

3 July 2018 07.30

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

Publication of the Annual Report and Accounts and the notice of the AGM.

Solid State plc (AIM: SOLI), the AIM listed manufacturer of computing, power and communications products, and value added distributor of electronic components, announces that its Annual Report and Accounts for the year ended 31 March 2018 and the notice of the AGM document have been published and are available in electronic form on the Company's website <http://www.solidstateplc.com>. Copies of the Annual Report and Accounts will also be available from the Company's registered office 2 Ravensbank Business Park, Hedera Road, Redditch, B98 9EY.

Notice of Investor Lunch:

An investor lunch for Private Client Investment Managers and Private Investors will be held on Monday 9 July at St Pauls, London. Those interested in attending should contact Tom Cooper on 0797 122 1972 or tom.cooper@walbrookpr.com.

Explanation of the special resolution in respect of the Non-Compliant Dividend and Related Party Transactions

The Board of Solid State PLC has become aware of a certain administrative non-compliance issue in respect of the payment of a historical interim dividend it paid on 26 November 2016 (the "Relevant Dividend"). Full details of this non-compliance issue are set out in the Company's Annual Report and notice of the general meeting.

At all relevant times the Company had adequate distributable reserves to allow the payment of the Relevant Dividend, however the interim accounts required to show the requisite level of distributable reserves were not filed at Companies House prior to declaring and making the Relevant Dividend. This has resulted in a technical infringement of the Companies Act 2006 ("Companies Act"). This issue only affects the Relevant Dividend and does not affect any other dividends declared and paid by the Company. The total aggregate amount of the Relevant Dividend was £335,199.76.

The issue is of a historical nature. There is no change to the financial outlook of the Company as a consequence of this technical matter. It also has no impact on the Company's intentions or ability to pay dividends in the future. No fines or other penalties have been incurred by the Company.

The Company has been advised that, as a consequence of the Relevant Dividend having been made otherwise than in accordance with the Companies Act, it may have claims against past and present shareholders who were recipients of the Relevant Dividend (the "Recipient Shareholders") and against persons who were Directors of the Company at the time of declaration and payment of the Relevant Dividend (the "Relevant Directors"). The Board notes, however, that the Company has no intention of bringing any such claims.

The Non-Compliant Dividend Resolution to be put to Shareholders at the Annual General Meeting of the Company to be held on 6 September 2018, will, if passed, put all potentially affected parties, so far as possible, in the position in which they were always intended to be had the Relevant Dividend been made in accordance with the procedural requirements of the Companies Act. In line with the approach taken by other UK incorporated listed companies that have encountered similar issues, this will involve the Company entering into deeds of release in respect of the Relevant Directors (the "Directors' Deed of Release") and in respect of the Recipient Shareholders (the "Shareholders' Deed of Release"). The consequence of the entry into of the Directors' Deed of Release and the Shareholders' Deed of Release

by the Company, is that the Company will be unable to make any claim against any Recipient Shareholder and/or any of the Relevant Directors.

Due to the aggregate value of the Relevant Dividend, the entry by the Company into the Directors' Deed of Release and Shareholders' Deed of Release (as appropriate) and consequential waiver of any rights of the Company to make claims against the following Related Party Directors or Related Party Shareholders (as defined below), constitutes a related party transaction:

- (i) certain of the Relevant Directors (being Peter Haining, Anthony Brian Frere, John Michael Lavery, John Lawford Macmichael and Gary Stephen Marsh) (the "Related Party Directors") as they are current directors of the Company and were involved in the decision to declare or pay the Relevant Dividend; and
- (ii) Canaccord Genuity Group Inc. and Mr and Mrs Gordon Comben, being Recipient Shareholders who hold, or who have held in the past 12 months, 10% or more of the issued share capital of the Company (the "Related Party Shareholders").

The independent directors (being Peter Owen James and Matthew Thomas Richards), having consulted with WH Ireland Limited, in its capacity as the Company's Nominated Adviser, consider that the terms of (i) the waiver of claims against the Relevant Directors pursuant to the Non-Compliant Dividend Resolution and the entry into of the Directors' Deed of Release and (ii) the waiver of claims against the Recipient Shareholders pursuant to the Non-Compliant Dividend Resolution and the entry into of the Shareholders' Deed of Release, are fair and reasonable insofar as the shareholders of the Company are concerned.

Terms used in this announcement shall have the meaning given to them in the Explanation of Non-Compliant Dividend Resolution included within the Annual Report.

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014.

For further information please contact:

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WH Ireland (Nominated Adviser & Joint Broker) Mike Coe / Ed Allsopp (Corporate Finance) Jasper Berry / David Kilbourn (Corporate Broking / Sales)	0117 945 3470
finnCap (Joint Broker) Ed Frisby / Kate Bannatyne (Corporate Finance) Rhys Williams (Corporate Broking / Sales)	020 7220 0500
Walbrook PR (Financial PR) Tom Cooper / Paul Vann	020 7933 8780 0797 122 1972 tom.cooper@walbrookpr.com

Notes to Editors:

Solid State plc (AIM: SOLI) is a leading value added group of companies providing specialist design-in and manufacturing services to those acquiring computing, power and communications products and electronic component services for use in harsh environments.

Serving niche markets in oil & gas production, medical, construction, security, military and field maintenance, Solid State acts as both a component supplier to OEMs and bespoke manufacturer of specialist units to clients with complex requirements.

Headquartered in Redditch, Solid State employs over 200 staff across four locations. Solid State operates through two main divisions: Solid State Supplies and Steatite.

Solid State was established in 1971 and admitted to AIM in June 1996.