

1 March 2021

Solid State plc
("Solid State", the "Group" or the "Company")
**Acquisition of Digital Imaging Specialist
& Investor Presentation**

Solid State plc (AIM: SOLI), the AIM listed manufacturer of computing, power and communications products, and value added supplier of electronic and opto-electronic components, is pleased to announce the acquisition of Active Silicon Limited and its subsidiaries ("Active Silicon") (the "Acquisition") for an initial consideration of £6.3m, which, when adjusted for the cash on the balance sheet, results in an effective net initial consideration of approximately £2.7m.

Highlights of the Acquisition include:

- Active Silicon is an industry leading expert in the design and manufacture of board level solutions for high-performance digital image capture, processing, and transmission.
- Active Silicon has built its reputation and brand over 30 years, with world-class products serving high growth markets including complex manufacturing, medical imaging, security, defence and life sciences.
- Active Silicon operates at higher gross margin than the Group's existing computing systems business unit.
- Active Silicon has established international sales channels with circa 50% of revenue coming from overseas.
- The Acquisition complements the Group's opto-electronic and embedded computing capability, significantly enhancing the Group's technical expertise, scale, strength, and depth in the high growth vision market.
- Combining Active Silicon and Steatite's capabilities (Solid State's manufacturing entity) delivers a differentiated customer offering.
- The enlarged Group is now able to offer design-led high performance image processing and embedded computing solutions, meeting the demands of next generation technologies reliant on machine vision, autonomy, edge computing, internet of things (IoT) and artificial intelligence (AI).
- The Acquisition is expected to be earnings enhancing in the first full year.

Acquisition consideration:

The Company has acquired the entire share capital of Active Silicon for an initial cash consideration of £6.3m, which on a cash free debt free basis results in an initial net consideration of approximately £2.7m. The initial consideration is subject to a completion accounts pound for pound adjustment in the event of any variance to the expected net assets at completion, with settlement being made out of the Group's existing cash resources and banking facilities.

In addition to the initial consideration there is a 25 month earn out period. The earn out consideration will be paid in two tranches based on the level of profit after tax generated in the periods ending 31 March 2022 and 31 March 2023 respectively. In aggregate, the earn out consideration is expected to be less than £1m.

Information on Active Silicon Limited:

Established in 1988, Active Silicon designs and manufactures imaging and embedded vision systems allowing the capture, processing, and transmission of image data in high performance and critical environments. World-class products include innovative embedded systems for IoT applications, pioneering autofocus-zoom cameras and high-speed acquisition cards allowing real-time, high-resolution image capture over long cable lengths. With a longstanding, global customer base, Active Silicon's products have applications in multiple areas of industry, science, and technology - including advanced manufacturing, life sciences, robotics, medical imaging, security and defence.

Active Silicon's headquarters and research & development centre are in Iver (west of London) with its production facility nearby in Langley. In addition, it has a US subsidiary, Active Silicon Inc., which operates from Severna Park, Maryland. This office provides sales, support, and operations for the North American market.

All hardware is designed in-house with some subcontract manufacturing taking place in Europe. Final assembly, inspection and testing is undertaken at the UK production facility.

Financial performance:

For the year ended 31 March 2020 Active Silicon reported revenue of £5.5m, profit after tax of £0.3m and had net assets of £5.7m.

The business experienced a significant downturn in the first half of the current financial year principally due to the COVID-19 pandemic. In recent months both orders and billings have seen a strong recovery. Although revenues to 31 March 2021

are expected to be down on the prior year, at just under £4.5m, management took appropriate actions to control costs which has meant the business will continue to be profitable with underlying profit after tax expected to be circa £0.2m.

Benefits of the Acquisition:

Solid State will combine Active Silicon's expertise and technology with the industrial computer product portfolio from its Steatite manufacturing division. This enables the enlarged Group to address the growing demand for 3D vision and robotic applications, as well as the increased requirements for embedded machine vision and edge AI computing products.

The enhanced in-house capability resulting from the addition of Active Silicon to the Group extends the scope for the design and manufacture of own brand products, with the resulting margin and customer retention benefits.

Commenting on the Acquisition, Gary Marsh, Chief Executive of Solid State, said:

"Solid State's acquisition strategy targets complementary technologies with exposure to structural growth markets. The acquisition of Active Silicon achieves both of these objectives while additionally broadening the capacity for the enlarged Group to increase its range of own brand products and value added services.

"The computing sector has been a key market for Solid State, which has driven a focus on expanding capability in the development of AI enabled technologies for industries such as medical, security, defence and life sciences. We see the acquisition of Active Silicon as a considerable step in broadening our customer offering and further extending into the product value chain.

"We look forward to welcoming the Active Silicon team to the Solid State group and are very optimistic about our future together."

Commenting on the Acquisition, Colin Pearce, Chief Executive of Active Silicon, added:

"We are pleased to become part of the Solid State Group and firmly believe the synergies of our embedded electronics expertise, combined with Solid State's portfolio of computing platforms, will lead to an acceleration of our profitable growth in the expanding areas of AI and embedded computing in general."

Investor Presentation: 16.00 on 4 March 2021

Matthew Richards, Managing Director of Steatite, and Peter James, Group Finance Director, will hold a presentation on Active Silicon at 16.00 on 4 March 2021. The presentation will be hosted through the digital platform Investor Meet Company. Investors can sign up to Investor Meet Company for free and add to meet Solid State plc via the following link <https://www.investormeetcompany.com/solid-state-plc/register-investor>. Investors who have already registered and added to meet the Company will automatically be invited.

Questions can be submitted pre-event to solidstate@walbrookpr.com, or in real time during the presentation via the "Ask a Question" function.

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.

No statement in this announcement is intended to be a profit forecast or estimate and no statement in this announcement should be interpreted to mean that earnings per share of the Company for the current or future financial years would necessarily match or exceed the historical published earnings per share of the Company.

For further information please contact:

Solid State plc Gary Marsh – Chief Executive Peter James – Group Finance Director	Via Walbrook
WH Ireland (Nominated Adviser & Joint Broker) Mike Coe / Chris Savidge (Corporate Finance) Jasper Berry / David Kilbourn (Corporate Broking / Sales)	0207 220 1666
finnCap (Joint Broker) Ed Frisby (Corporate Finance) Rhys Williams / Tim Redfern (Sales / ECM)	020 7220 0500

Walbrook PR (Financial PR)
Tom Cooper / Paul Vann

020 7933 8780
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 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://bit.ly/3kzddx7>

Operating through two main divisions: Manufacturing (Steatite) and Value Added Supplies (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 230 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 11 acquisitions since 2002.