

21 April 2022

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 2022 (the "Period" or "FY22").

Following an exceptionally strong finish to the Period, the Company expects to announce record results with revenues for FY22 of approximately £85m (2021: £66.3m) up 28% over the prior year, and adjusted profit before tax for the Period of approximately £7.2m (2021: £5.4m) up 33%; both ahead of recently upgraded consensus expectations¹. The like for like open orderbook at 31 March 2022 is up 106% over the prior year at a record £85.5m (31 March 2021: £41.5m).

These results reflect a strong performance across the Group, with notable contributions in electro-mechanical and imaging systems resulting from the acquisition of Willow Technologies and Active Silicon respectively. Both these companies have performed ahead of management's expectations since their acquisition in March 2021.

Like for like organic revenue growth is in excess of 8%, which is pleasing given the well publicised supply chain and macro-economic challenges faced in the year and the more recent conflict in Ukraine which, to date, has had negligible impact.

The Group has enjoyed particularly strong demand in the energy and aerospace & defence sectors, with the latter now representing approximately 15% of the Group's revenue. Contracts awarded in Q4 of the Period by BAE Systems for marine platforms, and a Component solutions contract for smart meters in India for CyanConnode, illustrate the breadth of the customer base and applications secured.

As Solid State executes on its growth strategy, its favoured approach to business development and the increased scale of the Group is allowing it to compete for, and win, previously inaccessible high value contracts as customers engage across a broader product and service offering.

As previously reported, Solid State has navigated the long-term supply chain challenges associated with semiconductor shortages through careful inventory management and pro-active engagement with customers to manage order scheduling. Given the success of this experience, the Group is taking a similar approach to the management of input cost pressures and inflationary effects of recent global events, continuing to manage the ongoing supply challenges and help mitigate potential margin erosion risks. This is enabling the Group to share the risk with its customers and pass on some of the cost increases.

The Group's continued strong cash generation has enabled it to invest significantly in inventory to support its customers in managing and mitigating the supply chain challenges the industry has faced, and continues to face, as we enter FY23.

The Board, being mindful of the geo-political influences on both domestic and international business and acknowledging the ongoing challenges of COVID-19 in the Period, considers the Group's performance for the Period to be a great credit to the staff and the business as a whole.

Solid State continues to deliver on its organic growth strategy through the targeting of structural growth markets and remains focused on complementary acquisition opportunities. The record open order book and trading momentum underpin the near-term prospects and give the Directors optimism for the future.

¹ Analysts from brokers WH Ireland Limited, finnCap Limited, and Edison Investment Research Limited, provide equity research on Solid State, and the Company considers the average of their research forecasts to represent market expectations, being, for Solid State's 2021/22 financial year, revenue of £80m, and adjusted profit before tax* of £6.5m.

* The adjustments relate to IFRS 3 acquisition amortisation, share based payments charges, and non-recurring charges in respect of redundancies and acquisition costs and fair value adjustments

This announcement contains inside information for the purposes of Article 7 of the UK version of Regulation (EU) No 596/2014 which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended ("MAR"). Upon the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.

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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 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: Systems (Steatite & Active Silicon) and Components (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 industrial, defence and security, transportation, medical and energy.

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.