissioned by Filtronic and prepared and issued by Edison, in consideration of a fee payable by Filtronic. Edison Investment Research standard fees are £60,000 pa for the production and broad dissemination of a detailed note (Outlook) following by regular (typically quarterly) update notes. Fees are paid upfront in cash without recourse. Edison may seek additional fees for the provision of roadshows and related IR services for the client but does not get remunerated for any investment banking services. We never take payment in stock, options or warrants for any of our services.

Accuracy of content: All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report and have not sought for this information to be independently verified. Opinions contained in this report represent those of the research department of Edison at the time of publication. Forward-looking information or statements in this report contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations.

Exclusion of Liability: To the fullest extent allowed by law, Edison shall not be liable for any direct, indirect or consequential losses, loss of profits, damages, costs or expenses incurred or suffered by you arising out or in connection with the access to, use of or reliance on any information contained on this note.

No personalised advice: The information that we provide should not be construed in any manner whatsoever as, personalised advice. Also, the information provided by us should not be construed by any subscriber or prospective subscriber as Edison's solicitation to effect, or attempt to effect, any transaction in a security. The securities described in the report may not be eligible for sale in all jurisdictions or to certain categories of investors.

Investment in securities mentioned: Edison has a restrictive policy relating to personal dealing and conflicts of interest. Edison Group does not conduct any investment business and, accordingly, does not itself hold any positions in the securities mentioned in this report. However, the respective directors, officers, employees and contractors of Edison may have a position in any or related securities mentioned in this report, subject to Edison's policies on personal dealing and conflicts of interest.

Copyright 2025 Edison Investment Research Limited (Edison).

Australia

Edison Investment Research Pty Ltd (Edison AU) is the Australian subsidiary of Edison. Edison AU is a Corporate Authorised Representative (1252501) of Crown Wealth Group Pty Ltd who holds an Australian Financial Services Licence (Number: 494274). This research is issued in Australia by Edison AU and any access to it, is intended only for "wholesale clients" within the meaning of the Corporations Act 2001 of Australia. Any advice given by Edison AU is general advice only and does not take into account your personal circumstances, needs or objectives. You should, before acting on this advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Product Disclosure Statement or like instrument.

New Zealand

The research in this document is intended for New Zealand resident professional financial advisers or brokers (for use in their roles as financial advisers or brokers) and habitual investors who are "wholesale clients" for the purpose of the Financial Advisers Act 2008 (FAA) (as described in sections 5(c) (1)(a), (b) and (c) of the FAA). This is not a solicitation or inducement to buy, sell, subscribe, or underwrite any securities mentioned or in the topic of this document. For the purpose of the FAA, the content of this report is of a general nature, is intended as a source of general information only and is not intended to constitute a recommendation or opinion in relation to acquiring or disposing (including refraining from acquiring or disposing) of securities. The distribution of this document is not a "personalised service" and, to the extent that it contains any financial advice, is intended only as a "class service" provided by Edison within the meaning of the FAA (i.e. without taking into account the particular financial situation or goals of any person). As such, it should not be relied upon in making an investment decision.

United Kingdom

This document is prepared and provided by Edison for information purposes only and should not be construed as an offer or sol icitation for investment in any securities mentioned or in the topic of this document. A marketing communication under FCA Rules, this document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This Communication is being distributed in the United Kingdom and is directed only at (i) persons having professional experience in matters relating to investments, i.e. investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "FPO") (ii) high net-worth companies, unincorporated associations or other bodies within the meaning of Article 49 of the FPO and (iii) persons to whom it is otherwise lawful to distribute it. The investment or investment activity to which this document relates is available only to such persons. It is not intended that this document be distributed or passed on, directly or indirectly, to any other class of persons and in any event and under no circumstances should persons of any other description rely on or act upon the contents of this document.

This Communication is being supplied to you solely for your information and may not be reproduced by, further distributed to or published in whole or in part by, any other person.

United States

Edison relies upon the "publishers' exclusion" from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940 and corresponding state securities laws. This report is a bona fide publication of general and regular circulation offering impersonal investment-related advice, not tailored to a specific investment portfolio or the needs of current and/or prospective subscribers. As such, Edison does not offer or provide personal advice and the research provided is for informational purposes only. No mention of a particular security in this report constitutes a recommendation to buy, sell or hold that or any security, or that any particular security, portfolio of securities, transaction or investment strategy is suitable for any specific person.

London | New York | Frankfurt
20 Red Lion Street
London, WC1R 4PS
United Kingdom