

7 September 2022

Solid State plc
("Solid State", the "Group" or the "Company")
AGM Statement

Solid State plc (AIM: SOLI), the specialist value added component supplier and design-in manufacturer of computing, power, and communications products, announces an AGM statement ahead of the Annual General Meeting being held at 9.30am today.

This is the first AGM following the acquisition of Custom Power. The business, located in Orange County, California, USA, was acquired in early August 2022 and has now completed its first month's trading post completion. The Board is very pleased with the initial performance of the business, and engagement of the team, as it is integrated into the power business unit. The demand for Custom Power's products continues to be strong with the open order book increasing to £16.8m (\$19.5m) at the end of August, which takes the Group open order book to £106.8m (March 2022: £85.5m; like-for-like including Custom Power £98.3m).

The Group has seen the strong order intake reported in the final results converting into a record start to billings in the financial year ending 31 March 2023 ("FY2023"), with constant currency organic revenue growth for the first half of FY 2023 expected to be in excess of 25%.

As previously reported, the Group looks to match its US Dollar purchases with US Dollar sales to maintain a natural FX hedge. As a result of the strengthening US Dollar the reported revenue will benefit in the first half of FY2023, albeit correspondingly the reported margin percentage will be slightly reduced. On a constant currency basis, margins are expected to be stable and comparable with the prior year. As the proportion of higher value added business increases, there are good opportunities to realise margin accretion.

During Q1 2023, the Group saw the open order book continue to build with order schedules continuing to extend to 18 months and beyond as customers look to manage their supply chains. Order intake remains solid across all target markets with demand in the defence sector being particularly buoyant.

While there are indications that supply chains have started to stabilise, lead times continue to be extended and are expected to remain so for the rest of the financial year.

As supply chains begin to normalise, the Group expects to see lead times reduce which will be similarly reflected in customers' order schedules.

The Group continues to deliver on its organic growth strategy through the targeting of structural growth markets, complemented by a pipeline of strategic acquisition opportunities which it will develop as we progress through the year. The strong start to the year, record open order book and trading momentum underpin the near-term prospects and give the Directors optimism for the outturn being at least in-line with analyst expectations and exciting midterm future prospects.

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 2022/23 financial year, revenue of £108m, and adjusted profit before tax* of £9.15m.

* 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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Solid State plc

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

Operating through two main divisions: Systems (Steatite, Active Silicon & Custom Power) 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 400 staff across the UK and US, serving specialist markets with high barriers to entry 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 4 acquisitions in the last 5 years.