

11 August 2020

Solid State plc
("Solid State", the "Group" or the "Company")
Trading & COVID-19 Update

Solid State plc (AIM: SOLI), the AIM listed manufacturer of computing, power and communications products, and value added distributor of electronic components, announces a trading update for the first four months of the year ending 31 March 2021.

Trading update for four months of the year to 31 March 2021:

The Board is pleased to announce that trading since the last update on 8 June 2020 has continued to be ahead of management's expectations.

Group revenues were stable, down 4% year on year. As previously announced, the order intake in Q1 was down just under 15% compared to the prior year; by the end of July 2020, order intake for the four month period had improved being down 7% on a like-for-like basis compared to the equivalent period last year. The open order book at 31 July 2020 was 4% below the year end at £38.3m (31 March 2020: £39.9m) reflecting the shorter order periods referenced below.

Cash generation has remained solid with all VAT and PAYE deferrals repaid in Q1. Net cash at 31 July 2020 stood at £3.2m (31 March 2020: £3.2m). In addition, the Group has an unutilised revolving credit facility with its bank of £7.5m.

COVID-19 update:

All of the Group's four manufacturing sites remain open, are operating effectively and compliant with government guidelines. COVID-secure re-opening of our offices has been completed and those working from home that wish to return to work are now able to do so on a rota system whilst maintaining the COVID-19 safe environment. The Group's working from home procedures and robust IT systems have however proven to be both efficient and effective, therefore Group policy remains that where possible staff should continue working from home.

The Group's supply chain remains strong with all suppliers now shipping to schedule. However, lead times on new orders are lengthening and freight costs from the Far East remain at elevated levels. Consequently, the businesses are regularly communicating with their customers to ensure that appropriate levels of free stock and buffer stock are in place.

All customers have now re-opened to work, although a number of them are still operating at reduced levels. Consistent with others in the electronics sector, a significant slow down has been seen in the oil & gas and civil aerospace sectors. The medical, food retail, security and defence sectors remain strong, although reduced confidence in the UK economy has led to some domestic customers placing orders covering shorter time scales than would otherwise be expected, with the consequent reduction in forward order visibility.

Outlook:

The Group's stated strategy is to deliver growth both organically and through acquisition.

Solid State's pipeline of new product designs continues to increase, and work progresses on building the portfolio of potential acquisition targets. With net cash of £3.2m and agreed bank borrowing facilities

the Group is well placed to take advantage of any new acquisition prospects that may emerge later in the financial year.

Whilst the short-term macroeconomic outlook remains uncertain, the Board is confident that given its sector diversity and broad customer base the Group can continue to perform robustly.

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014.

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Analyst Research Reports: For further analyst information and research see the Solid State plc website: <https://solidstateplc.com/research/>

Notes to Editors:

Solid State plc (SOLI) is a value added electronics group supplying industrial and military markets with ruggedised/durable components, assemblies and manufactured units for use in harsh environments. The Group's mantra is – 'Trusted technology for demanding applications'. To see an introductory video on the Group - <https://youtu.be/bp4WfLCEc5Y>

Operating through two main divisions: Manufacturing (Steatite) and Value Added Distribution (Solid State Supplies & Pacer); the Group specialises in complex engineering challenges often requiring design-in support and component sourcing for computing, power, communications, electronic and optoelectronic products.

Headquartered in Redditch, Solid State employs over 200 staff across the UK with a branch office in the USA, serving specialist markets in oil & gas production, transportation, medical, construction, security, military and field maintenance.

Solid State was established in 1971 and admitted to AIM in June 1996. The Group has grown organically and by acquisition – having made 10 acquisitions since 2002.