

30 April 2025

Solid State plc

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

**Trading Update
& Notice of Results**

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 2025 ("FY 24/25" or the "Period") and current outlook.

Trading Update

The Directors are expecting to report revenues and adjusted profit before tax* for FY 24/25 of at least £124 million and £4.25 million respectively, each ahead of consensus expectations¹. Pleasingly, the Group closed the Period with strong shipments to customers.

Gross margins in the Period have benefitted from a favourable product mix and continue to be in excess of 30%. During the year the business has taken action to manage the cost base in light of the challenging trading conditions, albeit the changes introduced in the Autumn Budget to the tax legislation and minimum wage in the year ahead will see cost increases of more than £0.5m, somewhat offsetting the previously expected overhead savings.

The open order book on 31 March 2025 stood at £108.5 million (30 September 2024: £76.6 million) including c.£19 million from the recently announced communications equipment order, an underlying increase (excluding this order) of 17%. Approximately 95% of the total order book is expected to be delivered in the current financial year.

Systems

During the Period, the Division experienced strong demand in defence across all of its business units (computing, communications, integrated systems, and antennas), culminating in the c.£19m communications order awarded in March for delivery in FY25/26. Outside of the defence sector, activity levels in the broader industrial sectors were softer, particularly in the transportation sector; however, demand for servers and camera technologies, driven by growth in AI applications, is strengthening.

Building on communications equipment deliveries completed in previous periods, the Division is now addressing and investing in customer support and training requirements, which will generate attractive annuity revenue streams with added value.

In the Period, the Power business unit consolidated under a single brand, Custom Power, and a single leadership team was established, driving efficiency, creativity and optimising resource utilisation across the facilities in the US and the UK, through addressing opportunities that can be built in either continent depending on customer demand.

Whilst the fast changing regulations and tariff impositions are proving time consuming to administer, opportunities are being created as customers look for solutions that minimise Chinese content.

Whilst the Division has seen some churn in legacy customers for less complex packs, it has secured a number of new defence programmes driving demand for the US business with an increase in opportunities to support US Naval applications and unmanned aircraft.

With the ongoing global unrest, Custom Power is seeing customers pulling programmes forward. Its ability to meet surge demand from its operation in Crewkerne in the UK, Fountain Valley California, and potentially a second US production facility, will provide a clear advantage over our smaller single facility competitors.

Components

The Components division performed in line with management's expectations, maintaining gross margins, despite the impact of destocking and the slowdown in the industrial sector. The Division expects to return to growth in the current FY and anticipates benefiting from the recently announced increases in defence spending in multiple jurisdictions. Early indications are that the Division's blue chip defence customers are increasing their open order books whilst in the medical sector the Division continues to win new business and is receiving increased sales forecasts from key customers. This is giving rise to optimism that the medical sector will remain in growth throughout the current financial year.

The Division's US business is forecasting significant growth whilst weathering the daily change of regulations relating to import tariffs. The team remains confident that it has good control of its business and is making good progress in transferring business out of China.

Outlook

The Group re-iterates market expectations for the current financial year. The Solid State Group has been structured globally to enable product specialism, supply flexibility and, most notably, trading resilience. It is with this inherent strength that the Board views the shorter-term challenges of managing the changes in the global tariff structure with some confidence. Customer ordering patterns will inevitably change in response to variations in cost and supply conditions. Solid State is in active conversations with its customers to navigate the fast changing environment, and deliver 'agile' solutions wherever possible and, in each case, expects to pass on any tariff in full.

In most cases, the Group's high value-added input to its customer's product or solution ensures a loyalty and margin opportunity that reflects in long-term and relatively predictable relationships.

The Group continues to invest in its production capabilities, particularly in the US and the antenna market, reflecting the Board's favourable view on prospects, and particularly in the defence & security sector.

Following the acquisitions of Gateway Electronics and Q-Par US in H2 FY24/25, the Group is continuing to actively develop its pipeline of targets in the UK, US and Asia.

With year end net debt of circa £7.5 million, the Group has a strong balance sheet, low levels of borrowing, which combined with strong cash generation, means the Group can continue to make strategic investments to drive growth organically as well as through strategic acquisitions.

Gary Marsh, Chief Executive Officer, said:

"We are pleased to be expecting to announce results ahead of expectations. Order intake was particularly strong through October to January, with the notable c.£19m communications equipment order announced in March providing a welcome start to FY25/26.

"The Board continues to have confidence in the prospects for the Group and is investing for growth, whilst being conscious of the macroeconomic environment."

Notice of Results

Solid State expects to announce its final results for the 12 months ended 31 March 2025 on Tuesday 8 July 2025.

Analyst Briefing: 9.30am on Tuesday 8 July 2025

An online briefing for Analysts will be hosted by Gary Marsh, Chief Executive, and Peter James, Group Finance Director, at 9.30am on Tuesday 8 July 2025 to review the results and prospects. Analysts wishing to attend should contact Walbrook PR on solidstate@walbrookpr.com or on 020 7933 8780.

Investor Presentation: 2.00pm on Wednesday 9 July 2025

Gary Marsh, Chief Executive; and, Peter James, Group Finance Director; will hold a presentation to cover the results and prospects at 2.00pm on Wednesday 9 July 2025. 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.

¹The Company considers the average of the most recently published research forecasts prior to this announcement by all providers – Cavendish Capital Markets Ltd and Zeus Capital Ltd to represent market expectations for Solid State.

Market Expectations	FY24/25	FY25/26
Revenue	£123.0m	£145.2m
Adjusted profit before tax*	£4.0m	£7.2m

* Adjustments relate to IFRS 3 acquisition amortisation, share based payments charges and non-recurring charges in respect of re-organisation cost/acquisition costs and fair value adjustments.

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:

Solid State plc

Via Walbrook

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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 (AIM: SOLI) is a leading value-added electronics group supplying industrial and defence markets with durable components, assemblies and manufactured systems for use in critical applications, with a particular emphasis on harsh operational environments. Solid State's products are found around the world, from the ocean floor and into space, ensuring the smooth operation of systems that augment our everyday lives.

The Company has a core focus on industrial and ruggedised computing, battery power solutions, antennas, secure radio systems, imaging technologies, and electronic components & displays.

Operating through two divisions (Systems and Components) the Group thrives on complex engineering challenges, often requiring design-in support and component sourcing. Serving a wide range of industries, with a particular focus on defence, energy production, aerospace, environmental, oceanographic, industrial, robotics, medical, life sciences, and transportation, the Solid State trading brands have become synonymous with quality and reliability. The Group operates under the brands of Steatite, Solsta, Custom Power, Pacer, Active Silicon, Gateway, Durakool and Q-Par.

Solid State plc is headquartered in Redditch, UK, and employs over 400 people around the world. The business has seven production facilities in the UK and two in the USA. In total, including all office locations, the Group operates from 14 national and international sites.

Solid State was established in 1971 and admitted to AIM in June 1996. The Group has grown organically and by acquisition - having made five acquisitions in the last five years.

Take a look at the videos below for more insight into the Solid State Group.

Introduction to Solid State - https://youtu.be/1M_Q_B1mYic

Why invest in Solid State? - <https://youtu.be/ShmTz6005ws>