

22 April 2021

Solid State plc
("Solid State", the "Group" or the "Company")
Trading Update

Solid State plc (AIM: SOLI), the specialist value added component supplier and design-in manufacturer of computing, power, and communications products, announces a trading update for the 12 months ended 31 March 2021.

The Group is pleased to report that it expects to announce results ahead of the recently upgraded consensus forecasts. The final month of the financial year benefitted from demand pulled forward and a strong contribution from the two businesses acquired at the end of February. Trading since the update announced on 22 February 2021 has continued to be encouraging, with stable order flow and strong invoiced sales in the month of March, driven in part by certain component shortages and customer stocking to mitigate supply chain risks.

Demand across the Group has generally been strong with gross margins holding up, albeit shortened customer order schedules and reduced visibility remains. Foreign exchange headwinds continue, however these are frequently mitigated by the natural currency hedge achieved by invoicing in the same currency as the supply chain cost, and freight costs are running at a premium to the historical average.

The acquisitions of the Active Silicon and Willow Technologies Groups have integrated well so far, with trading in the first months of ownership having been at the run-rate expected by management. The commercial synergies between the acquisitions and Solid State are increasingly being realised, with exciting prospects being advanced.

The Group continues its programme of investment in engineering capability and improvement in production efficiency to enhance the development of services to customers, own brand products and margin opportunities.

At 31 March 2021 the Group had net cash (excluding deferred and contingent considerations and IFRS16 lease obligations) of approximately £3.1m.

The open order book on 31 March 2021 was £41.3m, which includes the open order books from the recent acquisitions. On a like for like basis, the order book on 31 March 2021 was £33.7m (31 March 2020: £39.9m) reflecting a continuation of shortened customer order cycles due to limited visibility in clients' own markets. This is illustrated by the open orders due for delivery in the first quarter of the year (April – June) which, despite the accelerated shipments to customers in March, closed the year up 10% on the 0-3 month open order low point of May 2020.

Market conditions across the electronics industry are expected to be impacted by supply chain challenges and component shortages for several months, and customers have been encouraged to pay increased attention to forecasting and adequacy of forward order cover. The Board is pleased to report that we have seen particularly strong order intake post year end to start FY21/22, building confidence in the outlook for the current year.

Commenting on trading and prospects, Gary Marsh, Chief Executive at Solid State said:

"The outcome for the full year represents an excellent achievement for the Group, given that notwithstanding the disruptions of COVID and the Brexit uncertainty, the performance exceeded the prior year, which was itself a record year.

"Despite the residual market uncertainty and ongoing related supply chain constraints, the organic growth opportunities in our target structural growth markets provide an encouraging foundation for the future growth prospects of the Group."

Certain information contained in this announcement would have constituted inside information (as defined by Article 7 of Regulation (EU) No 596/2014) ("MAR") prior to its release as part of this announcement and is disclosed in accordance with the Company's obligations under Article 17 of MAR.

For further information please contact:

Solid State plc

Via Walbrook

Gary Marsh – Chief Executive
Peter James – Group Finance Director

WH Ireland (Nominated Adviser & Joint Broker)

0207 220 1666

Mike Coe / Chris Savidge (Corporate Finance)
Jasper Berry / David Kilbourn (Corporate Broking / Sales)

finnCap (Joint Broker)

020 7220 0500

Ed Frisby (Corporate Finance)
Rhys Williams / Tim Redfern (Sales / ECM)

Walbrook PR (Financial PR)

020 7933 8780

Tom Cooper / Nick Rome / Nicholas Johnson

0797 122 1972

solidstate@walbrookpr.com

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 commercial, industrial and military markets with durable components, assemblies and manufactured units for use in specialist and harsh environments. The Group's mantra is – 'Trusted technology for demanding applications'. To see an introductory video on the Group - <https://bit.ly/3kzddx7>

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

Headquartered in Redditch, UK, Solid State employs approximately 300 staff across UK and US, serving specialist markets in energy 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 12 acquisitions since 2002.