

30 October 2023

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 six months ended 30 September 2023 (the ‘Period’ or ‘First Half’).

The Directors are pleased to report a strong first half trading performance, including:

- Revenues of approximately £88.0m (2022: £59.4m). Organic revenue growth in the Period being in excess of 35% on a constant currency basis;
- Adjusted profit before tax* of at least £7.0m (2022: £4.2m), reflecting a 67% year on year increase; and,
- Strong cash generation from trading activities, contributing to settlement of deferred consideration relating to previous acquisitions, and paying down the Group’s borrowings.

The strong revenue growth continues to be driven by delivery of more than £23m of product under the initial and follow on security and defence contracts, and the full period of contribution from Custom Power. USD currency headwinds were slightly more than £1m at a revenue level.

The Group continues to see strong demand from clients within the security and defence sectors, with robust billings and order intake in the First Half. However, as previously reported, we are seeing clients move to more normalised levels of stocking because of improving component lead times combined with the higher interest rate environment, resulting in increased customer focus on managing working capital.

The open order book at the end of September remained robust at £99.7m (30 September 2022: £112.5m) with circa 60% expected to be delivered in the current financial year. However, the shorter lead times will enable more efficient conversion of the order book into billings.

Post Period end, Solid State launched a Group-wide exercise to ensure that its branding and web presence reflects the qualities of the Group and positions its operating units most suitably to optimise market penetration and cross-selling opportunities. The recently announced rebranding of the Components division under the trading name of “solsta” is a first step in this exercise.

The Board is very pleased with the ongoing delivery of Solid State’s growth strategy. As a result of the strong start to the year, on a full-year basis, the Directors expect to deliver stronger than anticipated organic revenue growth, meaning the Group is expected to be marginally ahead of current consensus revenue and adjusted PBT expectations for the year ending 31 March 2024.

**Adjusted performance metrics reported consistently with those reported in the 31 March 2023 annual report, the adjustments relate to amortisation of IFRS 3 acquisition intangibles, share based payments charges and non-recurring charges in respect of acquisition costs and fair value adjustments.*

¹ The Company considers the average of the most recently published research forecasts prior to this announcement by all providers - Cenkos Securities plc, finnCap Group plc and WH Ireland plc to represent market expectations for Solid State.

Market Expectations	FY23/24	FY24/25
Revenue	£147.3m	£152.3m
Adjusted profit before tax*	£11.9m	£12.5m
Net (debt) / cash	(£3.1m)	£1.0m

Following completion of the merger between finnCap and Cenkos, renamed Cavendish, the Company understands that the number of entities providing research on the firm will consolidate from three to two.

Investor Site Visits to Head Office in Redditch

Solid State holds site visits to its head office in Redditch where operations from both the Systems and Components divisions can be seen. Interested investors should contact solidstate@walbrookpr.com.

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.

For further information please contact:

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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 three acquisitions in the last three years.