Technology for Demanding Applications

Annual Report and Accounts 2025

Solid State Group

Welcome to our 2025 Annual Report and Accounts

What we do

We supply components and systems, primarily designed for demanding applications where safety, performance, reliability and quality are critical.

This enables our customers to focus on their core business with confidence by delivering trusted technology for demanding environments.

Our Purpose

To deliver trusted technology for demanding applications in the quest for innovation and solving our customers' unmet needs by turning ideas into plans and plans into products.

Our Vision

We are trusted experts with the technical knowledge, connections and adaptability to solve the problems the electronic community can't solve alone.

Our Mission

To establish a position as an international leader in providing sustainably engineered electronics technology systems and components, enabling our stakeholders to realise value, maximise efficiencies, and reduce waste.

Our culture

The Solid State value has always been to treat people how we would want to be treated. Our people are the heart of our business and we are proud of the Solid State culture that is welcoming, friendly and supportive of all members of the organisation.

Our employees work consistently hard in striving to solve problems for our customers, and the Board encourages all employees to have fun in the process, which drives a culture of innovation, inclusivity and sustainable growth.

Read more about our culture on **pages 40 to 41.**

We operate in
14
locations

We sell in over
60
countries

We have
456
employees

We have achieved over
50 years
of innovation and strategic growth

Welcome from our CEO Gary Marsh

Solid State has expanded over its 54-year history through organic growth as well as acquisition. To date, the Group has made 15 acquisitions, which have brought new technologies into Solid State and widened our geographic footprint.

For Solid State's clients, the markets they work in are becoming increasingly demanding, which requires an agile technology partner with a comprehensive understanding of the cutting-edge options and emerging technology solutions.

Our values lead every aspect of our business operations and decision making:

Create a positive and collaborative workplace by putting our people at the heart of our business.

Add value to all our stakeholders by being responsible, ethical and sustainable in all that we do.

Q&A

1. How is Solid State fostering innovation across its divisions to meet the evolving needs of its defence, medical and other customers?

Answer: We take a forward-thinking approach to innovation, delivering cutting-edge solutions and supporting our customers in developing next-generation technologies. To lead in our field, we must be recognised as subject matter experts and continue to close gaps in our technology portfolio to offer a full product and service offering to customers.

2. What impact, if any, have recent changes in US tariffs had on Solid State's expanded US operations?

Answer: Our decision to expand production into the US has, in many respects, proven strategically sound. It has helped mitigate risks associated with tariffs and the current political momentum toward onshoring critical capabilities. Looking ahead, we intend to further strengthen our U.S. production base by broadening our product offerings and scaling up in-country manufacturing operations.

3. Looking ahead, what are your priorities for growth and transformation, and how will Solid State continue to deliver long-term value to stakeholders?

Answer: The Board remains committed to long-term, quality-focused growth, prioritising investment in integrated systems and communications & antenna technologies, alongside accelerating US market expansion. Organic growth opportunities will be complemented by strategic acquisitions targeting own-brand products and high-margin value-added services, strengthening the Group's earnings quality and sustainable growth.

Contents

Find us online at
solidstateplc.com

Group Highlights

Financial highlights

Revenue
£125.1m

- 2025 £125.1m
- 2024 £163.3m
- 2023 £126.5m
- 2022 £85.0m
- 2021 £66.3m

Adjusted operating profit margin
4.8%

- 2025 4.8%
- 2024 10.4%
- 2023 9.2%
- 2022 8.7%
- 2021 8.3%

Operating profit
£1.3m

- 2025 £1.3m
- 2024 £13.7m
- 2023 £9.4m
- 2022 £3.7m
- 2021 £4.3m

Profit before tax
£0.3m

- 2025 £0.3m
- 2024 £12.2m
- 2023 £8.4m
- 2022 £3.2m
- 2021 £4.2m

Adjusted fully diluted EPS
6.2p

- 2025 6.2p
- 2024 20.1p[1]
- 2023 16.1p[2]
- 2022 14.1p[2]
- 2021 10.9p[2]

Cash flow from Operations
£10.4m

- 2025 £10.4m
- 2024 £14.3m
- 2023 £9.4m
- 2022 £5.9m
- 2021 £6.9m

Dividend
2.5p

- 2025 2.5p
- 2024 4.4p[1]
- 2023 4p[1]
- 2022 3.9p[1]
- 2021 3.2p[1]

ROCE[3]
8.7%

- 2025 8.7%
- 2024 25.2%
- 2023 23.7%
- 2022 23.8%
- 2021 19.7%

ROE[4]
0.8%

- 2025 0.8%
- 2024 13.8%
- 2023 11.5%
- 2022 9.3%
- 2021 15.5%

[1] Restated for impact of bonus share issue.

[2] EPS not fully recalculated. Originally disclosed figure is divided by 5 to give indicative impact of bonus share issue.

[3] ROCE is defined as adjusted operating profit divided by average capital employed which is calculated as the average of the last two years' net assets less net debt.

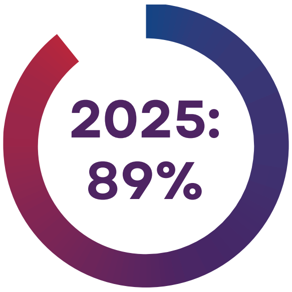
[4] ROE is defined as profit after tax divided by total equity.

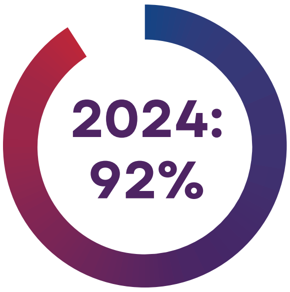
Alternative/Adjusted Performance Measures ("APMs"), including "adjusted" and "underlying", are applied consistently throughout the 2025 Annual Report and Accounts. APMs are defined and reconciled in Note 30 to the reported GAAP measures, and also include a narrative disclosure of the basis of recognition of the APMs and the impact of the differences compared to the statutory measures.

Operational highlights

Employee retention

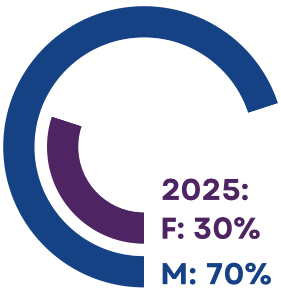
The changes within the business have led to a modest increase in employee turnover; however, our continued investment in people and culture has helped us maintain a comparatively low overall turnover rate. Retention figures have been adjusted to reflect planned retirements and Group-wide cost reduction measures.

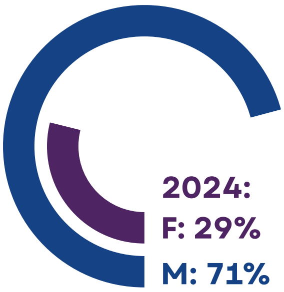




Gender diversity

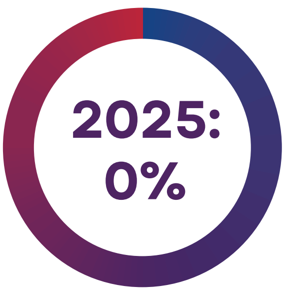
We are encouraged by the progress made in improving diversity across the business, while recognising that further opportunities remain. The Board remains committed to fostering an inclusive culture that supports greater diversity and promotes a healthy work-life balance for all employees

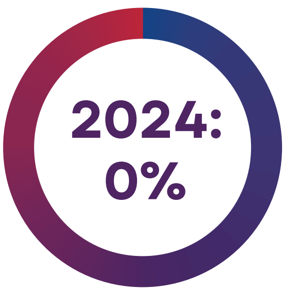




Lost time incidents

The Board is actively advocating a culture that prioritises safety. Employees are required to complete workplace safety and compliance training. We track accidents and incidents on a monthly basis.





ESG highlights

Environmental

Our overall baseline intensity ratio has continued to decrease from 20.7 tonnes in our base year in FY20 to 10.71 tonnes in FY25. This is driven by the overall reduction in CO_2e over the years.

Scope 1 and 2 emissions for the UK and offshore operations have seen a 38% reduction from 2020, albeit the marginal increase in FY25 compared to FY25 is, primarily as a result of the inclusion of our new acquisition Gateway Electronics.

Social

Solid State recognises the value our people play in the Group's success. Some of our key highlights this year include introducing an online learning platform (Eloomi), investing in development courses using the apprenticeship levy, as well as enhancing our community by supporting local charity events. Additionally, we are a proud signatory of the armed forces covenant and support military veterans working for our business.

Governance

The Board has continued to evolve following the addition of Sam Smith last year, with the establishment of the Group Executive Board under the Group Board. The creation of the Executive Board marks a significant step as we scale the business and strengthen our leadership and governance frameworks. We have also continued to enhance our Group policies and procedures, driving continuous improvement and aligning with best practice governance in accordance with the updated 2023 QCA Code.

Read more about ESG on **pages 36 to 39.**

Group at a Glance

Solid State provides specialist, trusted technology for demanding applications by turning ideas into plans and plans into products.

How we differentiate

Our two divisions work together to provide us with specialised market and industry knowledge, which complements our technological experience and targeted product knowledge. This, combined with our strong supply chain relationships, enables us to form the foundation of our know-how.

Our divisions

Solid State Group — Technology for Demanding Applications

Systems

Steatite · Custom Power · Active Silicon · QPAR USA

Power · Communications · Computing

The Systems division has market-leading capabilities in the design, manufacture, supply and through life support of high-performance systems. The business provides systems solutions across three areas: industrial computing and vision systems, custom battery packs providing portable power and energy storage solutions and advanced communication systems, encompassing wideband antennas and high-performance radio products.

Systems highlights

- Strong demand in Defence across all business units
- Circa £19m communications order awarded in March for delivery in FY25/26
- Investment in our 16,000 sq ft Ashchurch UK facility for our Integrated Systems operation
- Acquisition of Q-PAR Antennas USA allows opportunity to access the world's largest Antenna market

Our clients include

BAE SYSTEMS · AIRBUS · Sonardyne · NATO OTAN

Components

solsta · pacer · Durakool · Gateway

Franchise · Value Added Services · Own Brand

The Components division provides products and services across three areas: own-brand manufactured components, franchised components and the provision of value-added services, such as sourcing and obsolescence management. It is a specialist in designing-in innovative, valuable, technical solutions for customers seeking cutting-edge, electronic, opto-electronic, electro-mechanical components and displays with market-leading value-added capabilities.

Components highlights

- Acquisition of Gateway Electronic Components complements our product profile with the addition of own-brand ferrite and magnetic components
- BAE Silver supplier award and Tech distributor of the year for Robustel
- Good demand and increased billings for Internet of Things ("IoT") with communications components having secured two new franchises in the USA.

Our clients include

Honeywell · Malvern Panalytical · SONY · SIEMENS

Markets we serve

Industrial

Medical

Defence

Transport

Read more on **pages 21 to 23**

Our global reach

Our international customer base

We work with Tier-one OEMs across in our key target markets of industrial, medical, transport and defence, our long-standing relationships with global prime contractors provide recurring revenue streams to which we add value through our technology and industry expertise.

America

23%

UK

60%

Europe

12%

Rest of the world

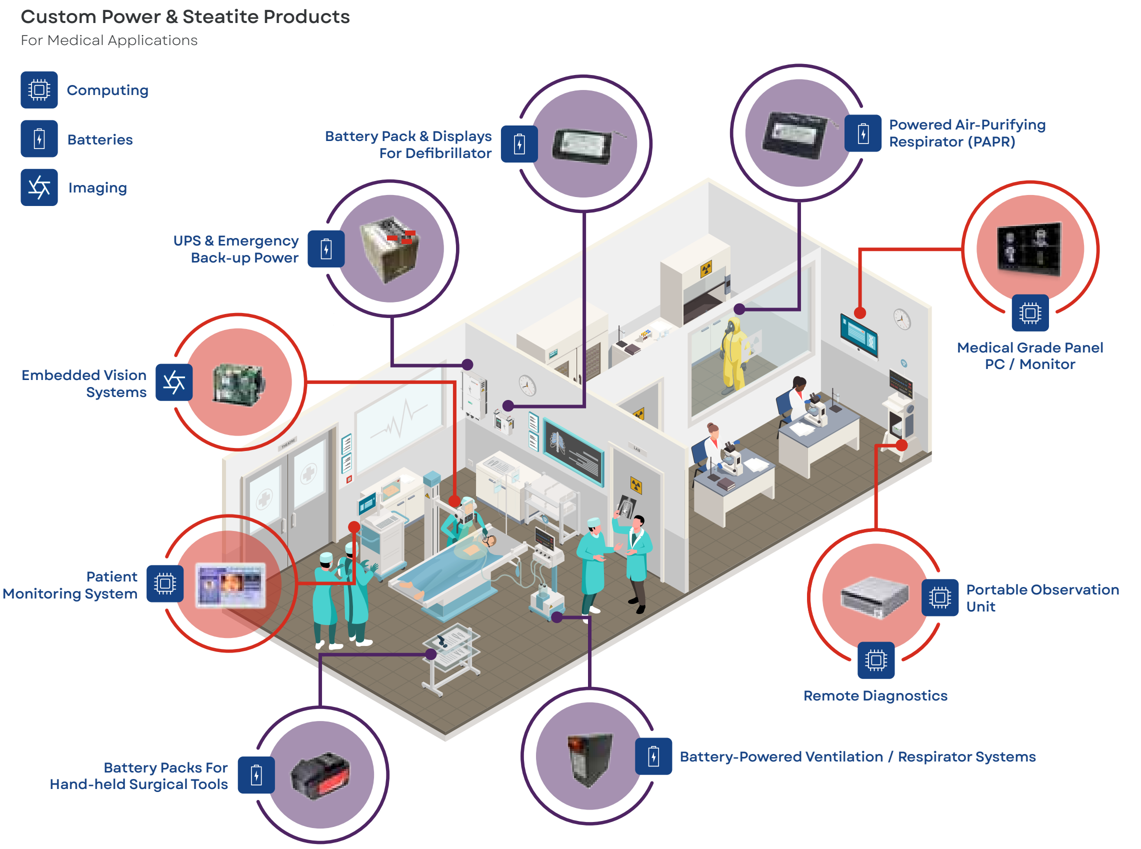
5%

Group at a Glance
continued

How we serve our customers
We build trusted long-standing relationships with our customers. Solving their technology challenges, turning ideas into plans and plans into products and systems, by linking up the electronics community in the drive for innovation while meeting our customers' unmet needs.

Application example: **Medical**

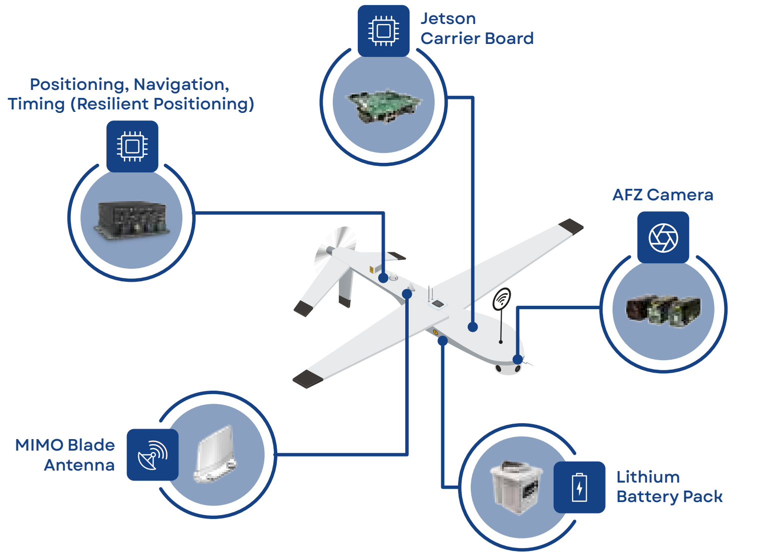
Advantage and benefit we offer
We have operated in the medical sector for many years, and this remains a key target market for the Group. Our expanding capabilities for this sector provide extensive opportunities and the business will further invest in medical certification. From battery packs designed to power precision surgical instruments to powerful integrated computers enabling the latest advanced imaging equipment, our technology is evident throughout the medical environment.



Application example: Unmanned Aerial Vehicle

Advantage and benefit we offer

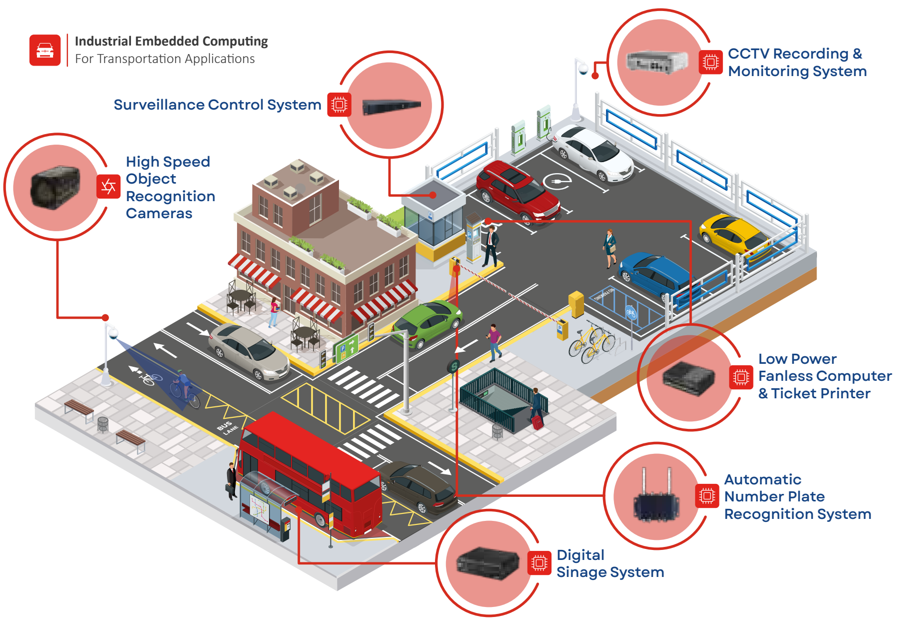
Over recent years, Unmanned Aerial Vehicles (UAVs), often known as drones, have been introduced to a vast array of sectors. Military, industrial, agricultural and even delivery services are increasingly using sophisticated UAVs. These machines require reliable power systems, imaging, opto-electronics, computing and communications systems, all areas where the Group has world-class strengths.



Application example: Intelligent Transportation Systems

Advantage and benefit we offer

The Group has technology and capabilities that align with the demands of modern Intelligent Transportation Systems ("ITS"). Operating in often extreme environments involving dust, moisture, vibration, heat and cold, these systems have to function flawlessly with minimal maintenance. This is where our technology excels. From recording and storing CCTV footage to enabling complex Automatic Numberplate Recognition (ANPR) systems, we are responding to demand to integrate AI in the latest ITS applications.



Group at a Glance
continued

Case Study

Gateway Electronic Components acquisition

Acquired by the Group in October 2024, Gateway Electronic Components is a recognised leader in the magnetics and IoT sectors within the electronic component industry. The acquisition provides an exciting opportunity. By combining Gateway's products, expertise and technology with our wider Components division, we are not only broadening our own-brand component portfolio through the addition of the machined ferrite range of products, but also enabling both parties to grow by leveraging our aligned customer bases.

Established in 2000, and based in Nantwich, Cheshire, UK, Gateway is a specialist in ferrite and magnetic components and solutions. Ferrite is commonly used in electromagnetic compatibility ("EMC") components for interference suppression, products in the emerging industrial IoT technology sector and technologies critical to the power generation, transmission and distribution industry. Gateway manufactures its products in the UK and already supplies into many of the Solid State Group's target structural growth markets.

Like Solid State, Gateway engages its clients in a value-added relationship based on an engineering-led sales force and product innovation to meet emerging industrial needs. The cultural fit has always been a very important element of our M&A strategy, so it is pleasing to join forces with a like-minded team in this relatively small but highly strategic acquisition.

Case Study

Launch of our new Steatite Integrated Systems Facility

In the summer of 2024, the Group invested in a modern purpose-designed facility in Ashchurch, UK for the development of the Integrated System business unit. The site is 16,000 square feet and adds around 7,000 square feet of production space. The facility benefits from a wealth of local engineering and manufacturing talent, while offering good transport links to the rest of the country and is relatively close to our HQ in Redditch.

Our newly formed Steatite Integrated Systems business unit has been established to design and manufacture and test military grade multi function consoles integrating ruggedised video displays, keyboards and the embedded computer technologies. The facility has been designed to enable fabrication of the physically large consoles and cabinets with associated cabling and power systems in a dedicated safe and secure environment. Such complex integrated systems are designed to operate in severe environments for extended periods with very high reliability requirements. Beyond the provision of the hardware, the business will provide through life support that encompasses the supply of spares, support equipment, documentation, training and ultimately disposal. All offering opportunity for revenue generation over extended periods. Accordingly, the business has recruited additional subject matter experts to increase our in-house support capability.

The official opening for our site took place in May 2025, albeit the site has been up and running since April and started generating revenue in FY25/26. This is an important strategic step in achieving our 2030 ambition and will be a core focus for the Group.

Our Investment Case

Unmatched technical knowledge and experience with a consultative approach

The Group has been at the forefront of the design-in component supply and engineered systems manufacturing industries for more than 50 years.

We can meet customer needs by building solutions that choose the best component, module, computing technology, cell chemistry, or communications solution thanks to our extensive industry expertise and experience as well as our established key supplier relationships.

This guarantees that Solid State is a reliable partner and an authority on the issue for our clients.

Industry expertise and domain knowledge

50+ years

A proven track record

Our strong expansion in recent years has been underpinned by Solid State's resilience and diversified business model. While the current year has presented challenges, our compound growth in revenue over the past five years remains in excess of 15%

FY25 has been a year of strategic investment, with performance at year end exceeding consensus expectations. These investments are essential to achieving our 2030 growth ambitions and restoring operating margins to above 10%. Our proven track record provides a solid foundation for continued expansion, supporting the next phase of growth and delivering increased value to our stakeholders.

Operating margin ambition for 2030

>10%

Trusted relationships with blue-chip customers

The business has a diverse portfolio of customers including Tier-one customers in medical, transport and defence sectors. We have long-standing customer relationships where they recognise us as providing high-quality solutions, products and services. We have established strong connections with our clients because they know we offer top-notch products, services, and solutions.

Our clients have the confidence to trust us to offer high-value, long-life sustainable goods that can function in tough settings because of our adaptability, resilience, and capacity to operate in markets with significant barriers to entry.

March open orderbook

£108.5m

Best-of-breed product portfolio

We design ourselves into the product cycle to continue offering engineered solutions as customer demands change because we collaborate closely with our clients to add value. When the Group possesses industry-leading component and systems manufacturing knowledge, our clients are usually looking to embrace the deployment of the enabling technologies.

The requirement for customised specialised electronic solutions to meet complicated needs, usually in harsh settings where improved durability and resilience to extremes of humidity, temperature, pressure, vibration, and wind are critical, drives demand for the Group's goods and services.

Designing electronic and optoelectronic components, image processing, artificial intelligence (AI), the Internet of Things ("IoT"), replacing fossil fuels, power switching, cordless and portable power, and cutting-edge communications/antenna solutions are just a few of the products and solutions we offer.

New leading edge product

AI Accelerator

Accredited facilities across multiple locations

The Group has made significant investments over the years to guarantee that the facilities have the necessary accreditations (including AS9100D, AS9120, ISO13485, ISO45001, and ISO1401) as well as the test and measurement capabilities required to operate at the highest level of quality. To make sure we can meet or surpass our customers' needs, the Company keeps assessing and investing in our websites.

Our investment in the new facility in Ashchurch is to support our Tier-one customers with larger systems and more complicated projects.

ISO Accreditations

ISO 13485

Focused on high-growth markets

In our four main target markets of defence and security, medical, transportation, and industrial, the Group is well-established. We are resilient to shifts in market demand because of the variety and balance of the end markets we service.

For our clients operating in our target growth markets, we have a well-established, varied portfolio of goods, technology, and services. We also keep pushing ourselves to make sure our products are cutting edge, setting new standards, and setting market trends.

We focus on markets with high entry barriers, where our products and services are valued due to accreditations, established reputations, and specialised test and measurement skills.

FY23- FY25 Market growth rate*

21%

* Year on year growth in our four target sectors

Chairman's Statement

Nigel Rogers
Non-Executive Chairman

> "Faced with a number of market challenges, the breadth of the Group offering and experience of the Board has resulted in a resilient performance."

Following a year of record trading and results in FY24, market conditions were more challenging, and this is reflected in these results. Economic headwinds in advanced economies were exacerbated by geopolitical events, resulting in a background level of uncertainty and intense volatility. The Group has demonstrated good resilience but has not been immune from the effect of these conditions.

Performance

After a solid first-half performance, the Group endured an unexpected delay in a large order for communications equipment in November 2024 which was a consequence of the UK Strategic Defence Review. This contract was reconfirmed in March 2025 and will now be delivered in the first half of the financial year ending 31 March 2026.

The effect of this delay created a necessity to reduce earnings guidance for the year, and it is noteworthy that these final results are ahead of the reduced expectations reset at that time.

End markets continue to be volatile, partly due to cyclical shifts in demand characterised as aftershocks from the post-pandemic boom, but mainly due to geopolitical factors. Headlines continue to be dominated by rapid fluctuations in policy on both sides of the Atlantic, especially in relation to trade barriers and tariffs. These create daily disruption, however, our people and operations are agile, and the Directors are generally content that the Company is well-placed to benefit from the underlying direction of travel.

The Company's business model has resilience from the diversity of products and services offered, the geographical spread of operations, and exposure to a variety of structural growth end markets. For example, we supply a range of highly differentiated specialist products into the defence and security sector and have production capabilities in both the UK and the USA. We are also building the infrastructure to support large defence sector primes in the UK at a time when both domestic and NATO spending is forecast to increase substantially over the next decade.

In addition, we are increasing exposure to other high-growth sectors; medical, IoT and security for example. These markets will help to stabilise and expand our distribution business at a time when transportation and general industrial demand remains sluggish; a headwind that may continue for some time.

Our resilience is demonstrated by the quality and enduring nature of our customer relationships and can be measured by an increasing proportion of revenue derived from own-brand products and, perhaps most importantly, maintaining gross margins well above industry average.

Power update

The USA business of Custom Power was acquired in August 2022 for $40m at a time when it was generating EBITDA of $3.5m on annual revenue of $29.7m.

Following completion, market conditions became more challenging as demand softened after the post-pandemic boom. In addition, execution of the integration plan was disrupted by the need to make leadership and management changes in the US operations, which took longer than originally anticipated.

Custom Power has recently been combined with our UK Power business at Crewkerne, to form a single business unit, under a new leadership and management structure which is proving to be much more effective. Power will be represented as a third division from FY26.

Focus has been on building the operational capability of the business as a platform for growth. This work is now largely complete, enabling management to move the attention to conversion of the abundant business development opportunities in this sector which is progressing well with the open orderbook strengthening. We are especially well placed by having robust defence sector accreditations and experience, and a multi-site manufacturing footprint. This creates confidence that we can rebuild the top line and return the Power business to enhancing Group operating margins rather than acting as a constraint.

Acquisition update

During the year we completed two bolt-on acquisitions, Gateway Electronic Components in the UK and Q-PAR Antennas in the USA. Transactions of this size and nature are relatively straightforward to complete and integrate in the current climate and offer a lower risk route to drive growth in challenging times. Management is focused on identifying similar deals in the current financial year, with larger strategic acquisitions given lower priority in an elevated risk environment.

Finally, and despite market uncertainties, we continue to invest in people and infrastructure both in the UK and in our American business, to capitalise on the undoubted potential for sustained expansion in coming years.

The Board and Governance

The structure and composition of the Board of Directors has been unchanged throughout the financial year, which has provided welcome stability at a time of external turbulence. The Board continues to monitor the effectiveness of its' own affairs, and the balance of skills and experience required to devise strategic goals and objectives, and monitor delivery and performance.

Dividend

In September 2024 the shareholders approved the Directors' proposal to issue four bonus ordinary shares for every ordinary share held, with the practical effect of this being to subdivide the existing share capital by a factor of five. The purpose of this proposal was to increase the liquidity of trading in the shares and improve access for retail investors. In this respect, the new structure has had the desired effect, and the average number and volume of daily trades has demonstrated a healthy increase.

The Board remains committed to delivering returns to shareholders, including the payment of dividends. After many years of progressive increases, the Directors have reluctantly acknowledged that the decrease in current year earnings necessitates a corresponding reduction in dividends paid and proposed.

The Directors are proposing a final dividend of 1.67p (2023/24: 2.9p*) resulting in a full year dividend of 2.5p (2023/24: 4.3p*), pence per share, which is covered 2.5 times by adjusted earnings (2023/24: 4.6 times).

Our progressive dividend policy is a key element of our strategy to deliver returns to shareholders, and the Directors are committed to restoring dividend payments to prior levels as soon as trading conditions permit.

The final dividend is pending approval by shareholders at the AGM on 11 September 2025. If approved, it will be paid on 30 September 2025, to shareholders registered by the close of business on 12 September 2025. The shares will be marked ex-dividend on 11 September 2025.

Outlook

Market conditions are showing early signs of underlying improvement, although this continues to be obscured by short-term volatility from fast moving geopolitical events.

The open orderbook on 31 March 2025 stood at £108.5m (30 September 2024: £76.6m) including c.£19m from the restored communications equipment order, an underlying H2 increase (excluding this order) of 17%. Approximately 95% of the total orderbook is expected to be delivered in the current financial year.

Q1 trading has seen a strong start to the year benefitting from the initial shipments of the communications equipment noted above as well as strong order intake from a number of customers. However, we have continued to see some USA customer programmes being delayed with the macro-economic and geopolitical uncertainty.

The Directors continue to have confidence in the longer-term growth drivers in each of the three divisions (with the split out of Power from April 2025) and have invested in people and facilities in preparation for increasing demand in key markets, both sector-wise and geographically.

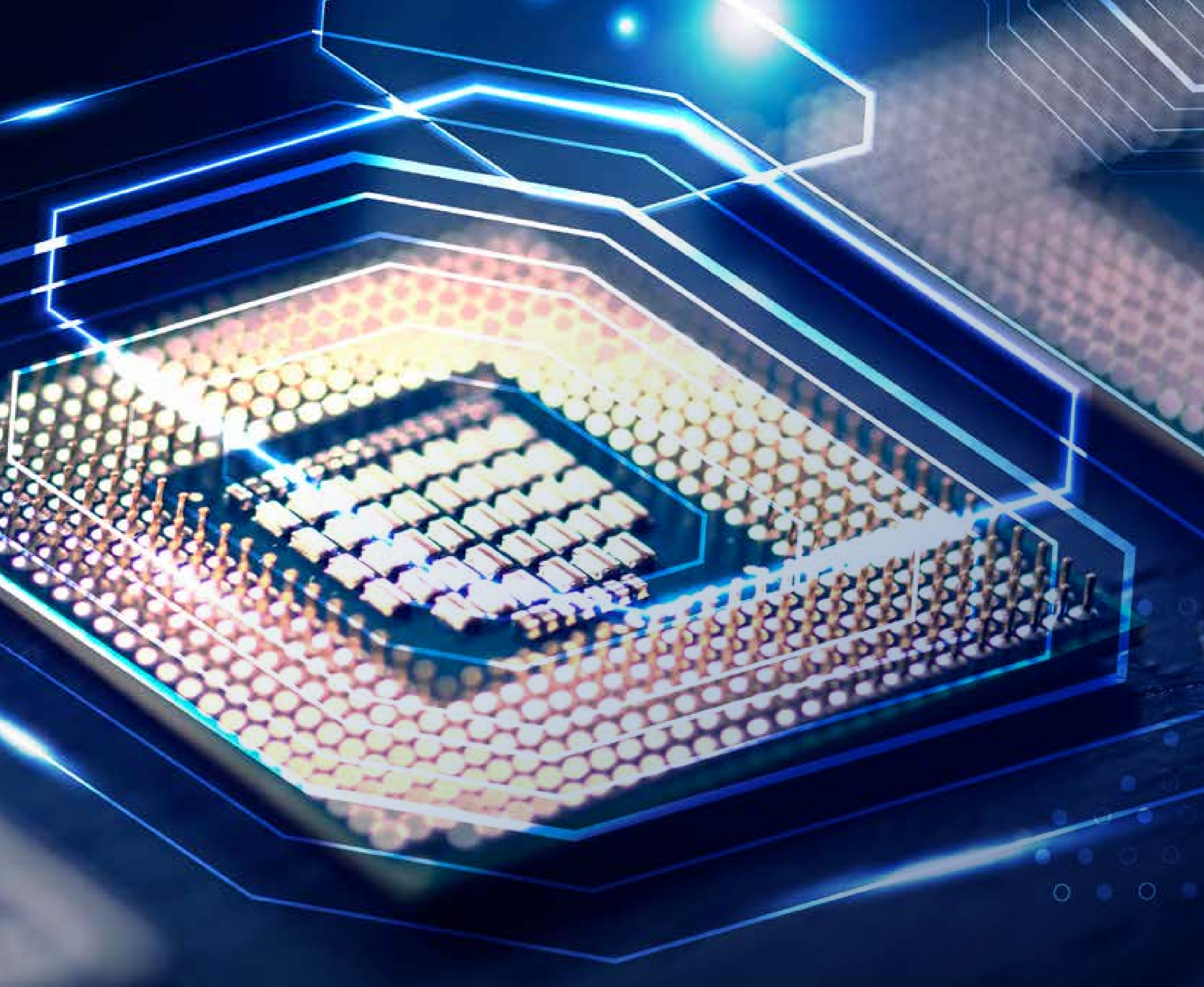
The primary focus will be on delivering strong organic revenue growth from current customers and healthy pipeline opportunities, with a continuation of robust gross margins, and improving net margins from the effect of operational gearing.

Nigel Rogers
Non-Executive Chairman

8 July 2025

* Restated for impact of bonus share issue

Strategic Report



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

Gary Marsh
Chief Executive Officer

Chief Executive Officer's Review

Gary Marsh
Chief Executive Officer

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

Following a notably strong comparable period in FY24, performance over the last 12 months has seen good demand in some sectors (e.g. defence and security) while others have been depressed (Industrial), driven by customers continuing to de-stock combined with a slowdown in industrial demand.

This was compounded by the timings of shipments in respect of communications programmes, where Q4 23/24 benefitted from a pull forward from Q1 24/25, then exacerbated by the delay of a significant opportunity from Q4 FY24/25 which has now been secured and will be shipped in FY 25/26.

While the headline reported performance in the current year shows a significant year-on- year reduction, the shipments of the communications products contributed strongly to the prior year record results at circa £33.4m of revenue and £9.0m of profit, which has not recurred in the current period. Normalising for this programme, the prior year revenue would have been approximately £130m, which reflects a more modest shortfall year on year driven by the industrial headwinds.

I am pleased to reiterate that the delayed communications equipment order of $25m has now been awarded and will be delivered in the current financial year ending 31 March 2026. The orderbook at 31 March 2025 is £108.5m, which, combined with strong prospect pipeline, gives the Board confidence in meeting consensus expectations for FY26.

Overall business performance

I am pleased to report revenue for the year of £125m and adjusted profit before tax of £5.0m, both exceeding consensus expectations. Notably, the Group concluded Q4 with robust shipments to customers.

Gross margins during the period have remained stable above above 30%.

Throughout the year, the business has implemented measures to manage its cost base in response to challenging trading conditions. However, the changes introduced in the Autumn Budget regarding tax legislation and minimum wage are expected to result in cost increases of over £0.5m, which will partially offset the anticipated overhead savings.

Sector and divisional review

Systems

Last year, the division saw an exceptional year, especially with the pull-in from communications revenue. Our non-communications revenue has had a strong performance in FY25 with 41.1% (FY23/24 30.5%) of total Systems revenue. The Systems margin percentage has remained broadly stable year on year in excess of 35%.

The Systems division has experienced delays in investment programmes in the UK and there has been a slowdown in awarding defence contracts, although these are expected to accelerate following publication of the strategic defence review at the beginning of June.

There is a clear shift toward longer-term framework contracts in the defence sector, particularly in maritime surface and Subsea to strength supply chain resilience. These agreements offer industry stability and visibility, enabling better planning, investment, and assured delivery. The Group is well positioned to benefit from this trend, given its proven capability, reliable supply chain, and focus on mission-critical technologies.

Our Power business unit has faced challenges in the industrial market where we have seen higher customer churn having exited some low engineering value add customers. As a result, we have recognised a write-down on our acquisition goodwill. Positively, we have secured a number of important opportunities with Tier-one customers which should result in increased activity in the second half of FY25/26.

We are pleased to report that our investment in the Integrated Systems business unit to meet demand for more complex systems from our Tier-one defence and security customers is largely complete and the production transfer to that site commenced at the beginning of FY25/26 where we anticipate revenue and activity will build as we progress through the year. This new facility will be a significant opportunity to secure additional premium high-value-added business and growth in the mid-term.

Components

The Components division has seen a slowdown in industrial and transport sectors as customers continued to de-stock as component lead times started to normalise.

Positively, the margins within the Components business have recovered towards traditional norms at 25% and we are continuing to focus on further enhancing margins in the year ahead as part of our push to improve the Group's quality of earnings.

The Group's investment in Gateway Electronics as well as securing new franchises, including Inseego in the USA and Smiths Connectivity in the UK reflects our continued commitment to deliver on the Components' growth strategy.

Key leadership

The establishment of the Executive Board last year has strengthened the Group. The Executive Board is tasked with delivering the strategic objectives, monitoring and control of ongoing operational and commercial activities and improvement.

We continue to focus on developing the senior management team and are pleased to have welcomed Stephen Brown as Chief Sales Officer for our USA operations. Stephen's role will focus on enhancing the sales approach, customer engagement model and market presence expansion in the USA.

We continue to focus on progressing our gender diversity and are pleased that more than one-third of our leadership team is now female. We recognise that there is still work to be done to continue to improve our diversity and are focused on developing our people as well as adding new talent.

Our engineering teams are made up of 80 engineers and are essential to the Group's performance. We take pride in drawing in and keeping a talented workforce that has helped us build a solid platform for future expansion.

We have established a General Manager structure within the Systems business units as well as enhancing the US team with roles in engineering, quality, and HR management, and recruiting additional talent in IT, health & safety, and project management in the UK.

Developing our leadership team is essential for future growth. We have made significant investments in building expertise in key areas such as communications and integrated systems, with several internal promotions demonstrating our commitment to nurturing talent. We are upskilling our technical team with skills in confidential documentation and verification.

Notably, nearly 50% of vacancies have been filled internally, supplemented by strategic external hires when needed. These initiatives highlight our commitment to cultivating a capable and resilient team to advance the Group's goals.

Acquisitions

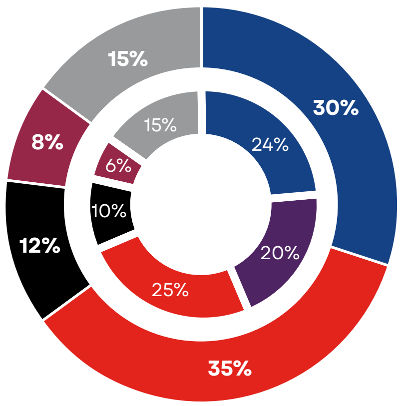
Over the last 12 months, the Group has completed two relatively small bolt-on acquisitions which support our 2030 strategy. The acquisitions of Gateway Electronic Components and Q-PAR Antennas USA enhance the development of the Group's US sales channel for its own-brand products, including Durakool, Steatite Antennas, and Optical. These acquisitions are also expected to boost mid-term operating margins and support organic growth.

Gateway Electronic Components Limited

Gateway was acquired for £1.4m in October 2024. As a specialist in ferrite and magnetic components, Gateway adds a complementary product range and expertise that aligns with Solid State's strategy of delivering value-added engineering solutions.

We will look to leverage Solid State's international sales channels, to drive additional growth in sales of Gateway's proprietary machined ferrite products while also providing cross-selling opportunities and expanding the customer base. This growth is expected to boost earnings and margins within the Group's Components division.

Our Markets



Market as a % of total Group revenue

Key

- Defence & Security (excl. Nato)
- Nato
- Industrial
- Medical
- Transportation
- Other

Outer Circle: 2025
Inner Circle: 2024

Chief Executive Officer's Review
continued

Q-PAR Antennas USA, LLC

The business was acquired for a total consideration of up to $2.1m. Q-PAR, a long-standing distribution partner specialising in antenna systems for defence and security, provides Solid State with a secure distribution channel in the US and approved supplier status for key defence contractors.

This acquisition bolsters the Group's presence in the US which is critical with the recent political environment changes to the USA tariffs, highlighting the importance of "made in USA." This acquisition supports the medium-term growth through the potential to onshore production and enhances our ability to scale in one of the world's largest antenna markets.

In addition to these acquisitions, the Board is actively seeking attractive opportunities in both overseas and UK markets. The acquisition pipeline for both divisions remains robust, with a particular emphasis on integrating new technologies and further internationalising the Group.

Strategy

The Board is committed to maintaining our growth ambitions and the success that the business has seen over the last five years. Our 2030 goal is to return to the levels of performance achieved in FY23/24 of adjusted PBT from the core business (excluding "non recurring" material communications revenues).

To increase revenues and improve operating margins, we want to keep funding initiatives for organic growth that are supported by smart acquisitions. We will continue to focus on our strategic markets and customers in expanding industries with high entry barriers that demand certification or established credibility, where our specialised skills and engineering knowledge are valued.

Despite the challenges faced this financial year, we are pleased with the progress we have made in achieving our 2030 strategy. Our four pillars remain unchanged and are:

1. Talent development embedding our ESG values
2. Broadening our complementary product and technology portfolio
3. Development of our "own brand" components, systems and power offering securing recurring revenue
4. Internationalisation of the Group

The following significant landmarks represent critical phases in the implementation of our strategy and are important foundations which our 2030 objectives and goals will leverage:

- The new "Executive Board" is operating effectively and advancing the strategy's creation and implementation;
- Planned overhead and capital investment (in excess of £5.0m) in our Systems division enhancing the capacity and capabilities in our RF Communications business unit and the new Integrated Systems site at Ashchurch to strengthen the relevance and value-added uniqueness of our offering to our Tier-one customers;
- Continue to focus on generating cash and paying down borrowings to position the Group for future investments;
- Completion of the rebranding of the existing Group provides a common look and feel, and facilitates the presentation of the wider Solid State offering to existing and prospective customers;
- The Group's Power business unit has made significant progress, securing several major orders for battery systems from key Tier-one customers in the robotics, drone, and naval sonar buoy sectors; and
- Acquisitions of Gateway and Q-PAR provide small but important strategic value to drive mid-term operating margin enhancement and organic growth for their respective divisions.

Our markets and business development

Our long-term partnerships, strong commitment to customer service, and proactive management of semiconductor supply chains have allowed us to maintain a diverse customer base in our target markets. This has continued to demonstrate its value, when compared against a very strong comparable period in FY23/24, allowing the Group to be resilient in difficult market circumstances.

The Group is well-positioned in the defence and security sector. This sector is highly regulated, with significant entry obstacles for those without extensive experience. The Directors see significant growth potential for the Group, which has excellent relationships with strategically important customers, innovative technology, and operates in an environment that will benefit from increased levels of public spending, both domestically and internationally, in the coming years.

This is evidenced with the delayed communications programme revenue of $25m returning for the upcoming financial year. Group revenue in this sector contributed to circa 30% of FY25 (2024: circa 44%). The Company has effectively positioned itself in the market as a prominent provider with Tier-one and Tier-two customers, having been operating in this industry for over five decades.

Our confidence is underpinned by the UK government's commitment to increasing defence expenditure from 2.3% to 2.5% of GDP by 2027 and an ambition to further increase this to 3.0%. In Europe, current plans imply an increase in non-US NATO defence budgets by 50%, from 2% to 3% by 2030.

The "integrated systems" production facility began operations in April 2025 and is expected to contribute revenue in FY25/26. This facility will boost the Group's technical capability and continue to support our Tier-one customers in the defence and security market providing a platform for mid-term revenue growth which will enhance operating margins.

The global electronics sector has continued to normalise, with orderbooks changing to meet shorter lead times and the removal of surplus inventory. Political and economic concerns (not least the US tariffs) have had an influence on many businesses, with some consumers deferring purchases due to the combination of shorter lead times and uncertainty, which is decreasing demand. That said, the Group has seen significant demand and rising billings for Internet of Things ("IoT"), with the Group acquiring two new franchises for communications components.

The Group's Power business unit has faced a number of challenges impacting current year trading, however, looking forward we have made successful strides by securing numerous major orders for battery systems from key Tier-one clients in the robotics, drone, and naval sonar buoy industries.

These high-quality contracts, together with a stronger pipeline of prospects in both the United States and the United Kingdom, show a strategic shift toward higher-value activities. This approach will help to mitigate the impact of losing lower value-added client accounts in future years; but, the decision to exit these accounts has created a short-term headwind that is significantly impacting performance this year. The recent announcement of tariff changes highlights the importance of investing and manufacturing in the USA and this is a key focus area of the Group's strategy.

We will continue to make mid-term investments in the medical industry as a Group since it has similar characteristics to defence and security (accreditations, know-how and lengthier design cycles). Long-term development of this sector will help to supplement and balance our strengths in the D&S business.

We achieved the ISO13485 medical standard at our Weymouth production facility and are planning to achieve this accreditation in our Power facilities, which is critical for future growth. The medical market is buoyant, and design and pipeline development has been strong across both divisions, with new engineering projects and design wins likely to translate into production demand to commence in FY25/26 and beyond.

Outlook

The Board has outlined a plan for Solid State to grow by delivering multi-year, multi-product projects as a valued partner to multinational blue-chip customers. This has resulted in consistent success over the last few years, with record financial performance in the preceding fiscal year.

Our key markets are heavily regulated, with considerable entry hurdles and prospects for higher profit margins. To satisfy these stringent standards, the Group invests in personnel, infrastructure, and product development, sometimes ahead of expected returns. Certain market applications can be cyclical in nature, and others are dependent upon spending approvals, the timing of which can be affected by national and international events.

We are participating in projects with long term visibility and are working towards securing multi-year framework contracts.

The Group has experienced some setbacks in delivering this financial year, albeit we are pleased that we have performed ahead of revised consensus expectations, and we anticipate the year ahead will bring new opportunities.

The recent announcement and uncertainty from the changes in tariffs announced in the USA will be a key area of focus for businesses worldwide. Our recent acquisition of Q-PAR USA and the investment in our USA Power business is strategically placing us in a position to achieve the "made in USA" status.

The growth opportunities in the USA are significant and the Group's vision is to build out our west coast USA facilities which will require investment from 2025 to 2027.

The Board remains committed to our strategy and is confident that our business model is resilient. The Group has taken steps to reduce discretionary spending and working capital investment in order to provide a robust balance sheet at the period end.

Despite the USD currency headwinds at a revenue level, post year end we have had a strong start to the year benefiting from delivering £8.1m of the c. £19m communications order which was announced in March 25. The orderbook at 31 May 2025 was £101.6m which gives the Board the confidence to re-confirm that we remain on track to deliver the consensus revenue and earnings for FY25/26.

The new Ashchurch site and the two bolt-on acquisitions demonstrate a readiness to invest in capabilities and critical mass, allowing for a return to above-market organic growth across the cycle as markets recover.

Gary Marsh
Chief Executive Officer

8 July 2025

Business Model

Our business model combines synergies in our global operations with diversity in our technologies and markets within the electronics industry.

It incorporates our industry expertise knowledge, key relationships with suppliers, customers and our people, which enables us to source, design and manufacture products that are built to provide sustainable long-term value-added solutions.

Key resources

Our people
We have an industry-leading team of technology and electronics experts upon which the Group's success is built. They enable us to add value to our customers in supplying our components and system solutions through product agnostic technology-led advice.

Our technology
Specialist components, sub-assemblies, and embedded systems, through to complete integrated electronic solutions.

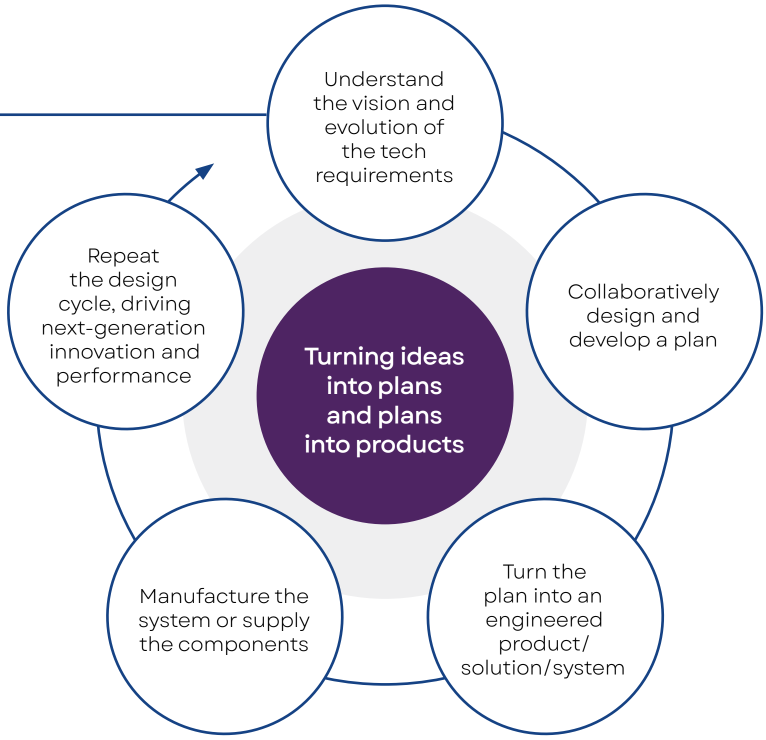
Domain knowledge
The Group has more than 50 years of industry expertise and domain knowledge upon which it can draw on design-in, high-quality, high-performance, sustainably engineered, components and systems to apply "industry know-how" in solving our customers' problems.

Our relationships
Our supply chain and technology partners and relationships ensure that we can reliably provide technology components and sub-systems at times of need and shortage.

Our culture
The Solid State culture is at the heart of how our teams build relationships internally and externally, which is a cornerstone of how we deliver trusted innovative technology for our customers' demanding applications.

Key activities

Design-in engineered solutions for our clients where we partner with clients to turn ideas into plans and plans into products
We are more than an electronic components distributor and systems solution provider. We are trusted experts with the technical knowledge, connections and adaptability to solve the problems our electronic community customers can't solve alone.



How we add value – our divisions

Systems

How we add value to our customers

The Systems division has market-leading capabilities in the design, development, manufacture, supply and support of high-specification systems. The business provides systems solutions across three areas: industrial computing and vision systems, custom battery packs providing portable power and energy storage solutions, and advanced communication systems, encompassing wideband antennas and high-performance radio products.

Components

How we add value to our customers

The Components division's business provides products and services in three areas: own-brand manufactured components, franchised components and the provision of value-added services such as sourcing and obsolescence management. It is a specialist in designing-in innovative, valuable, technical solutions for customers seeking cutting edge, electronic, optoelectronic, electromechanical components and displays with market-leading value-added capabilities.

Competitive advantage

1. Unmatched technical knowledge, resource and experience
2. Complete supply solutions leveraging best-of-breed product portfolio
3. Consultative approach with trusted relationships

Value we deliver

Customers

We work collaboratively with customers to meet or exceed their expectations. We leverage our team's technology know-how, product expertise and system performance to deliver innovation and value-added solutions.

Employees

We are committed to delivering high-quality rewarding employment opportunities, maintaining a high level of employee engagement and providing an environment where all employees can fulfil their potential.

Suppliers

We work in partnership with our suppliers to drive innovation and development, designing-in the best technology to deliver the required performance for a given application, securing recurring revenue for us and our suppliers.

Communities and environment

We recognise our role as a local employer, and the importance of our environmental commitments to our local community. Our work with, and for, the communities in which we operate, is a critical part of influencing and maximising our social value.

Shareholders

As a well-established public Company, we are committed to delivering long-term sustainable growth in total shareholder returns through a combination of capital growth and dividend income.

Our Marketplace

The Group actively targets markets with high barriers to entry, requiring accreditations, long-standing reputations and specialist technical design, engineering, test and measurement capabilities. This enables the business to differentiate its offering, and develop long-term symbiotic customer relationships where premium products and services are valued and reflected in the margins.

Our key markets

Industrial

There is a demand for industrial automation, which has increased the need for electronics to support the adoption of IoT, 5G and AI.

£44.1m

(FY24: £40.6m)

Defence & Security

Working with Tier-one prime contractors and directly with the end user community to support the geopolitical environment that continues to drive global government spending in defence & security.

£37.8m

(FY24: £39.1m, excluding NATO £33.4m)

Medical

Serve the healthcare industry in providing specialist electronic equipment to assist in enhanced patient care, diagnostics and non-invasive surgeries.

£15.1m

(FY24: £17.1m)

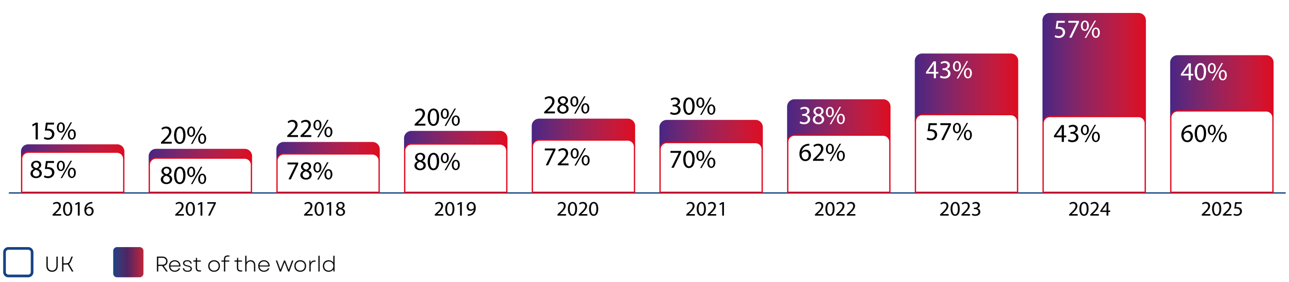
Transportation

There is a growing demand for technologies in the transport sector that deliver enhanced safety, autonomy, efficiencies and electrification, areas in which the Group has the skills, experience and resources to benefit our customers.

£9.6m

(FY24: £9.7m)

Revenue mix (%, 10-year period)



Our Marketplace
continued

Industrial

Key trends

Macro trends	Market drivers	Impact	How we are responding
• Smart devices • Connected, wireless systems • Big data	• Industrial automation • Autonomy and robotics • ESG requirements • AI, 5G and IoT • Onshoring • Labour availability • Sustainability	• Machine learning and vision • 5G technology adoption • Smart factories	**Systems** • Embedded computing and vision systems • Portable and off-grid battery power solutions • Products designed to last; meeting sustainability and environmental requirements **Components** • Wi-Fi, Bluetooth, cellular, mesh and narrow-band components and systems • Machine vision components • Sensors • Power and switching devices • Embedded processing devices

Defence & Security

Key trends

Macro trends	Market drivers	Impact	How we are responding
• Unstable geopolitical environment • Higher threat environment • Increased spending as % of GDP • Expanded NATO • Increased European Defence	• Evolving cyber threats • Autonomous systems • Integrated secure communications platforms • ESG requirements • Decision making AI	• Investment in cyber defence technology • Adoption of green tech • Investment in autonomy • Secure communications • Drone solutions • Airborne/surface and subsea	**Systems** • Range of mesh communications radios, embedded computing command and control and TEMPEST products • Suite of RF antenna solutions • Portable and off-grid battery power solutions for autonomous systems • Advanced battery solutions for high-performance drones **Components** • Military-grade Power supplies • Rad-tolerant PSUs and filters • Semiconductors and portfolio of military grade displays • Mesh networking modules

Medical

Key trends

Macro trends	Market drivers	Impact	How we are responding
• Increasing life expectancy • Growing population • Increasing use of technology (diagnosis and treatment) • Adoption of medical robots • Reducing pressure on the NHS infrastructure	• Sensing • Robotics • Analytics and AI • Remote patient monitoring	• Internet of medical things ("IoMT") • Medical robotics • AI augments healthcare processes • Enhanced data analysis • Rapidly expanding use of wearable technology	**Systems** • High-performance embedded computing for medical data processing • High-resolution cameras and communication protocols • Portable and off-grid battery power solutions for medical equipment **Components** • Portfolio of medical-grade optical sensors and detectors • Portfolio of medical-grade displays • Portfolio of medical cameras • Manufacturing facility certified to ISO13485 – medical • Enables and builds medical grade products for key OEMs

Transport

Key trends

Macro trends	Market drivers	Impact	How we are responding
• Green transport • Smart transport • Adoption of UAVs1, AUVs2 and UGVs3 • Remote monitoring	• Electrification, ESG requirements • Autonomy • Smart transport • EV infrastructure • Use of AI	• Next-generation smart rail • Enhanced machine vision systems • ANPR adoption • Smart charging • Autonomous transport	**Systems** • Embedded edge computing systems for ANPR • On and off train embedded computing with low latency image capture and processing • Emergency power packs for aircraft lighting systems. **Components** • EV and charging power switching • Remote vision cameras • Embedded processing • Communication modules and modems supporting all standards • Rail-certified power supplies

Our Strategy

The Board is committed to a 2030 plan to return to growth and is focused on recovering the adjusted profit before tax margins from the core business (adjusting for the benefit of any significant non-recurring communication programme revenues) to circa 7% as we have achieved in prior years.

The Board recognises it has been a challenging year albeit the last five years of accelerated growth has built a strong resilient foundation which will allow the Group to capitalise on opportunities as markets recover and will underpin the mid to long-term growth value for all our stakeholders.

The Group's 2030 growth strategy hinges on combining organic growth initiatives and strategic acquisitions that complement its objectives. In determining whether to advance the strategy through organic means or acquisitions, the Group will look to progress opportunities that minimise the risk aligned with our four strategic pillars.

In executing this strategy, the Group will maintain its emphasis on preserving its diverse customer and sector exposure and leverage its previous acquisition track record, ensuring that Solid State continues to benefit from the resilience it has demonstrated in recent times.

Key strategic pillars

Investment and development of talent

Achievements in 2024/25

- Group leadership has been strengthened by the ongoing use of the of Executive Board, reporting to the Directors, which has been tasked with the delivery of strategic objectives, monitoring and control of ongoing operational and commercial activities and continuous improvement.
- Appointment of Stephen Brown as US Chief Sales officer.
- Introduction of an online Learning Management System, Eloomi, opening up opportunities for employees to learn and develop

Mid-term strategic goals for 2030

- Identify and secure longer term framework contracts with Tier-one prime contractors and continue to invest in talent to support these long term contracts.
- Scale our engineering capability to form a dedicated team to service Tier-one primes as the system provider of choice for through-life engineered service and support.
- Continue to establish development pathways for existing talent and invest in new talent to establish longer-term succession planning.
- Develop partnerships with academic partners to secure talent pipeline.

Broaden complementary products/ technology profile

Achievements in 2024/25

- Capital investments in excess of £2.0m in our Systems Division enhancing the capacity and capabilities in our RF Communications business unit and the new Integrated Systems site at Ashchurch.
- Acquisition of Gateway Electronic Components complements our product profile with the addition of ferrite and magnetic components.
- New franchise wins including Smiths Connectivity (UK), Ezurio (UK) and Deep X (UK).
- BAE Silver supplier award and Tech Distributor of the Year for Robustel.

Mid-term strategic goals for 2030

- Continue to establish our Ashchurch facility in 2025/26 to enable delivery of larger complex integrated systems initially underpinned by demand from the defence / security sector.
- Develop our portfolio of complementary franchised products available to supply into the US components sales channel.

Internationalise the Group

Achievements in 2024/25

- The acquisition of Q- PAR in San Diego, USA supports medium-term growth through potential onshore production, and enhances our capability to scale in the world's largest antenna market.
- The Power business unit has secured several major orders for battery systems from key Tier-one customers in the robotics, drone, and naval sonar buoy sectors.
- Increased billings for Internet of Things ("IoT") with communications components having secured two new franchises in the USA.

Mid-term strategic goals for 2030

- Establish USA antenna production capability to drive market penetration and organic growth.
- Develop our international components sales channels.
- Investigate high-growth opportunities in other overseas markets and position to take advantage of them.

Develop our "own brand" product portfolio

Achievements in 2024/25

- Continued to strengthen the Group's sales through Solsta of its own brand products (Custom Power (batteries) Active Silicon (vision systems), Durakool (power switching and Pacer (optical)) in both the UK and US markets.
- Continued to diversify supply chains for own-brand components establishing non China second sources for contract manufactured products..
- Added the "Gateway" own brand ferrite product portfolio to the Group.

Mid-term strategic goals for 2030

- Develop the sales channels for Group's own-brand products.
- Develop the portfolio of complementary "own brand" products to continue to drive margin enhancement.
- Maximise the visibility and profile of the Group's go to market brands based on the Group's rebranding.

Our Strategy
continued

M&A

The Group has a clear and focused approach to investigating M&A opportunities, aligned with the strategy.

In implementing this strategy, the Group will continue to focus on building on its successful acquisition history and retaining its diverse, customer and sector exposure, ensuring Solid State maintains the resilience it has benefitted from in recent times.

Why and how we do M&A:

- Capital allocation decision between organic investment vs M&A investment
- Delivering on the strategy and minimising risk
- Lower-risk approach through M&A rather than organic penetration into a market
- Rigorous due diligence

M&A selection criteria:

- Alignment with four pillars of our strategy
- Culture, people and capabilities are critical
- Alignment of target markets
- Financial performance drives pricing
- Opportunities to accelerate organic growth, post completion

Potential areas for M&A:

- Med Tech Industry
- US communications production capability and technology business
- International targets (USA and Asia Pacific)
- Adding complementary products

Our Acquisition Timeline

1971
Solid State PLC
Company founded

1996
London Stock Exchange
Listed

2002
Steatite – Computing, Batteries & Systems
Established 1938
£1.3M

2005
Wordsworth – Computing, Systems
£1.8M

2007
RZ Pressure – Battery Power, Systems
£1.3M

2010
Rugged Systems – Radio Comms, Systems
£0.2M

2011
Blazepoint – Rail Printer, Systems
£0.2M

2013
Q Par Angus – Antenna, Comms, Systems
£1.0M

2013
2001 – Semiconductor, Components
£2.0M

2015
Ginsbury – Display, Components
£2.1M

2016
Creasefield – Battery Power, Systems
£1.6M

2018
Pacer – Optoelectronics, Components
£3.7M

2021
Willow Technologies – E-Mech Components –
£13.1M

2021
Active Silicon – Machine Vision, Systems
£8.9M

2022
Custom Power – Battery Power, Systems
£32.9M

2024
Gateway Electronic Components
£1.4M

2024
Q-PAR Antennas USA
£1.2M

Chief Financial Officer's Review

Peter James
Chief Financial Officer

> Solid State has prudently leveraged its balance sheet strength to support its cash flow requirements in delivering on a strong orderbook and its growth ambitions."

Revenues

Group revenue in 2025 is £125.1m (FY23/24: £163.3m) and is ahead of consensus expectations for the year. Normalising for a constant currency impact of £1.6m and the £33.4m prior year revenue impact from the communications programme which has not recurred, the year on year revenue is down 2.5%.

The Systems division reported revenue of £69.8m (FY23/24: £103.5m). The Division was impacted by the delay in the communications programme to FY25/26 compared to last year, which was an exceptional year with communications programme revenues being pulled into FY23/24 from the current year.

That said, performance for this year saw a strong contribution from the defence and security market with 30% of revenue being derived from this sector. While the underlying Computing and Communications revenues have been robust, the Power business unit within the Systems division has faced significant headwinds in the USA from the industrial slowdown, continued de-stocking and the political volatility and associated economic uncertainty which has adversely impacted performance in this period.

Like the US Power business unit, the Components division faced the same tough trading conditions, which has resulted in revenues of £55.3m (FY23/24: £59.8m) reflecting a 7.5% decrease which, while disappointing is better than the UK electronics distribution market which saw just under a 20% in the calendar year 2024.[1]

[1] Source: International Distributors of Electronics Association (IDEA)

Gross profit

Positively, the gross margin at a product level across both divisions has seen a slight improvement largely offsetting the impact of the change in mix of sales meaning that the overall Group margin percentage has been broadly maintained and is 31.5% (FY23/24: 31.7%).

Systems gross margin percentage remained broadly stable at 36.6% (FY23/24: 37.6%) contributing gross margin of £25.5m (2024: £38.9m). The prior year had two key factors impacting gross margins, where a benefit from the delivery of certain premium projects offset the dilutive impact of the high volume communication revenues. The mix of business and margins are back to more traditional norms, however our investments in capabilities in Ashchurch and the USA provide opportunities to do more premium margin business going forward.

Components contributed gross profit of £13.8m (FY23/24: £12.9m). The margin percentage increased from 21.6% in FY24 to 25.0% in FY25, reflecting the positive impact of discontinuing legacy lower margin production activities in the USA. Looking forward, we remain focused on our strategy of enhancing our value-added and own-brand product offerings to further enhance margins.

Adjusted operating margin

4.8%

Sales, general and administration expenses

Sales, general and administration ("SG&A") expenses remained stable at £38.0m (FY23/24: £38.1m). However, the adjusted SG&A costs have reduced to £33.3m (FY23/24: £34.8m) reflecting that the Group has implemented several cost mitigation measures, primarily in areas facing more challenging trading conditions. The cost mitigations included a reduction in personnel costs and performance-related pay plus lower recruitment fees.

Despite these measures, the Group has committed to significant investment in key areas with strong mid-term growth potential, including our new integrated systems facility in Ashchurch, UK and the expansion of our capability to deliver additional RF communications products. Our focus on investment on a full year basis will result in additional overheads of circa £3.0m on a full year basis.

Operating profit

The prior year reflects the benefit of the exceptional revenue growth in the period and the associated operational gearing. As a result, in the current year adjusted operating margins have decreased to 4.8% (FY23/24: 10.4%) with adjusted operating profit being £6.0m (FY23/24: £17.0m).

The operating profit is depressed because of overhead investments primarily in our Systems division within our Ashchurch and Leominster facilities of circa £1.5m ahead of realising the revenue opportunities.

Establishing the additional capacity in Leominster as well as building out our new Ashchurch facility has established capacity and a capability which is critical to enable us to realise mid-term growth opportunities with our Tier-one Systems customers.

In doing this we have added circa £3.0m to the Group's cost base on a full year basis, and while the Ashchurch facility is running at lower levels of utilisation it is dilutive to operating margins however as we secure additional business this will enhance the Group's operating margins in the mid-term.

The reported operating profit was £1.3m (FY23/24: £13.7m). The adjustments to operating profit are set out in further detail in Note 30.

Based on the simplified R&D regulations, the Group is a large company in terms of the classifications for UK R&D tax benefits. Under the updated large company scheme, the benefit of the R&D tax credits is recognised within operating profit rather than within the tax line. We have recognised £0.54m (FY23/24: £0.28m) within operating profit in respect of an R&D expenditure credit ("RDEC"). These development programmes are a cornerstone of the Group's future high-value-added revenue streams.

Profit before tax

Adjusted profit before tax was down 67.9% to £5.0m (FY23/24: £15.6m) albeit ahead of the revised consensus expectations. After the one-off write-down of intangibles, the profit before tax was £0.3m (FY23/24: profit £12.2m). The adjusted profit metric is reported after adjusting items totalling £4.7m (FY23/24: £3.4m) which includes the write-down and amortisation of acquisition related intangible assets, share-based payments charges and redundancy/ re-organisation costs.

Profit after tax

The underlying effective tax rate in FY24/25 is 29% (FY23/24: 25%).

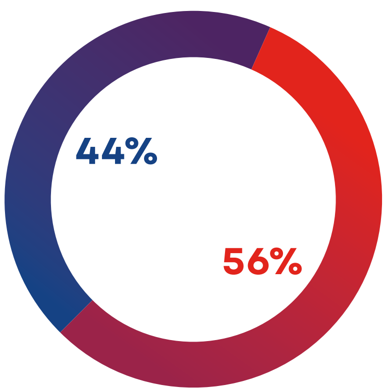
The effective tax rate has increased due to not recognising the deferred tax asset relating to US losses where there is uncertainty that the losses will be recovered, which is consistent with the impairment recognised in the period. The reported tax charge reflects the benefit of share option tax deductions and enhanced tax allowances, resulting in a tax credit for the year of £0.2m (FY23/24: £3.3m expense).

Adjusted profit after tax was £3.6m (FY23/24: £11.7m). The profit after tax was £0.5m (FY23/24: £8.9m).

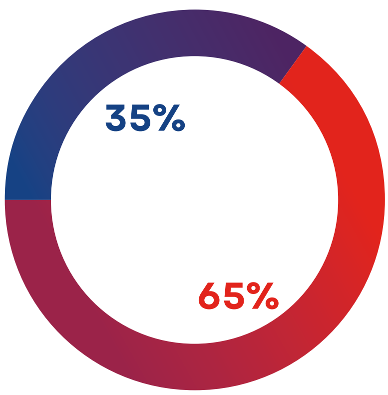
EPS

Adjusted fully diluted earnings per share for the year ended 31 March 2025 is 6.2p (FY23/24: 20.1p as restated). Statutory fully diluted earnings per share is 0.9p (FY23/24: 15.4p as restated).

Revenue



Gross Profit



Key
- Systems
- Components

Chief Financial Officer's Review

continued

Dividend

The Board is proposing a final dividend of 1.67p (FY23/24: 2.90p[2]) for approval at the Annual General Meeting, giving a full-year dividend of 2.5p (FY23/24: 4.30p[2]) as set out in the Chairman's statement on page 11.

Cash flow from operations

Cash flow from operations stood at £10.4m (FY23/24: £14.3m). This decrease in operational cash is primarily driven by the large billings of the NATO contract in Q4 FY23/24 and pull in of revenue.

The adjusted operating cash conversion percentage (cash generated from operations/ adjusted operating profit) for the full year is 173% (FY23/24: 84%).

The year ended with a working capital inflow driven by receipt of cash in relation to FY24 Q4 Nato shipment and offset in part by the outflows from payment of creditors and increased inventories.

During the period, we paid taxes of £2.6m (FY23/24: £3.3m) with minimal tax payments in the USA due to deductible amortisation of local goodwill.

[2] As restated for the impact of the bonus share issue

Investing activities

During the year, the Group invested £2.5m (FY23/24: £1.5m) in property, plant and equipment, and £1.2m (FY23/24: £1.3m) in software and R&D intangibles. The increase in the Group's capital expenditure was primarily driven by the investment in the new Ashchurch facility, of £0.9m.

The business invested in two acquisitions this year. In our Systems' division we acquired Q-PAR USA with net cash payments totalling £0.7m, comprising £0.3m on completion and the first deferred consideration payment of £0.4m. Gateway Electronic Components for our Components division was acquired at £1.4m. There remains deferred and contingent consideration for Q-PAR with £0.3m recognised at the balance sheet date. See note 33 and 34 for further details.

There are capital commitments of £0.2m (FY23/24: £0.0m) at the balance sheet date; however, in the year ahead we anticipate continued investment in our Ashchurch facility, the relocation of our Waterside facility and fit-out and we are in the process of commencing our investment to enhance our USA production capabilities to enable us to deliver on organic revenue growth opportunities. Total investments are expected to be in excess of £5m over the next two financial years.

Adjusted operating cash conversion

173%

Financing activities

The Group received proceeds for issuances of £0.0m (FY23/24: £0.1m) and paid out £0.5m (FY23/24: £nil) for purchase of own shares into treasury.

The financing activities reflect a net draw down of borrowings of £2.5m (FY23/24: £1.6m) and payments for right of use assets of £1.3m (FY23/24: £1.2m).

Net interest charges fell in the period to £0.9m (FY23/24: £1.3m) reflecting the reduction in the net debt and reduced average rates compared to the prior year.

The Group is committed to its progressive dividend policy which resulted in payments of £2.1m (FY23/24: £2.3m) in respect of dividends following the strong performance in FY23/24. In the current year we have proposed a dividend appropriate to the level of profitability as set out in the Chairman's statement on page 11.

Statement of financial position

The Group ended the year with a strong balance sheet of £61.5m in FY24/25 with a marginal decrease from the prior year (FY23/24: £64.6m). The decline in net assets is primarily driven by the write-down of the acquisition intangible assets in addition to dividend payments of £2.1m and the adverse foreign exchange translational impact of £0.7m recognised in reserves.

Net inventory increased to £28.0m (FY23/24: £25.1m) primarily driven by:

- Increase in Systems inventories of c. £3.8m which reflects an increase in Custom Power USA, which supports the delivery of the new orders announced during FY24/25 and an increase in the UK to support a number of communications and antenna programmes which will be delivered in H1.

- Components inventory reduced by £0.9m. This reflects a focus on reducing the UK stock holding post the shortages, which have been offset in part by increases in the USA to service the new contracts announced during the year and the acquisition of Gateway (£0.5m).

Receivables for year-end stood at £21.6m, a decrease from prior year total of £31.5m driven primarily by the strong prior year March billings which included Communications shipments. Receivable ageing has improved with several overdue balances as of 31 March 2024 successfully collected during the year.

Payables for the Group have declined from £21.6m in 2024 to £17.0m in 2025 as a result of the Communications product noted above and no bonuses are accrued for this year.

Similar to prior years, the Group still pays suppliers pro forma when necessary to secure product that is in short supply. Nevertheless, our long-standing customer and supplier relationships have enabled us to successfully manage fluctuations in working capital.

The Group signed a new lease for the facility at Ashchurch and committed to extend leases across various sites in the UK during the year to ensure manufacturing capacity for future growth. As a result, the overall lease liability has increased by £2.4m to £6.0m as at 31 March 2025.

Group year-end net debt stood at £7.4m (2024: £4.7m) which comprises £3.5m of cash offset by modest levels of borrowing, being £9.8m of term loans with Lloyds and $1.0m drawn down on our Comerica facility to fund the Q-PAR acquisition and a small level of deferred consideration (£0.3m).

Our strong cash conversion and long-standing relationships with our lending partners in the UK and USA with Lloyds Bank and Comerica enable the Group to continue making strategic investments to support both organic growth and acquisitions.

Post year end, we refinanced the Group’s debt facilities, establishing a two-bank syndicated Revolving Credit Facility (“RCF”). The committed RCF totals £15.0m, with a £10.0m accordion which is not committed. In addition, subject to agreement with Lloyds, the facility enables to provide a £5.0m short-term overdraft, offering the business further flexibility to manage short-term working capital spikes. This facility enhances both funding flexibility and cost management, supporting the Group’s growth strategy.

Peter James
Chief Financial Officer

8 July 2025

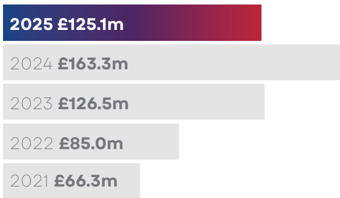
Key Performance Indicators

Financial KPIs

The following key performance indicators are used by the Group to monitor performance, working capital and forward prospects.

Revenue

£125.1m



Definition

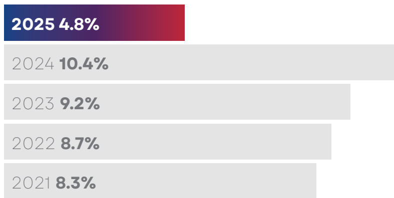
Revenue is measured as the value, net of sales taxes, of goods sold and services provided to customers.

Reason for choice

This is a key driver for the business, enabling us to track our progress in driving growth.

Adjusted operating profit margin

4.8%



Definition

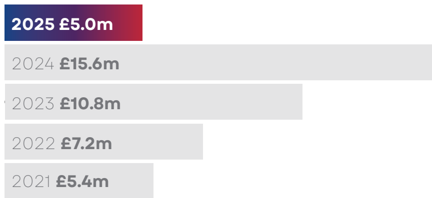
Earnings before interest, tax, amortisation of acquired intangibles, acquisition costs and other adjustments for one-off non-recurring items divided by revenue.

Reason for choice

Adjusted operating profit margin provides a consistent year-on-year measure of the trading performance of the Group's operations to enhance the quality of the earnings.

Adjusted profit before tax

£5.0m



Definition

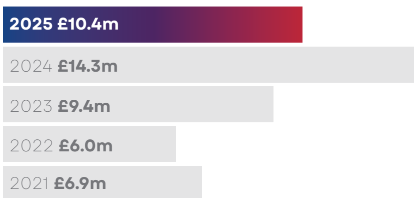
Profit before taxation, amortisation of acquired intangibles, acquisition-related costs and charges, share-based payments and other adjustments for one-off non-recurring items.

Reason for choice

This measure is the critical metric that the operational management controls and influences delivering profit. This in turn drives the total return achieved for shareholders.

Cash flow from operations

£10.4m



Definition

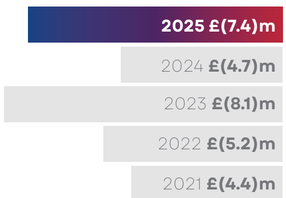
Cash flow for operating activities, excluding investing and financing activities.

Reason for choice

This provides a measure of the cash generated by the Group's trading and provides visibility of the cash impact of the working capital investment decisions. It represents the cash that is generated to fund capital expenditure, interest payments, tax and dividends.

Net debt

£(7.4)m



Definition

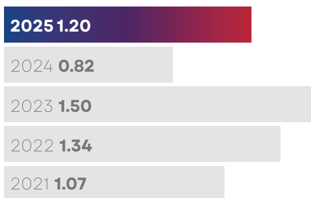
Cash less borrowings less deferred and contingent consideration obligations, excluding rights-of-use lease obligations.

Reason for choice

The Group has financial covenants agreed with its lenders that are based on this definition of net debt, making it KPI monitored to ensure compliance. Furthermore, net debt is used to monitor the Group's leverage position and ensure the Group maintains an appropriate capital structure.

Book to Bill (rolling 12M)

1.20



Definition

Last Twelve Months ("LTM") order intake divided by LTM revenue.

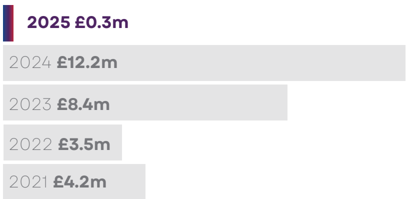
Reason for choice

Monitoring the book to bill ratio provides a metric to monitor growth in the open orderbook and, therefore, the prospects for sustainable growth. While the LTM basis does eliminate some of the short-term, month-to-month volatility, it should not be monitored in isolation from the absolute revenue and open orderbook as variations in bookings and billings will impact the ratio.

Overview
Strategic
Governance
Financials

Profit before tax

£0.3m



Definition

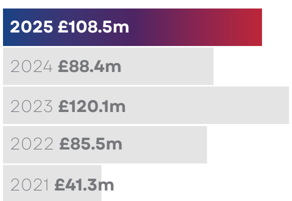
Profit before taxation.

Reason for choice

This measure is the critical statutory metric that the operational management controls and influences, allowing stakeholders to assess the Group performance on a standardised basis of comparison.

Open Orderbook

£108.5m



Definition

Firm scheduled orders.

Reason for choice

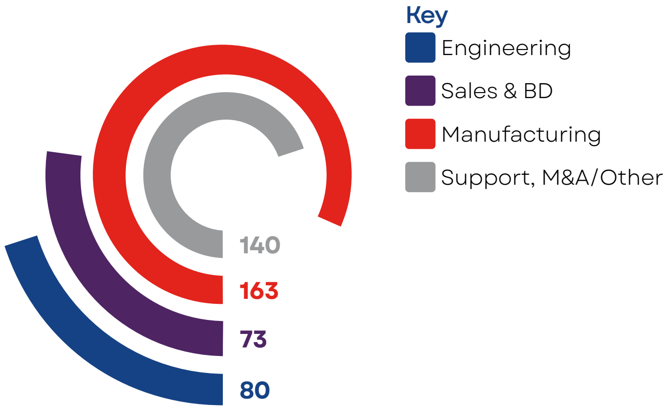
The open orderbook provides the leading indicator of the business we have to deliver in the coming periods.

Non-financial KPIs

The following key performance indicators are used by the Group to monitor key non-financial performance and link to our strategic success.

Employee numbers

Total: 456



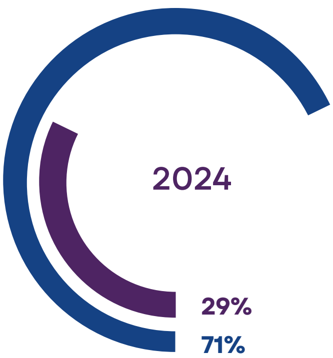
Definition

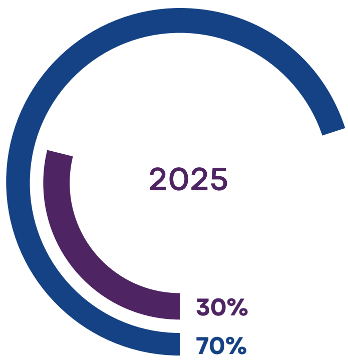
Employee headcount split.

Reason for choice

This is to provide transparency on how our 31 March year end total headcount is split between technical and non-technical employees.

Yr on Yr Gender diversity





Definition

Gender diversity split.

Reason for choice

To highlight how diverse our organisation is between females and males, enabling us to track our progress in driving an equal balance in diversity.

Key

Male

Female

S172 Statement

The disclosure that follows details how the Directors have acted in a manner that they believe, in good faith, would best advance the Company's success for the benefit of all of its members, taking into account (amongst other things) the elements listed in section 172(1).

When performing their duties under section 172 of the Companies Act, they have considered the long-term consequences of decisions, matters affecting the Company's employees and other stakeholder relationships, and the need to act fairly between members of the Company.

The Board has identified the key stakeholders to be its investors and shareholders, employees, customers and industrial partners, suppliers and our community.

Stakeholder engagement

Overview	Stakeholder focus	How we engage	FY25 decisions that impacted our stakeholders
Investors and shareholders			
The Board proactively nurtures a strong relationship with our shareholders and seeks to develop a group of investors who are committed to the Company for the long term. **In all its decision-making, the Board prioritises enhancing shareholder value, striving to maintain a balance between growth investments and returns for investors.**	• Our goals and strategic plan • Financial performance • Commitments and practices related to Environmental, Social, and Governance ("ESG") standards • Culture, ethics and values	We maintain prompt and consistent communication with our investors and shareholders through : • Year-end and half-year results, press releases, and stock exchange announcements • AGM for shareholders • Company website, videos and presentations • Investor roadshows, capital markets day and Investor Meet Company platform investor presentations • Investor open days/site visits • Regular meetings with corporate brokers, major shareholders, analysts and lenders	• Acquisition of Gateway Electronic Components Limited and Q-PAR Antennas USA LLC • Investment in the new Integrated Systems site at Ashchurch • Rebranding of the Group
Employees			
Our team is essential to realising our strategic objectives. We take pride in our "Solid State" culture and understand that maintaining a knowledgeable and skilled workforce is vital for our business's growth. **The safety, wellbeing, and development of our employees are critical to our success. As such, we collaborate closely with our team to create an engaging and safe work environment.**	• Safety and wellbeing • Diversity and inclusion • Retention, training and progression • Recognition and reward • ESG commitments and practices	We engage with our employees through several channels: • Regular leadership meetings to provide the opportunity to engage and receive feedback • Q&A sessions during site visits by the Executive team • New employee induction and ongoing feedback and surveys • Employee training and policies	Leadership and talent development: • Additional six people enrolled into a leadership development or professional qualification courses • Invested in a "Year in Industry" student in finance • Eloomi platform introduced to learn and develop • Enhancing benefits for our newly integrated employees at Gateway Communication: • Leadership site visits and town hall meetings • Employee newsletters • Financial results and performance updates • HR roadshow • Options awarded to employees under the AESP share plan

Overview	Stakeholder focus	How we engage	FY25 decisions that impacted our stakeholders
Customers and industrial partners			
Our knowledge and cooperative approach with clients and industry partners allow us to provide advanced and innovative solutions. The Group collaborates closely to understand the distinct needs of our customers, enabling us to design, supply, and manufacture to the highest quality standards.	• Technology partner providing product/component innovation and development • High-quality, safe products and systems delivering value • Delivering on programme management, meeting supply requirements and contract service and support • Value-added relationships with our direct and reseller sales network • ESG commitments and practices • Maintaining the highest levels of customer satisfaction	Our commercial engagement is built upon: • Customer engagement providing a technology partner relationship for customers • Proactive in designing our current solutions out to deliver technology innovation and performance adding value to our customers • Exhibitions and roadshows to showcase our products • Actively engaging with and receiving customer feedback	• Building relationships with new and existing customers and industrial partners associated with Power business • Investment in the new Integrated Systems site at Ashchurch • Delivering our ESG strategy • Supply chain diversification and enhancement, to improve the communication of the timeline of deliveries
Suppliers			
The organisation's strong network of supply chain relationships with component manufacturers and technology partners is essential for ensuring it meets the technical requirements of customers for their specific applications.	• Managing supply chain expectations • Insight on market demand • Feedback on quality and reliability • Engaged value-added working relationship • Fair commercial terms and payment for products and services • ESG commitments and practices	Long-term supplier partnerships are established through: • New supplier due diligence and provision of Group policies • Continuous and open communication between our team and key suppliers • Regularly engaging with the Group's suppliers on critical issues and visibility of demand • Engagement on quality, performance, price and how to improve the supply chain relationship	• Supply chain diversification and enhancement, to improve the communication of the timeline of deliveries • Internationalising our commercial supplier partnerships to cover additional territories • Paying to established credit terms to drive a fair relationship • Ongoing supplier diligence to ensure robust and reliable supply
Community			
Solid State PLC is dedicated to responsibly interacting with the communities where we operate and recognises the importance of our role as a local employer in these regions.	• Positive influence on local communities • ESG commitments and practices • Engagement to enhance the partnership • Investment in job creation	We strive to make a positive contribution in the communities we operate in by: • Participating in local community sponsorship and charitable events • Foodbank contributions • See further details in the ESG section on page 36 and 37.	• Continued involvement in activities within the community. See page 40 and 41 for further details • Participating in workshops to support council initiatives to return long term unemployed back to work • Investment in the new Integrated Systems site at Ashchurch adding new skilled employment opportunities within the local community in the West of England

ESG – Overview

The Solid State Board is committed to creating a long-term sustainable business.

Our strategy's central component is our emphasis on ESG, which permeates every aspect of our operations. The Group is committed to "doing the right things the right way", which means making sure we conduct our business in a morally, socially, and environmentally responsible manner.

Our ESG Committee keeps reviewing and offering suggestions on how we may go forward and meet our objectives. They make sure we keep moving forward with enhancing sustainability and pushing ourselves to make timely adjustments.

The Board is firmly committed to working with our stakeholders to improve all three ESG domains.

Environmental

- Reduce consumption, reduce waste
- Improving sustainability of products and solutions for our customers
- Improving sustainability of sourcing from suppliers

Social

- Health, safety and wellbeing of our people
- Promoting equality, diversity and inclusion
- Supporting our communities and STEM outreach
- Engaging our people, promoting learning and development

Governance

- Corporate governance framework
- Code of conduct including anti-bribery and corruption
- Business ethics and integrity

We have aligned our ESG goals with the United Nations Sustainable Development Goals. These being:

UN SDG	Link to Solid State PLC
1 NO POVERTY	Supporting local communities
3 GOOD HEALTH AND WELL-BEING	Health and safety
5 GENDER EQUALITY	Our people
8 DECENT WORK AND ECONOMIC GROWTH	Economic growth
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Sustainable innovative products
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Sustainable sourcing and products
13 CLIMATE ACTION	Climate change

Relevance to Solid State PLC	Progress so far
The Group continually works with, and for, the communities in which we operate, recognising our role as a local employer.	• The business collaborates closely with our communities and encourages employees to participate actively in charitable events throughout the year. • In recent years, we have consistently supported local food banks to help alleviate poverty, sponsored a room at the YMCA year-round, donating to Caterina kitchen in California for less privileged children and backed a grass-roots community sports initiative.
The Board continues to actively promote a safety-first culture. We track accidents and incidents and have a global target to reduce our incident rate to zero.	• The business prioritises the mental and physical wellbeing of all employees, offering a range of resources and training to support them in every possible way. This includes access to a workplace wellbeing support programme for employees and their families. • We encourage all employees to play an active role in fostering a welcoming, inclusive, and safe working environment. The business actively reports all safety observations and incidents and participates in safety audits, risk assessments, and regular awareness training sessions.
We are committed to maintaining a high level of employee engagement across all sites and providing an environment of equality where all employees can fulfil their potential.	• The Board is proud of the Solid State culture which is welcoming, friendly and supportive of all members of the team. We provide formal and informal training as part our internal “on the job” training as well as externally provided courses and training to promote progression. • Our Working Group aims to motivate, empower and support all employees. There is continued focus on reviewing and updating the appropriate policies within the businesses such as flexible working, promoting equality, diversity and equal pay.
The Group’s strategy continues to focus on economic growth for all our stakeholders through acquisition and organic growth.	• Despite a challenging year, we are pleased to have performed ahead of consensus. • Our recent and past acquisitions, along with organic growth, have significantly contributed to our strategic progress, enabling us to deliver solid margins, enhance value for all stakeholders, and expand our workforce to over 400 employees.
The Board is committed to providing our customers with sustainable products and encourages sustainable innovation during the design process of our products.	• Our business approach ensures that our systems, technology, and products are long-lasting, high-quality, and frequently upgradeable to satisfy the most exacting customer needs. • As our technology and products work to be more sustainable than those of our competitors, we hope to provide additional benefits for our clients by differentiating our premium systems and products based on sustainability and quality performance.
The Group’s environmental objectives are to reduce consumption and to reduce waste.	• Most of the products we create and provide are premium, long-lasting, high-performing goods. • Since we do not normally work in price-driven consumer or commodity markets, we create products that are usually intended to provide value to our clients by reducing waste and/or reducing consumption.
Solid State PLC is committed to achieving net zero by 2050 in Scopes 1 & 2.	• Since our company uses comparatively little energy, the goal of Scope 1 and Scope 2 reduction for 2050 is to further cut our energy use, with a particular emphasis on lowering carbon emissions from gas use. • The Group manages its waste in accordance with the WEEE Directive and WBAR 2009, and very little of its waste ends up in landfills as we look to adopt waste for energy collection options when it cannot be recycled. The business is switching to electric or low-carbon hybrid vehicles, and we will employ more sea freight rather than air freight.

Environmental

Overview

Solid State PLC acknowledges that we have an obligation to safeguard the environment and the communities where we work in order to preserve our planet. We pledge to lessen our personal influence on the environment and are dedicated to aiding the global effort to combat climate change.

Solid State PLC's Emission Plan

	Reduce consumption and reduce waste	How we monitor and manage the risk
Scope	**Scope 1 and Scope 2**	**Scope 3 – indirect emissions with our value chain**
How it impacts Solid State PLC	Direct greenhouse ("GHG") emissions occur from sources that are controlled or owned by Solid State PLC. Indirect GHG emissions associated with the purchase of electricity, steam, heat and cooling.	All the emissions associated, but not wholly owned by the Company itself, but that the organisation has a shared responsibility for up and down its value chain.
Our targets	The UK and US governments have committed to the respective grids being green by 2035. Providing the UK and US governments meet their commitments, our strategy will result in our Scope 1 and 2 emissions being eliminated by 2050.	Solid State is committed to working with its supply chain partners to ensure they are able to achieve net zero in scope 1 and 2 by 2050, which will eliminate our scope 3 emissions.
How we will achieve our strategy	**Near term** Minimise CO_2e from electricity use by: • switching electrical equipment off when there is no business benefit to leaving it on; and • considering the environmental impact of new electrical equipment unless there are other compelling business reasons not to do so. Minimise CO_2e from gas use by ensuring that the temperature in our workplaces is adequate but not excessive, and any warm-up times are reasonable. Minimise CO_2e from the use of company vehicles by: • reducing average CO_2e emissions of the fleet; and • reducing the amount of company miles travelled by considering other alternatives to travel where feasible. We will continuously challenge the status quo and look for other opportunities to reduce wasted energy. **Medium term** All new company vehicles will be battery powered unless operational constraints make this unworkable. If there is no low carbon alternative for gas for heating by 2040, we will change to electric heating in all business units.	**Near term** One of our biggest sources of emissions is freighting. Solid State PLC is dedicated to reducing CO_2 emissions from air freight by assisting our clients in switching, whenever feasible, from air freight to marine freight. **Applying waste hierarchy to reduce waste** To make sure our carbon footprint in these areas is as small as possible, we are examining the green credentials of the external data storage providers we employ and the website hosting platforms we utilise. To cut down on the amount of data we store, we are assessing and implementing smart practices including stricter information housekeeping and more effective data archiving. **Long term** Currently, one of our biggest emissions is expected to come from freighting commodities. There is still a lot of uncertainty in this area, despite the fact that major freight carriers like DHL are making significant progress in decarbonising their operations, such as battery vehicles and cleaner aviation fuel. Although there is not a clear route to achieve net zero by 2050 just yet, this could change as cleaner fuels and new technologies become available. We intend to collaborate with all of our partners to lower carbon emissions and diversify our supply chain to create new opportunities. In order to achieve our goal of net zero by 2050, we will continue to be open-minded and consider new solutions, such as the usage of carbon offsets, when they become available. At present our private vehicle business mileage footprint is minimal. Currently a very small percentage of our total emissions come from waste processing. We will work with all of our partners to decrease the amount of waste in our supply chain and diversify it to create new opportunities. Currently, the great majority of our staff members drive to work. As more vehicles become electric and accessible, the Group will think about adopting steps to promote the switch to electric cars and distribute accountability amongst the affected staff, including using carbon offsets to fulfil our goal of becoming net zero by 2050.
Challenges		Achieving net zero from freighting goods looks likely to be one of our biggest challenges. Although it is challenging to gather all the carbon data necessary to completely comprehend our carbon footprint, we are currently making good strides in gathering data from freighting, work from home, and business miles driven in private automobiles.

Overview
Strategic
Governance
Financials

Scope 1 and Scope 2 emissions

The Group must publish its Scope 1 and Scope 2 CO_2e since it is listed on AIM and must comply with the Enterprise Act 2006 reporting obligations for large enterprises. Our Scope 1 and Scope 2 emissions and intensity metrics are shown in the table below.

Methodologies in line with the Greenhouse Gas ("GHG") Protocol: A Corporate Accounting and Reporting Standard are used to determine the Group's emissions.

Data has been gathered for the following sources of CO_2 emissions: waste processing, company-owned vehicles, water and petrol usage, and power consumption.

Added value is used as the intensity ratio (CO_2e/£1M added value). The Group defined "added value" as the "gross margin" as it is believed that this best represents business output. The calculation has been restated to only include Scope 1 and Scope 2 compared to previously which included (albeit immaterial) Scope 3.

	FY21		FY22		FY23[1]		FY24[2]		FY25[3]	
	UK and offshore	Global (excl. UK and offshore)	UK and offshore	Global (excl. UK and offshore)	UK and offshore	Global (excl. UK and offshore)	UK and offshore	Global (excl. UK and offshore)	**UK and offshore**	**Global (excl. UK and offshore)**
Total Scope 1 emissions (tCO_2e)	116.20	0.00	145.95	71.52	135.50	60.60	129.76	79.28	**119.00**	**36.72**
Total Scope 2 emissions (tCO_2e)	101.47	2.86	128.01	130.32	111.17	276.40	123.69	285.07	**144.43**	**120.56**
Total Scope 1 and 2 emissions (tCO_2e)	217.67	2.86	273.96	201.84	246 .67	337.00	253.45	364.35	**263.43**	**157.28**
Energy consumption (kWh) resulting in the above reported emissions	1,015,162	12,266	1,332,277	999,865	1,246,293	1,132,338	1,261,764	1,269,977	**1,428,829**	**646,023**
Intensity ratio (tCO_2e per £m of Added Value)	11.03		17.18		14.68		11.93		**10.71**	

[1] Includes Active Silicon, Willow and AEC

[2] Includes Active Silicon, Willow, AEC and Custom Power.

[3] Includes Gateway Electronics Components

Environmental strategic highlights

We are pleased to report that our overall baseline intensity ratio has continued to decrease from 20.9 tonnes in our base year to 10.71 tonnes in FY25. We continue to evaluate how we best approach capturing the data from our Scope 3 emissions. This is an important step in reducing the Group's carbon footprint and working towards achieving our net zero target.

There has been a reduction in our Scope 1 and Scope 2 emissions for our UK and offshore operations from our base year in 2020 (423.82 tCO_2e) to 263.43 tCO_2e in FY25, equating to a 38% reduction. The marginal increase from 2024 is primarily driven by the grid being less green and including our new acquisition Gateway Electronic Components..The progress to our environmental strategy includes minimising CO_2e from:

- Electricity use – by switching electrical equipment off when there is no business benefit to leaving it on.
- Gas use – by continuing to focus on our mid-term investment to convert gas heating solutions to electric heating solutions aligned with the government's commitment to the grid being green by 2035.
- Airfreight – by working with our customers to move from air freight to sea freight where lead times/other operational constraints allow or purchase closer to the business unit where possible.
- Use of company vehicles – by reducing average CO_2e emissions of the fleet, and minimising company miles travelled by considering other alternatives to travel where appropriate.
- The decrease in our CO_2e in global operations and energy consumption in FY25 is driven by the decision to close our AEC production line.

Task Force on Climate-related Financial Disclosures ("TCFD")

Currently, the requirement to report on TCFD matters is obligatory for all premium listed companies; Solid State PLC is not premium listed and, therefore, this is not a requirement for us.

Nonetheless, we acknowledge the significance of TCFD reporting, and the ESG Committee will continue to progress our reporting towards best practice where practical. Since its formation in 2023, our ESG Committee has made great strides in promoting organisational change and holding the Group responsible. It will keep reviewing and implementing adjustments as needed.

Social

Key highlights

- Introduced online learning management system called Eloomi platform to develop our employees
- Invested in a "year in industry" role in finance
- One third of the Board and senior leadership team is now female
- Reviewing bonus structure for FY25/26 so we can adopt a profit share bonus structure
- Increased uptake on development courses using the apprenticeship levy, with six additional people enrolling in courses
- Supported local schools to promote STEM through the VEX robotics programme
- Continuing to support the local community in charitable events
- We continue to be a proud signatory to the Armed Forces Covenant with the aim to encourage military veterans to apply for positions and support veterans working for our business

Solid State is a people business that recognises the vital role our employees play in the Group's success. Our team embraces a growth mindset within a culture of sustainability and continuous improvement. We prioritise integrity, openness, and respect for others. We have a core value which is to "treat people how you want to be treated".

The Group recognises the essential contributions of its employees, understanding that effective teamwork is crucial for achieving our corporate objectives.

The Group takes pride in its Solid State culture and is dedicated to fostering an environment recognised as a "great place to work". Our teams consistently demonstrate this commitment through their actions and behaviours. We ensure that every employee is treated with respect and promote a collaborative atmosphere where all voices are heard and valued.

Employee engagement

The Board is committed to ensuring that all employees feel connected and engaged and can work in an environment in which our people can deliver on their full potential.

The senior leadership team makes regular visits across all the sites to ensure that they can provide updates on the business and allow employees to voice their opinions. Throughout the year, we host regular leadership events with members of the Executive Board to communicate our strategy and thank our employees for their contribution in achieving our strategic objectives.

The business has introduced an online Learning Management System ("LMS") called Eloomi which allows our employees to learn and develop in many different subjects areas. Throughout the year we have invested in a "year in industry" student in finance, increased apprenticeships placement and have an additional six people enrolled into a leadership development or professional courses via an apprenticeship levy.

Our use of Safety Culture in conjunction with our employee surveys and suggestion scheme provides employees with further opportunity to provide feedback and suggest improvements on all topics including health and safety, wellbeing topics, team culture, work environment and leadership communication.

Recognition and reward

The Group adopts a holistic approach to rewards, focusing on personal development as well as financial and non-financial benefits.

For FY25/26 we are adopting a Group-wide profit share bonus structure which provides more clarity and transparency to our performance-related reward, recognising performance at site, division and Group levels.

The business continually reviews the employee benefits programme and offers a variety of benefits to suit our employees, these include but aren't limited to:

- Electric vehicles ("EV") salary sacrifice scheme in the UK
- Life assurance policies
- Options to purchase additional holidays that allow employees to buy an extra week of leave each year; and
- Mortgage advice service for all employees and their families

We have also reviewed the existing benefits and enhanced them where needed for our recent acquisition of Gateway Electronic Components.

Diversity and inclusion

The Group is dedicated to fostering an organisation that promotes equal employment opportunities for all current employees and prospective talent. The sectors we operate in present challenges in developing a diverse workforce, but we remain focused on cultivating a strong culture and a welcoming team environment to attract a varied employee base.

Building on the solid foundations of this aspect of our culture and strategy is a key priority for the Board, and we are witnessing positive changes as a result. We are pleased to report that one-third of the Senior Leadership Team is now female and we continue to look to make further progress building on the progress we have made to date.

Our family-oriented culture and emphasis on work-life balance are crucial motivators that have helped us attract and retain a diverse workforce. We acknowledge the challenges of operating in an industry with a limited and not yet well-diversified talent pool, and we continue to focus on attracting the right talent as well as enhancing diversity within the Group.

Health, wellbeing and safety

The business has a safety-first culture across the organisation, we are focused on pushing ourselves to continue improving our safety. We have invested in strengthening our resources dedicated to Health, safety and wellbeing and implemented specific training programs and policies focused on workplace safety to ensure that all employees and visitors are kept safe and informed.

We work closely with our teams to identify risks and ensure they are effectively managed and mitigated, maintaining safety across all activities, whether onsite or remote. We monitor accidents and incidents with the goal of continuous improvement, aiming to reduce our incident rate to zero. While we understand that achieving this goal consistently may be challenging, we are pleased to report that our incident rates remain very low, with no RIDDOR reportable incidents this year.

The Wellbeing Committee continues to provide a platform for health and wellbeing initiatives, including regular webinars with Westfield Health. The Group has taken time to explore what topics are relevant to different areas of the business and focus activities to support these.

We recognise the importance of work-life balance, which is why we provide flexible working arrangements to help our employees juggle their professional, family, and personal responsibilities. When suitable and based on the nature of the work, we support hybrid working models that combine home and office environments. Our culture emphasises respect, professionalism, and trust, allowing employees the flexibility they need while encouraging them to take personal responsibility for achieving high performance that benefits both the team, the business and themselves.

Local community engagement

We are dedicated to our role in the communities where we operate and actively encourage all our employees to engage in community support initiatives. As a Group, we take part in annual charity local fundraising events, these include Macmillan cancer support coffee mornings, sponsored walks and inhouse events like baking competitions, Christmas jumper day donations, quizzes and raffles with all proceeds going to chosen charities. Across our organisation, we support local food banks to help combat food poverty, and we sponsor and donate to the YMCA year-round.

The Group supports the Child Creativity Lab in the US, by providing them with materials for creations. Child Creativity Lab's mission is to foster the next generation of critical thinkers, problem solvers, innovators, leaders, and environmental stewards through hands-on creativity.

We also donate to Caterina's kitchen which is a local food bank for less privileged children. Caterina's Club's mission is to provide warm meals, affordable housing assistance, and job training to homeless and low-income families throughout Southern California.

Collections for Toy Drive is another initiative in the US to donate toys to the local hospitals in California.

We have recently become involved in the Local Skills Improvement Plan ("LSIP") in Worcestershire to support the county in identifying skills gaps in the local area and working with the education sector in closing the gaps.

Throughout the year, we have increased uptake on development courses using the apprenticeship levy, with an additional six people enrolling in courses to further their personal and professional development in their various disciplines.

During the year, we have supported a local schools initiative to promote "STEM" through the VEX robotics programme, where we have provided modest financial and resource support including assisting in the judging of the one of the regional competition events.

Governance

Key highlights

Our website, located at **solidstateplc.com/governance/group-policies**, contains a comprehensive set of our policies.

These guidelines are applicable to every aspect of our business, and we provide employee training to make sure they comprehend and follow them.

The Board has examined its governance to make sure we are in compliance with the 2023 revisions to the QCA policy.

The ESG Committee continues to work together to review, monitor and develop our governance framework to ensure that it remains appropriate for our business long term.

We have reviewed the requirements of the TCFD framework and, at this point in time, this is not a requirement for our businesses but we will look to review, monitor and implement the framework as the business continues to grow.

The company is dedicated to upholding the highest standards of corporate governance, and in order to stay in compliance, we adhere to the most recent version of the Quoted Companies Alliance's ("QCA") corporate governance principles.

The Board prioritises conducting business with honesty and integrity, aiming to engage professionally, fairly, and ethically with all stakeholders. We encourage all employees to share their concerns or suggestions for improving our business practices.

We work closely with our partners to adopt best practices and have developed a range of policies that all employees and stakeholders are expected to adhere to. More detailed information about our policies can be found on our website, which includes:

Human rights and modern slavery

The Group adopts a zero-tolerance stance on modern slavery and is dedicated to conducting all business dealings and relationships ethically and with integrity. Solid State has established both internal and, where feasible, external controls to ensure compliance with the Modern Slavery Act 2015.

Preventing, detecting, and reporting modern slavery in any aspect of our business or supply chain is the responsibility of everyone associated with us, including employees, suppliers, workers, Directors, agents, distributors, and all third-party business partners.

Anti-bribery and corruption act

Solid State PLC Group values its reputation and is dedicated to upholding the highest ethical standards in its business practices. We maintain a zero-tolerance policy towards bribery and corruption, committing to act professionally, fairly, and with integrity in all our dealings, regardless of location, while implementing effective systems to combat bribery.

To ensure that the principles of anti-bribery and corruption align with those of the Group, all agents and third parties acting on our behalf are required, through written agreements, to adhere to the standards outlined in the Group's Anti-Corruption and Bribery Policy.

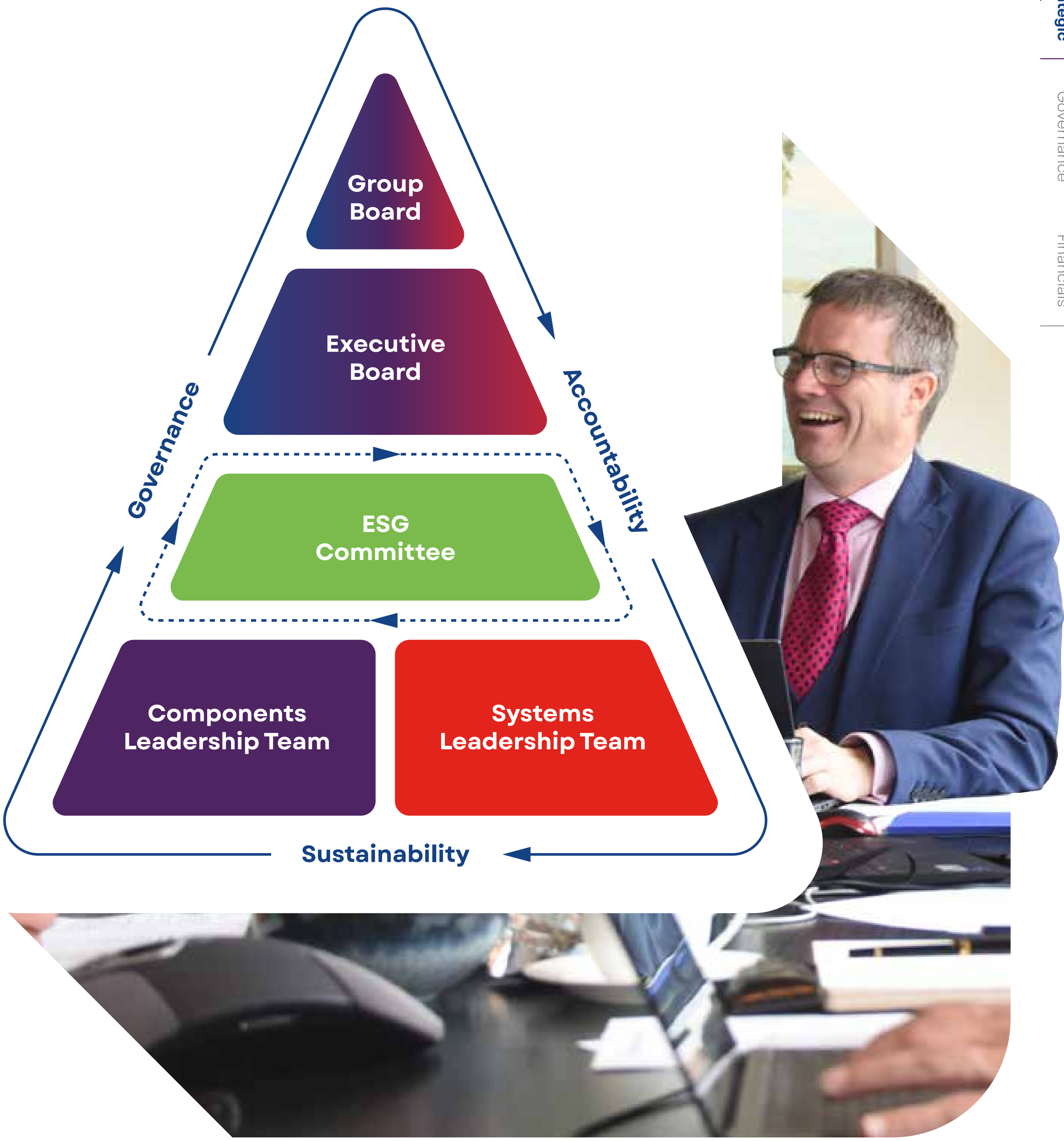
Confidentiality

The Group understands that maintaining confidentiality is essential to all our business activities. We ensure that our policies and practices are current and effectively communicated to all staff, so they clearly understand what constitutes confidential information. We foster a "need to know" culture, limiting internal access to sensitive information.

Information related to third parties is not disclosed without their written consent. The Group frequently collaborates with government agencies and adheres to specific confidentiality requirements, such as The Official Secrets Act. We implement processes, procedures, and training to ensure compliance at all times.

In our dealings with customers

The business is dedicated to transparency regarding our products and services, providing customers with all necessary information to consistently meet their expectations. We address any issues or problems efficiently, promptly, and fairly. Additionally, we actively seek feedback to assess and benchmark our performance, enabling us to continuously improve our products and services and uphold our value.



Principal Risks and Uncertainties

The Board has an overall responsibility to ensure that there is a robust and effective framework in place for the Group's risk management activities. The Board is supported by the Audit Committee, Group functional heads and the leadership team in managing and mitigating risk. The Audit Committee has responsibility for reviewing the effectiveness of the risk management framework and internal controls and ensures that the Group complies with relevant regulations and laws.

The Group has a process for the identification and management of risk as part of the governance structure operated by the Board. In managing and mitigating risk, a comprehensive and robust system of controls and risk management processes has been developed and implemented by the Board.

The Board's role in risk management includes:

- promoting a culture that emphasises integrity at all levels in the business;
- embedding risk management within the core processes of the business;
- setting the appetite for risk;
- determining the principal risks;
- ensuring that these are communicated effectively to the businesses; and
- setting the overall policies for risk management and control.

The principal risks affecting the Group are identified by the Group Executive team within their functional areas of responsibility and are reviewed by the Board.

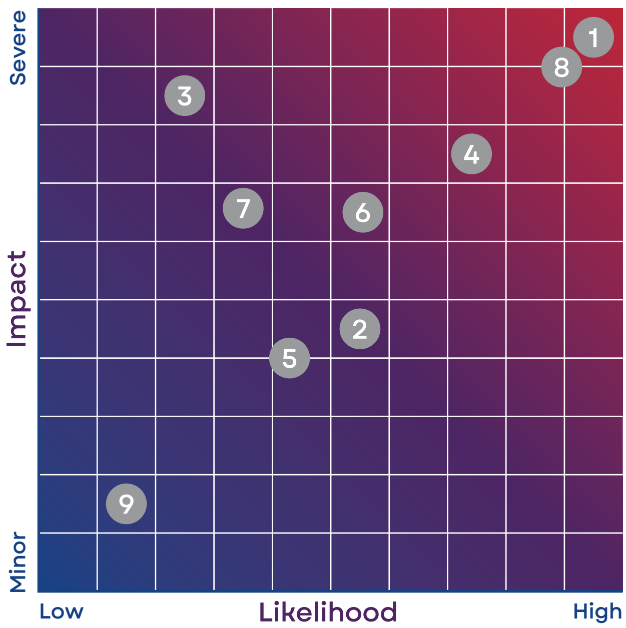
In identifying the business risks, the Group analyses risks across four key areas:

- strategic risk;
- commercial risk;
- operational risk; and
- financial risk.

The assessment of the potential impact is the pre-mitigation assessment and the year-on-year change reflects the change in likelihood of the risk having a significant impact on the business.

The assessment of key risks is an ongoing process, which is under constant review. The assessment of the likelihood and significance of the impact of the risks has been updated from the prior year's Annual Report. The assessment of key risks identified as applicable for FY24/25 is set out alongside.

To help visualise our principal risks, we have plotted them on the heat map opposite. The individual risks are described in more detail on the following pages.



1. Acquisition risk
2. Legislative environment and compliance
3. Forecasting and financial liquidity
4. Competition risk
5. Product/technology change
6. Supply chain, customer de-stocking and cost inflation
7. Retention of key employees
8. Failure of malicious damage to IT systems
9. Natural disasters

Key:

Risk change:

Increase Decrease No change

Potential impact:

High Medium Low

Strategic risk

Principal risks	Potential impact	How we monitor and manage the risk	Trend

Acquisition risk	• Loss of key customers.
	• Loss of key employees.
	• Loss of key suppliers.
	• Erosion of intellectual property base.
	• Failure to identify and complete profitable acquisitions.
	• Failure to mitigate FX risk arising due to international acquisitions.
	• Failure to integrate management reporting structures and control disciplines.
		Solid State PLC has made two minor acquisitions this financial year. The business actively researches potential targets and when a target is agreed the process includes :
		• Rigorous due diligence to ensure that acquisitions can be effectively integrated, and all the relevant stakeholders are engaged, supportive and aligned.
		• Proactive and early engagement with:
		  • key customers and suppliers; and
		  • employees through the on-site presence of Solid State PLC management.
		• Preparation and execution of a cross-functional integration plan.
		• Continued investment in development of technology in the acquired businesses.
		• Integration into existing internal control frameworks, processes and reporting systems.
			Effect: Integration of acquired business is not effective

Legislative environment and compliance	• Increased complexity in the international legislative and trading environment in which the Group operates
	• Overseas competitors are favoured in their domestic markets.
	• Failure to comply with applicable legislation, to include but not limited to:
	  – Export Control and International Traffic in Arms Regulations (“ITAR”);
	  – Bribery Act;
	  – General Data Protection Regulation (“GDPR”);
	  – Economic Crime and Corporate Transparency Act; and
	  – Employment legislation and company legislation.
	  – Tariff changes
		• International trade post Brexit and USA tariffs has seen an increase in the administrative burden. As the Group’s international exposure is increasing as it delivers on the strategy, the Group continues to consider establishing a mainland EU operation to support the Group’s international growth ambitions. The Board believes that the Group’s size and diversified structure gives it resilience and the resources to meet the administrative burden.
		• Regular reporting of export/ITAR compliance, and detailed internal control processes and procedures.
		• Continuing education of the Group’s employees on the legislative developments and requirements.
		• Internal reviews and external audits.
		• Adopt suitable software systems where appropriate to aid export control procedures and assist with other compliance issues.
		• The individual operating companies maintain operating procedures and are certified to internationally recognised standards, e.g. ISO 9001-2015, AS9100, AS9120, SC21.
			Effect: Trading may be disrupted/ restricted, reduced sales volumes and profitability.

Financial risk

Principal risks	Potential impact	How we monitor and manage the risk	Trend
Forecasting and financial liquidity	• The business does not maintain sufficient funding and liquidity to meet its obligations as they fall due. • The business commits to a materially significant loss-making contract.	• The Group prepares financial forecasts to evaluate the level of funding required for the foreseeable future. The Board review and approves these forecasts. • Based on these forecasts appropriate funding and liquidity solutions are put in place to ensure that adequate headroom is maintained. • The Group has a defined delegation of authority matrix and contract risk register. • The Group ensures sufficient funding is in place prior to completion of acquisitions. • Extensive disclosure has been provided in respect of going concern and longer-term viability (see pages 59, 60 and 86).	**Effect:** Going concern/ financial loss and reputational damage

Principal Risks and Uncertainties
continued

Commercial risks

Principal risks	Potential impact	How we monitor and manage the risk	Trend
Competition risk	• Loss of distribution supplier franchise agreement could result in significant loss of product lines and customers. • Change in political / government policy which changes programme timing or funding • Loss of a major contract/ customer or business to a competitor. • Price/margin erosion due to predatory pricing from a competitor.	• Setting a commercial strategy to gain share by: – focusing on quality, value and customer service; – develop and maintain close relationships with suppliers and customers to become the "partner of choice", by forming multi-level partnerships; – as a trusted partner providing product solutions from design, to pilot and volume production; and – winning additional business from existing customers and capturing new customers and revenue streams. • Continue to invest in product development to ensure competitive advantage. • Continued investment in the recruitment of high-quality personnel.	**Effect:** Loss of market share, reduced sales volumes and profitability
Product/ technology change	• Failure to maintain the Group's leading technical capabilities and knowledge which allows us to develop electronic solutions in partnership with the Group's customers. • Failure to manufacture solutions that meet the agreed specification. • Failure of key distribution franchises to innovate and introduce new products.	• Continued investment in the technical training and development of sales, engineering and operations staff, building their capabilities. • Investment in joint R&D programmes with partners to ensure the Group is at the forefront of technical electronic solutions. • Maintain rigorous quality and engineering control processes to ensure that the Group's products meet the required specifications. • Perform all necessary detailed product testing to ensure that products are fit for purpose. Continuously seek new franchises, suppliers and partners at the forefront of electronics technology.	**Effect:** Sales volumes and profitability

Operational risk

Principal risks	Potential impact	How we monitor and manage the risk	Trend
Supply chain interruption, de-stocking and cost inflation	• Dependency on significant suppliers or dependency on a qualified supplier within a controlled supply chain. • Risk demand falling due to customer de-stocking as a consequence of reducing inventories, over ordering, inability to obtain other necessary components and subsequent cancellation or rescheduling. • Risk of suppliers increasing component costs as a prerequisite to deliver, placing margins at risk. • Risk of supply chain interruption increasing lead times for products.	• The mitigation strategy meant that the Group was able to manage the disruption and extended lead times with limited impact. However, as lead times improve, the Group may continue to see de-stocking and delays in projects/programmes in the current and subsequent years. • Maintain close relationships with key suppliers to be aware of potential supply issues. • Place scheduled orders and hold buffer stock to minimise the effects of extended lead times. • Require customers to place orders on non-cancellable terms, and in some cases requiring cash deposits in advance providing milestone payments. • Close monitoring of gross margins and supply chain cost escalation, with back-to-back pricing adjustments with customers. • Active programme to maintain cross-qualified second sources of supply. • Rigorous supplier quality management processes.	**Effect:** Quality issues, costs, sales volumes and profitability

Key:

Risk change: Increase, Decrease, No change

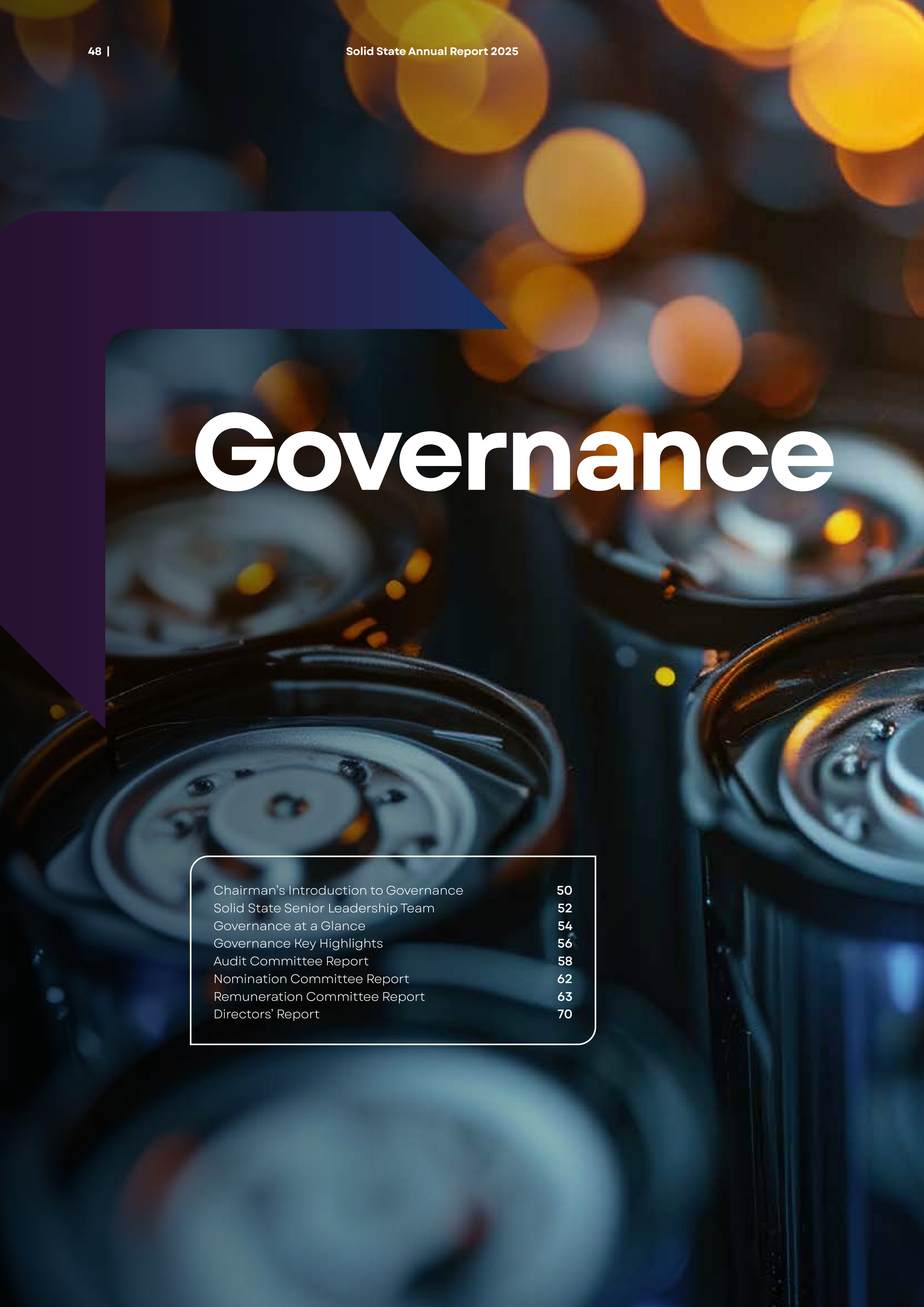
Potential impact: High, Medium, Low

Operational risk

Principal risks	Potential impact	How we monitor and manage the risk	Trend
Retention of key employees	• Loss of key people and critical skills. • Insufficient skilled employees. • Poor engagement and morale.	• Retention and development of talent is critical to the long-term success of the Group. • Reviewing and refining contracts of employment and conditions for best practice. • Investment in the culture means we have been able to maintain low staff turnover, many employees having been with the Group for more than ten years. • The Group encourages and invests in CPD and training in core skills and competencies as appropriate. • The Group proactively looks to develop its own talent and will be making further use of the government apprenticeship schemes. • The Group proactively communicates with its employees. • The Group reviews and benchmarks employee rewards to ensure the Group is fairly rewarding its employees. • Active review of succession planning. • Investigation and sourcing of upgraded HR system to streamline people management processes.	Increase (Medium) **Effect:** Quality and or service level issues rise, and costs increase
Failure of or malicious damage to IT systems	• The inability to access business-critical data. • The inability to efficiently run the operating companies.	• The existing systems are reliable and functional and diversification of systems also mitigates the risk. • The Group has started to upgrade and standardise systems where appropriate providing improved functionality and supporting the development of the business. • Certified as meeting the "Cyber Essentials" standards and post period our Systems division achieved "Cyber Essentials Plus" status. Also considering "IASME" where appropriate. • Where businesses are acquired, the Group implements the "Cyber Essentials" standards as a key priority if they do not already meet this standard and "Cyber Essentials Plus/IASME" in due course. • Automated daily back-ups of all business critical data. • Operates off-site storage of business critical data. • Has established, documented, and tested disaster recovery plans. Penetration testing also performed.	No change (High) **Effect:** Costs, sales, profitability and reputational damage
Natural disasters	• Natural disaster or medical epidemic/pandemic disrupts production capability, supply of materials or customer demand.	• The Group has a documented disaster recovery plan for each site. In addition, the Group has business interruption insurance, which, subject to the terms of the cover purchased provides some insurance mitigation. • The Group has documented COVID-19 protocols to mitigate the impact of any further variants.	No change (Low) **Effect:** Trading may be disrupted, reduced sales volumes and profitability

Nigel Rogers
Non-Executive Chairman

8 July 2025



Governance

> "The Board continues to review its own performance to ensure the highest standards of corporate governance and accountability to deliver long-term Group success and value for shareholders."

Nigel Rogers
Non-Executive Chairman

Chairman's Introduction to Governance

Nigel Rogers
Non-Executive Chairman

> The Board of the Solid State Group adheres to the guidelines established by the Quoted Companies Alliance to maintain a high standard of corporate governance."

I am delighted to share the Group's Corporate Governance Report for the year ending 31 March 2025. This report outlines our existing governance framework and practices, as well as how we fulfil our governance responsibilities.

The Board collectively holds the responsibility and legal obligation to promote the Group's interests, offering overall leadership by defining its vision, purpose, values, and standards.

As the Chair of Solid State PLC, I bear the primary responsibility for the Group's corporate governance. Nevertheless, the Board recognises that effective corporate governance is vital for the success of the business, and ensuring accountability to all stakeholders is a fundamental component of that governance.

Outside compliance agencies have observed that my own commitments as Chair of the Company may leave me overstretched when taken in conjunction with my responsibilities as Executive Chairman at Transense Technologies PLC. My Board colleagues and I keep such matters under regular review. My contractual obligations at Transense commit me to approximately 25% of my working capacity, while my commitments to the Company are nominally two to three days per month. We are entirely satisfied that this provides more than enough capacity to fulfill all ongoing responsibilities, while also permitting adequate headroom in the event of unforeseen additional time commitments.

The Board has concluded that the three independent Non-Executive Directors ("NEDs") provide a strong balance of skills, ensuring sufficient independent oversight and challenge.

The corporate governance statement and committee reports on the following pages outline the Company's approach to governance. The Board follows the principles set forth in the Quoted Companies Alliance Corporate Governance Code (the "QCA Code"). Revised in 2023, the QCA Code continues to emphasise ten key principles and highlights the following themes:

- Delivery growth
- Maintain a dynamic management framework; and
- Build trust

The Board considers that it does not depart from any of the principles of the QCA Code and demonstrates on the following page how we are meeting those principles.

Nigel Rogers
Non-Executive Chairman

8 July 2025

Aligning with the QCA code

QCA Principle	How we comply	
Establish a purpose, strategy and business model that promotes long-term value for shareholders	The Board is tasked with providing leadership and overseeing the daily management of the Group. This involves developing and proposing the Group's long-term strategy for Board approval, followed by the execution of the approved strategy. The Group's strategy and business operations are outlined in the 2025 Strategic Report.	Read more on **pages 24 to 25**
Promote a corporate culture that is based on ethical values and behaviours	The Board expects all Directors and employees to maintain high ethical and moral standards. Employees are required to take responsibility for their actions and comply with the Group's code of conduct and the Company handbook.	Read more on **pages 40 to 41**
Seek to understand and meet shareholder needs and expectations	The Board consistently shares our strategy, business model, and performance with shareholders. Throughout the year, the Board holds regular meetings including investor roadshows, presentations, and capital markets days. It also welcomes communication from private investors and typically encourages their engagement through the Investor Meet Company platform and participation at the Annual General Meeting ("AGM").	Read more on **pages 18 to 27**
Take into account wider stakeholder interests, including social and environmental responsibilities, and their implications for long-term success	Directors and the management team take a comprehensive approach to decision-making, carefully considering the effects of their business activities on all key stakeholder groups. The Group is aware of its corporate social responsibilities, and fostering strong relationships with various stakeholder groups is a fundamental principle and value.	Read more on **pages 34 to 35**
Embed effective risk management, internal controls and assurance activities, considering both opportunities and threats, throughout the organisation	The Group has a well-established system of internal controls designed to protect the business and identify potential risks. These controls are evaluated during the annual external audit process to confirm they are appropriate, sufficient and rigorous. Additionally, there is a continuous process for identifying, assessing, and managing the Group's significant risks, which is regularly reviewed by the Board. The Board routinely examines management accounts, cash flows, and other important strategic and compliance matters to ensure the protection of the Group's assets and the reliability of financial information and accounting records.	Read more on **pages 44 to 47**
Establish and maintain the board as a well-functioning, balanced team led by the Chair	The Board is tasked with making the key significant strategic decisions. Additionally, it assesses the Group's risk profile and ensures that a robust system of internal controls is established to manage risk. After evaluating its composition, skills, and compliance, the Board has determined that the inclusion of three independent Non-Executive Directors ("NEDs") offers a strong balance of skills and provides suitable independent oversight and challenge.	Read more on **pages 54 to 55**
Maintain appropriate governance structures and ensure that individually and collectively the directors have the necessary up-to-date experience, skills and capabilities	The Board views corporate governance as a top priority and ensures the adoption of suitable practices. The roles and responsibilities of each Director, including their Committee memberships, are clearly outlined. The Board completed an internal assessment of Board skills and experience which has confirmed that the balance of skills and experience is appropriate and up to date.	Read more on **pages 52 to 53**
Evaluate board performance based on clear and relevant objectives, seeking continuous improvement	The Chairman conducts an internal performance evaluation annually. During the year, the Chairman promotes self-assessment, feedback, and content review of the Board meetings. The Board will continue to assess whether a more formal independent review may be necessary in the future.	Read more on **pages 50 to 71**
Establish a remuneration policy which is supportive of long-term value creation and the company's purpose, strategy and culture	The Board has established clear processes for determining remuneration that aligns with the Company's strategy and is suitable for the nature and size of the business. The Board's compensation structure is transparent and easy to comprehend, aiming to reassure external stakeholders that performance, pay, and interests are in alignment.	Read more on **pages 63 to 69**
Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other key stakeholders	Regular face-to-face meetings with shareholders as well as online platforms are used to communicate with our key stakeholders. We engage in regular dialogues to allow specific opportunity for raising any concerns related to corporate governance.	Read more on **pages 56 to 57**

Solid State Senior Leadership Team

Board

Nigel Rogers
Non-Executive Chairman

G R A N

Nigel joined the Board as an Independent Non-Executive Director in July 2019, and became Non-Executive Chairman in November 2020. He has more than 20 years' experience in leading AIM-listed engineering companies, including as Group CEO of both Stadium Group PLC (now part of TT Electronics PLC) and 600 Group PLC. He is currently Executive Chairman at Transense Technologies PLC and Chairman at Surgical Innovations Group PLC. His early career was as a Chartered Accountant with PwC in the UK, Latin America and the Middle East.

Gary Marsh
Chief Executive Officer

G N S

Gary Marsh joined the Company in 1986 having gained an HND in Business and Finance Studies. He has held various positions within the Group, including that of Operations Director of Solid State Supplies prior to his appointment as its Managing Director in 1997. In addition to this role, Gary was appointed Group Managing Director in 2002 following the acquisition of Steatite. In 2010, following the acquisition of Rugged Systems Ltd, he was appointed Chief Executive Officer of the Group.

Peter James
Chief Financial Officer

G S

Peter James was appointed to the Board of Solid State PLC in February 2017. Before joining Solid State PLC, Peter was Group Financial Controller at IQE PLC, having qualified as a Chartered Accountant with PriceWaterhouseCoopers LLP where he worked for 13 years gaining a wide range of experience in Audit and Financial Due Diligence, working with and advising a broad range of companies in a variety of sectors, including multinational, main market and AIM-listed companies. Peter has built up a wealth of experience in business leadership, financial management, International M&A, and international debt and equity fundraising. In addition on a voluntary basis Peter continues to support British Water Ski and Wakeboard Federation Limited having stood down after nine years as Non-Executive Chair of the Audit and Finance Committee.

John Macmichael
Director

G S

Following graduation, John worked as a development engineer for GEC Telecommunications before moving into applications engineering and ultimately, sales and sales management. John spent several years in the USA as International Sales Manager for a fabless semiconductor company before returning to the UK to establish their European operations. John joined the Solid State Group in 2006 and was appointed Managing Director of the Components division in 2010.

Key to committee

G Group Board
A Audit Committee
R Remuneration Committee
N Nomination Committee
S Senior Leadership Team
Chair of the Committee

Matthew Richards
Director

G S

Matthew Richards was appointed to the Solid State Group Board in 2016 and leads the Steatite and Custom Power business in the UK and USA. He has a track record of success in defence electronics and communications industries.

Pete Magowan
Non-Executive Director

G R A N

Pete joined the Board as an Independent Non-Executive Director and Chairman of the Remuneration Committee in January 2021. He was appointed Senior Independent Director of the Group in February 2021.

Sam Smith
Non-Executive Director

G A R N

Sam joined the Board in 2023 as Non-Executive Director. Sam is an entrepreneur with over 25 years' business and capital markets experience and has specialised in advising small and mid-cap growth companies. She was previously Chief Executive Officer of FinnCap Group.

Sharon Dhillon
Senior M&A and Investor Relations analyst

S

Sharon qualified as a Chartered Accountant in 2013 with financial due diligence experience at KPMG. She has experience in a variety of sectors particularly specialising in aerospace & manufacturing industries, advising a broad range of companies on buy and sell side deals. She joined the Group in February 2023 to lead the M&A strategy and develop Investor Relations.

Lyenka Haffner
Group HR Director

S

With over 20 years of extensive experience in Human Resources, Lyenka has her Level 7 CIPD and has built a distinguished career primarily within global engineering manufacturing businesses, supplemented by experience in the warehousing and logistics sector.

Jon Baxter
Executive Director - Sales & Operations EMEA

S

Jon joined Solsta in 2015 as Director of Sales and Marketing and has worked in the electronic distribution sector since 1995. Jon started with Polar Electronics, prior to spending nine years with the global electronics distributor Arrow Electronics.

Lyn Davidson
Group financial controller & Company Secretary

S

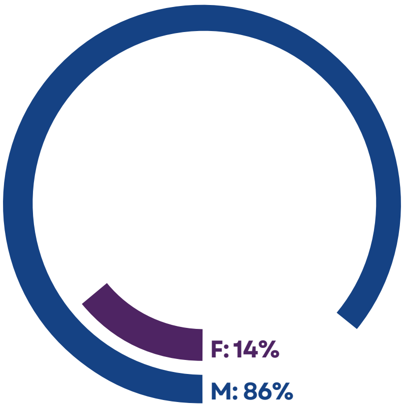
Lyn joined the Group with the Active Silicon acquisition in 2021 and has been promoted to Group Financial Controller and Company Secretary. She qualified as a Chartered Accountant with KPMG in 2007 and has experience across a wide range of sectors.

Governance at a glance

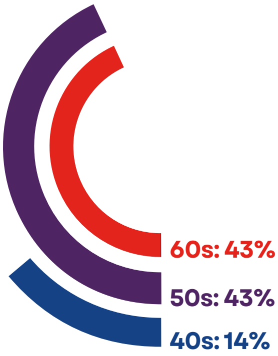
Our Senior Leadership Team

How our Board are purposed to deliver long-term sustainable value for us and our stakeholders

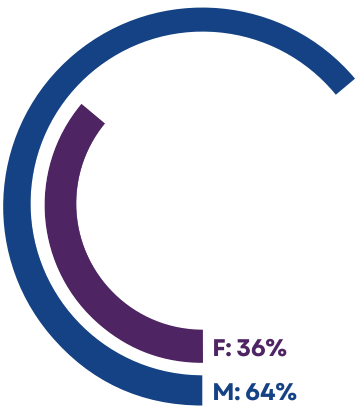
Board Gender Diversity



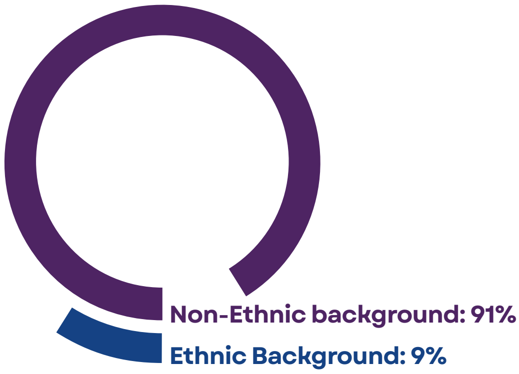
Board members - Age



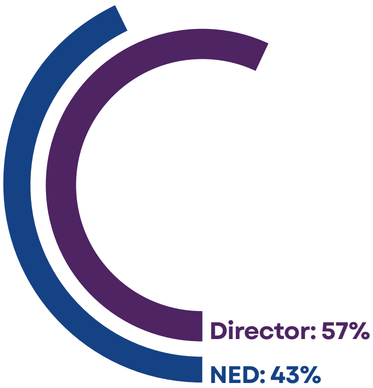
Board and Leadership Group diversity



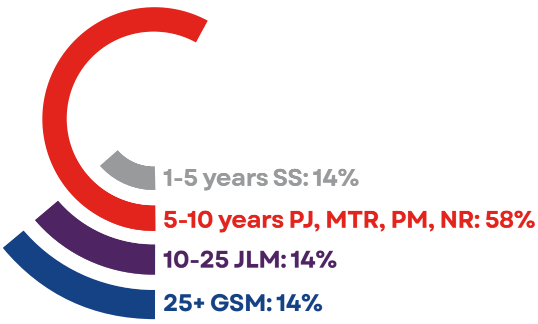
Ethnicity across Board & Leadership Group



Board Independence



Board Tenure



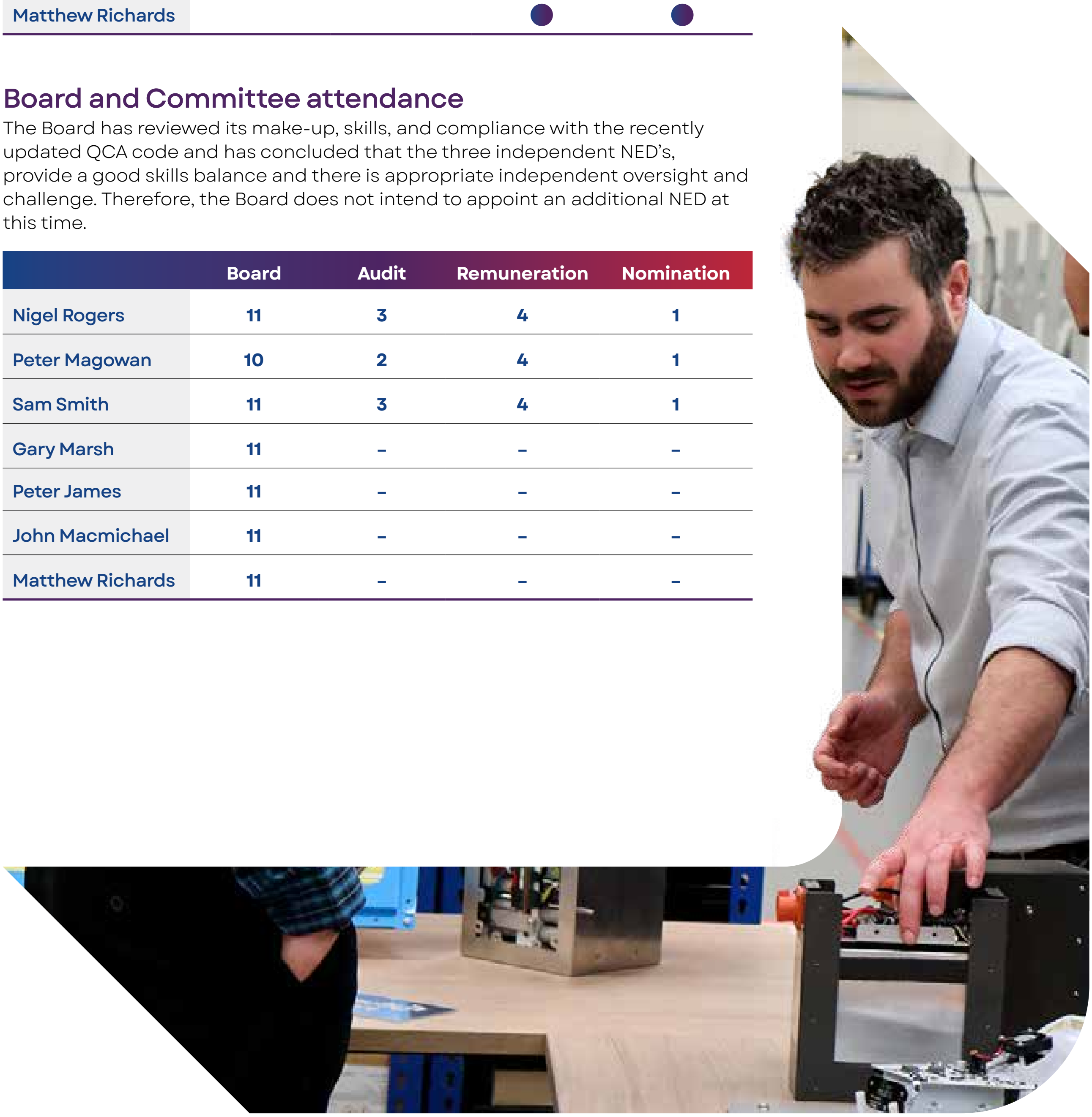
Skills matrix

	Non Executive Director	Financial Expert	Governance and Risk Expert	Industry Expertise
Nigel Rogers	●	●	●	●
Peter Magowan	●	●	●	●
Sam Smith	●	●	●	●
Gary Marsh			●	●
Peter James		●	●	●
John Macmichael			●	●
Matthew Richards			●	●

Board and Committee attendance

The Board has reviewed its make-up, skills, and compliance with the recently updated QCA code and has concluded that the three independent NED's, provide a good skills balance and there is appropriate independent oversight and challenge. Therefore, the Board does not intend to appoint an additional NED at this time.

	Board	Audit	Remuneration	Nomination
Nigel Rogers	11	3	4	1
Peter Magowan	10	2	4	1
Sam Smith	11	3	4	1
Gary Marsh	11	–	–	–
Peter James	11	–	–	–
John Macmichael	11	–	–	–
Matthew Richards	11	–	–	–



Governance Key Highlights

The year has been stable for the Board with minimal changes following a thorough review in FY23/24 where we appointed a new NED and Company Secretary

Committee highlights

Audit Committee

Key responsibilities:

- Reviewing, identifying, and assessing the risk in financial reporting processes and control policies.
- Key relationship with auditors and agreeing the scope to ensure that the audit is effective, objective, and independent.
- Reviewing the internal needs of the Group and making recommendations where needed (i.e. if there is a need for an internal audit function).
- Reviewing significant financial reporting issues, accounting policies, and judgements and estimates adopted by management.

Remuneration Committee

Key responsibilities:

- Structuring the remuneration packages of the Executive Board and senior management.
- Reviewed and approve the Executive Directors' performance against financial and non-financial objectives.
- Review and approve the annual bonus structure for the Board and the Group.
- Award any grants and shares eligible under the CSOP and LTIP plans.

Nominations committee

Key responsibilities:

- Reviewing the structure of the Board to ensure we have the right mix of Directors and Non-Executive Directors.
- Identifying and shortlisting any suitable candidates during our appointment of Non-Executive Directors.
- Identifying the skills, experience, personal qualities, and capabilities required for the next stage in the Company's development using succession planning.

ESG committee

Key responsibilities:

- Reviewing and monitoring the Group's ESG strategy and communicating key changes and milestones to the Board.
- Oversee and monitor the Group's progress against its net zero ambitions.
- Challenging different areas of the business in how to reduce our carbon emissions (sustainability and governance in our products, supplier and customer relationships and how we operate).
- Review the effectiveness of risk management and internal control policies where relevant to ESG.
- Reviewing and providing recommendations in relation to the health, safety and wellbeing of our people.

Governance structure

Group Board

Audit Committee

Areas of focus:

- Sam Smith to take on Audit Committee Chair for FY25/26
- Working closely with audit partner in ensuring that the audit is of high quality.
- Review of key accounting judgement areas including intangible assets, acquisition accounting and provision levels.

Priorities for 2025-26

- Sam Smith developing into the role of Chair of Audit Committee.
- Continue to review and implement audit controls for the Group on a timely manner

Read more on pages 58 to 61

Remuneration Committee

Areas of focus:

- Set objectives at beginning of the year and review the performance of the FY26 year.
- Review of salary and reward of FY26 for the Group, leadership team and employees.
- Award of LTIP and CSOP.
- International (currently US) long-term incentive plan

Priorities for 2025-26

- Set objectives for FY26 for salary, reward and other employee incentives.
- Monitor performance of the Group to ensure that objectives are achievable.

Read more on page 62

Nominations Committee

Areas of focus:

- Reviewing the existing Board structure and mix of skills and balance needed between our Directors and Non-Executive Directors.
- Concluded that the Chairman does have sufficient capacity to fulfil his role as Chairman of the Group.

Priorities for 2025-26

- Continued succession planning of the Group and Executive Board.
- Developing diversity

Read more on page 63

Executive Board

ESG Committee

Components Leadership Team

Systems Leadership Team

Audit Committee report

Nigel Rogers
Non-Executive Chairman

Other members:
- Sam Smith
- Pete Magowan

Meetings held:
3

By invitation
Audit Committee meetings can also be attended by the Group CFO, FC and representatives of the external auditors by invitation.

The Audit Committee's terms of reference are available on Group website (**solidstateplc.com/downloads**)

FY25 Key achievements:
- Sam Smith joined the committee one year ago and will be taking over as audit committee Chair from April 2025
- Reviewed and approved the interim and final year-end reporting to ensure the reporting was relevant, fair and balanced with the judgements within the accounts considered appropriate.

Areas of focus in FY26:
- Sam Smith developing into the role of the Chair of Audit Committee.

The Audit Committee has been chaired by Nigel Rogers this year. Sam Smith will be taking this role on for the financial year starting on 1 April 2025.

Primary responsibilities of the audit committee
The Audit Committee's terms of reference are available on the Group's website, which go into further information about the Committee's duties. Every year, the Board reviews the document to make sure the Group is in compliance. Amongst the important duties mentioned in the document are:

- **Financial reporting** - The purpose of financial reporting is to examine and, if required, challenge management's decisions and actions concerning the Company's financial statements, operating and financial reviews, interim reports, preliminary announcements, and associated formal statements prior to their submission to, approval by, and clearance by the Board and auditors.
- **Internal control and risk management** – To examine the risk profile, fraud detection protocols, and internal control measures to make sure they are suitable and efficient.
- **External audit** - Preserving relationships with auditors to guarantee high-quality, impartial, independent, and efficient external audits.
- **Compliance, whistleblowing & fraud** – Examine the adequacy and sufficiency of the Company's policies allowing its workers and contractors to confidentially voice concerns on potential misconduct in financial reporting or other areas.
- **Internal audit**- Ongoing review to determine the need for an internal function.

Financial reporting
The Audit Committee reviewed the appropriateness of the following significant financial reporting judgements made by management during the preparation of the interim and full year financial statements. The focus areas set out below were considered the key judgements and areas of risk for FY25. As a result, there was extensive discussion, challenge and review between the auditors, management, and the audit committee:

Review of revenue recognition and deferred income
The Committee reviewed the reports prepared by management that set out the updated assessments for the contracts which have material revenue recognition judgements in accordance with IFRS 15 and discussed the conclusions with the CFO and Group FC.

The two key judgements considered were:

1. The evaluation of whether the contracts require revenue to be recognised over time or whether they were based on completion of the performance obligations at a point in time; and,
2. The revenue recognition cut-off in accordance with the Incoterms at the year end.

As part of the review the Audit Committee reviewed the post balance sheet events position to ensure that these judgements remained appropriate. The Committee concurred with the revenue recognition judgements, and that the treatment was in accordance with IFRS 15.

Review of the judgemental working capital provisions for receivables and inventories
Following review of reports from management two areas of more significant estimation are:

1. provisions for credit defaults based on the expected loss rate in accordance with IFRS9, and
2. provisions for obsolete inventories.

In the year under review the debtor book ageing has improved, however the business has seen several smaller bad debts where £0.4m of the provisions were utilised. As a result, management and the Committee believe that the credit default risk remains high and retaining a debtor provision of £0.6m (2023/24: £1.1m) remains appropriate.

The committee recognised that given the de-stocking that the market has faced, the risk of excess and obsolete inventories continues to be high. This has resulted in the level of inventory provisioning across the Group increasing to £5.2m (2023/24: £4.1m) to mitigate the inventory risks.

The Committee concurred that the provisioning policy had been applied consistently and that the level of provisions remains appropriate

Review for the potential impairment of goodwill and other tangible and intangible assets.

The Committee reviewed and challenged the key assumptions, judgements, and sensitivities in the report from management.

The USA Power CGU has faced significant headwinds from de-stocking, exiting certain low-margin customers and latterly the USA macroeconomic political changes which have resulted in a very challenging year. However, steps taken throughout the year to change the management structure have started to transform the outlook with the May open orderbook improving over 40% year on year, providing confidence that performance is going to improve in the period ahead. However, significant uncertainty remains over the profile of the growth and the timing of the cash inflow improvement in the model.

Given the performance challenges faced, management, in conjunction with the Audit Committee and with the agreement of the external auditors, has concluded a $3.5m (£2.7m) impairment should be recognised. Furthermore, the Committee reviewed the associated disclosures which set out the impact of sensitivities to the key assumptions, being the expected sales growth and the discount rate.

The committee noted that this is a material judgement and agreed that the accounting treatment and the disclosures are considered appropriate.

Accounting for Research & development (“R&D”) tax credits.

Following review of reports from management and correspondence with the Companies’ R&D tax advisers, which set out the judgemental items:

1. the level of the R&D claim,
2. the level of the R&D tax credit which is deferred and amortised to match to capitalised development programmes.

The Group is within the large company RDEC scheme for the HMRC’s R&D tax credits, which means the transition to the merged R&D tax relief regime will have minimal impact.

The Committee also reviewed the judgements relating to the capitalisation of development expenditure and considered them appropriate.

The presentation of the financial statements, including the presentation of adjusted performance measures.

The Committee has reviewed the reports prepared by management setting out the rationale for the adjustments. Based on this the committee concurred that the presentation of the adjusted performance measures is appropriate, balanced and enables the users of the accounts to understand the underlying and ongoing performance of the business. The Committee has reviewed the Group’s interim and Annual Report and has concluded that the reports provide a fair, balanced, and relevant information for stakeholders.

Review of acquisition accounting

The Committee reviewed reports from management and had discussions with the CFO, which set out the key judgements which were in respect of on the acquisition in the year:

- The assessment of the fair value of the consideration and in particular the deferred contingent consideration for Q-PAR;

- The fair value of the property plant and equipment and inventory;

-The modelling performed to support the fair value of the IFRS 3 intangible assets in respect of the customer relationships and the brand; and

-The associated deferred tax assets and liabilities.

Furthermore, the Audit Committee reviewed the disclosures associated with the acquisition of Gateway Electronic Components and Q-PAR USA LLC. The Committee concluded that the judgements within the acquisition accounting were appropriate, and that the treatment and disclosure were in accordance with IFRS 3.

Going Concern

In assessing the going concern position of the Group for the Consolidated Financial Statements for the year ended 31 March 2025, the Directors have considered the Group’s cash flows, liquidity and business activities. At 31 March 2025, the Group had cash balances of £3.5m, drawn loans and overdrafts of £10.6m and £10.0m of undrawn RCF.

Post year end the Group refinanced all the existing loan facilities to put in place a replacement £15m RCF with a £10m accordion with Lloyds and Comerica. Within this facility we have retained the ability to put in place a £5.0m overdraft to manage any short-term working capital requirements (as seen with last year’s Communications order) subject to agreement with Lloyds. This means the Group will not need to utilise the accordion to meet a short-term working capital requirement.

Audit Committee report
continued

- The bank facilities can be used to finance working capital, capital expenditure or acquisitions. The facilities are subject to leverage and interest cover financial covenants.
- Without a covenant waiver or amendment, the facility would not be available to be drawn upon in the event that the business had such a severe downturn that it could not meet the covenants. Therefore, management has only included the RCF in the headroom to the amount that it would be accessible within the covenants when analysing a stressed model.
- The Directors have prepared the financial statements using the going concern premise, which is based on the Group's projections. The Directors have made this assessment after consideration of the Group's cash flows and related assumptions.
- Additional disclosures in respect of the Directors' assessment and modelling to support the conclusions below are set out on page 86 of the basis of preparation. The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the next 12 months, therefore it is appropriate to adopt a going concern basis for the preparation of the financial statements. Accordingly, these financial statements do not include any adjustments to the carrying amount or classification of assets and liabilities that would result if the Group and Company were unable to continue as a going concern.

External auditors

The Audit Committee has established a formal auditor independence policy which allows the committee to oversee the relationship with external auditors and monitor the fees payable and services provided. A detailed audit plan is provided of the financial year end that highlights the key risks identified and the intended areas of focus during the audit. The Committee reviews the scope of the audit and ensures that the proposed fees are reasonable and represent the value for the services provided.

The audit scope for the year ended 31 March 2025 relates to the audit of the Consolidated Group Accounts and that of the parent company. In addition to the dormant non-trading companies, the UK trading subsidiaries have adopted the exemption from the requirements to file audited financial statements by virtue of section 479A of the Companies Act 2006. In adopting the exemption Solid State PLC has provided a statutory guarantee to these subsidiaries in accordance with section 479C of the Companies Act 2006 (see Note 14).

During the year, an audit appraisal was completed, and it was concluded that there are no concerns on RSM UK Audit LLP conducting an independent, objective and high-quality audit.

As part of the audit plan the Group's auditors provide the Audit Committee with a report that confirms the safeguards that are in place to maintain their independence and they have confirmed that they have appropriate internal safeguards to ensure their independence and objectivity.

As in prior years, the provision of external audit and tax compliance are separated. As such, tax advice is provided by Crowe LLP, Bevan Buckland LLP and The Kings Mill Practice.

The committee has reviewed the audit services provided for FY25 and was satisfied with the audit quality and conclude that there had been appropriate focus and challenge on the primary areas of risk.

Non-audit services

The Committee is responsible for approving any non-audit services including the cost nature, objectivity and extent of the services provided by our external auditors. Any costs that exceed £10,000 in relation to audit, tax consulting or non-audit services must first be approved by the Audit committee.

The nature of the services provided by the auditors and the amounts paid to them are as detailed below:

RSM UK audit LLP (Group auditors)	**31 March 2025**	**31 March 2024**
Fees payable to company's auditors for the audit of the parent company accounts and consolidated financial statements	295	247
	295	247

In 2024 the Audit committee and audit partner approved the provision of non audit services in respect of regulatory compliance requirements assessment within India with fees of $5k.

Internal Audit

The Audit Committee is required to review the requirement for an internal audit function based on the size of the Group and the cost of the function versus the long-term benefit and sustainability of maintaining this function given the operational and financial circumstances facing the Group.

After conducting an annual review of the necessary controls and reporting, the Committee has concluded that there isn't a requirement at this point in time for an internal audit function.

During the internal management review process, the CFO, divisional Managing Directors and the site Financial Controllers confirm that the agreed procedures are in place and are being adhered to, with specific reference to key controls such as bank and control account reconciliations.

The Committee is satisfied that there have been no significant failings or weaknesses identified by the internal management review and sign off process.

Further information on how the Group deals with its risk activities can be found in more detail in the Strategic Report on pages 44 to 47.

Internal Controls

As part of the interim and full-year reporting, the Committee will review the Group's systems of internal controls and risk management activities to ensure that they are effective and up to date.

The key procedures that the Directors have established with a view to providing effective internal control include the following:

- to monitor the integrity of the Company's internal financial controls;
- to assess the scope and effectiveness of the systems established by management to identify, assess, manage and monitor financial and non-financial risks;
- the preparation of annual budgets and regular forecasts which are approved by the Board; and
- the monitoring of performance against budget and forecasts and the reporting of any variances in a timely manner to the Board.

Nomination Committee Report

Nigel Rogers
Non-Executive Chairman

Other members:
- Sam Smith
- Pete Magowan

Meetings held:
1

FY25 Key achievements:
- We have updated our ongoing review of succession and leadership continuity planning, to ensure we have appropriate succession and continuity plans. There are no near-term rotation requirements,
- Sam Smith who joined the Board last year has been appointed Chair of the Audit Committee.

Areas of focus in FY26:
- Strategic review of the plans for addition and development of our Senior Talent.

I am pleased to present the Nominations Committee report for this financial year.

I am pleased to present the Nominations Committee report this financial year.

In accordance with the company's strategy, the nominations committee is in charge of determining the qualifications, experience, character traits, and abilities needed for the next phase of the business's growth. The Committee's job is to make sure that our business is run and led by skilled, diverse, and competitive individuals.

Although we acknowledge that there is still opportunity to develop, we are proud of the progress we have made in increasing diversity throughout our organisation.

The addition of Sam Smith in August 2023 as a Non-Executive Director and appointment as Chair of the audit committee going forward into 2025 and beyond has strengthened the Board with her wealth of experience and value added contribution.

The Board feels there is an adequate balance of directors and non-executive directors based on its yearly examination of the current Board structure's qualifications and expertise.

Key responsibilities
- Review the structure, size and composition of the Board.
- Succession planning for Directors and other senior Executives.
- Identifying and nominating appropriate diverse candidates to fill any vacancies as when they arise.
- Review the independence of the Non-executive Directors and any potential conflict of interest for all Directors.

FY25 highlights
- Sam Smith who joined the Board last year has been appointed as Chair of Audit Committee.
- The committee reviewed the commitments of the Chairman and concluded we are entirely satisfied that he has more than enough capacity to fulfill all ongoing responsibilities, whilst also permitting adequate headroom in the event of unforeseen additional time commitments.
- We have updated our ongoing review of succession and leadership continuity planning, to ensure we have appropriate succession and continuity plans. There are no near-term rotation requirements, Nigel Rogers will be required to rotate in FY28/29. This will be managed proactively at the appropriate time.

Remuneration Committee Report

Pete Magowan
Non-Executive Chairman

Other members:
- Nigel Rogers
- Sam Smith

Meetings held:
4

FY25 key achievements:
- Salary reviews for the Executive Directors
- Review of 2025 performance and decision to not pay bonuses for FY25
- Approved the 2024 LTIP awards and related performance conditions
- CSOP award review

Areas of focus in FY26:
- Update and refresh the review of succession planning
- Monitor levels of Executive remuneration across industry peers
- Review the remuneration policy to ensure that it remains aligned with best practice and meets the objectives set out in the committee terms of reference. (available on the website: **solidstateplc.com/downloads/**).

On behalf of the board, I am pleased to present our Remuneration Committee report for the year ended 31 March 2025.

This report comprises:

- The Annual Statement, which summarises the Committee and its work, remuneration outcomes in respect of the year just ended and how the remuneration policy will be operated for the forthcoming year.
- The Directors' Remuneration Policy Report, which summarises the Group's remuneration policy.
- The Annual report on remuneration, which discloses how our policy was implemented in the year ended 31 March 2025 in detail.

Annual statement

The Remuneration Committee is focused on attracting, retaining and motivating talented employees and therefore structures the remuneration package for Executive Directors and senior management to being competitive.

To promote the long-term success of the Company, the Executive Directors' incentive benefits are performance-based and earned only subject to the satisfaction of performance conditions. These performance conditions are aligned with the interests of the shareholders.

The Committee has considered the following factors when determining the remuneration packages and decision to not pay bonuses for the Executive Directors:

- Challenging trading performance across the Group
- The delay in the Communications order and the headwinds in Power, offset in part by improved Components performance
- The improvement in open orderbook across the Group
- Strategic progress to strengthen the team in the USA as a foundation for future investment and growth.

All decisions made by the Committee have been made under the Group Remuneration Policy.

Performance outcome

The Committee has reviewed the performance against the targets established at the start of the year. Based on this the Committee has made the decision not to pay out a bonus for FY25.

Further details of bonus and LTIP awards can be found on in the Annual Report on remuneration in the following pages.

Remuneration Committee Report
continued

Remuneration policy

Element and Purpose	Operation	Opportunity	Performance metrics
Base Salary To attract and retain quality executives with the provision of a competitive total package.	Base salaries are normally reviewed on an annual basis with any changes effective from 1 April.	Any percentage increases will ordinarily be in line with those across the wider workforce. However, salary increases may be higher in exceptional circumstances, such as the need to retain a critical Executive, or an increase in the scope of the Executive's role.	Base salary levels and corresponding increases are based on individual experience, skills and business performance along with competitiveness against similar companies.
Benefits To help retain employees and remain competitive in the marketplace.	Directors receive an electric or hybrid company car or car allowance, life assurance, and medical insurance.	Insurance cover based on market rates.	Not performance-related.
Pension To facilitate long-term savings provisions.	Contributions to a Director's pension as appropriate. This may include a contribution to the Company's defined contribution scheme or payment of a cash allowance as appropriate.	Aligned to the pension available to the Group's UK workforce.	Not performance-related.
Annual performance related bonus Rewards the achievement of annual financial and strategic business targets.	Targets (financial and non-financial) are set and reviewed by the Committee annually. Actual bonus payable is determined by the Committee after the financial year end, based on performance against these targets. Subject to malus and clawback provisions.	Up to 100% of salary payable for significant over-achievement of financial and non-financial bonus objectives. The bonus will pay out above a minimum expected performance threshold, up to 75% of salary for an expected stretch performance. Subject to achieving the minimum expected performance, additional 25% bonus up to a maximum cap of 100% can be earned by delivering a target growth in the open orderbook.	Performance is assessed annually against financial and personal / strategic objectives set at the start of each year.
Long Term Incentive Plan ("LTIP") To motivate Executive Directors to deliver shareholder value over the longer term.	Awards of conditional shares through nil-cost options with vesting dependent on the achievement of performance conditions over the following three years. Net of sales to settle tax obligations vested awards are subject to a two-year holding period, in aggregate a five-year period from award. Dividend equivalents will be paid on vested awards. Malus and clawback provisions.	Up to 125% of salary.	Performance conditions are based on Group financial performance, which may include (but not be limited to) Group earnings or returns over the performance period.

Element and Purpose	Operation	Opportunity	Performance metrics
Company Share Option Plan ("CSOP") HMRC-Approved scheme to motivate our senior leaders to deliver shareholder value over the longer term.	Awards of conditional shares through market price options with vesting dependent on the achievement of performance conditions over the following three years. Similar provisions to LTIP.	Awards of up to approved HMRC approved limits. Funded through shares purchased in the market and newly issued shares as appropriate.	Performance conditions are based on Group financial performance, which may include (but not be limited to) Group earnings or returns over the performance period.
Shareholding guidelines To align Executive Directors with shareholder interests.	Shareholding guidelines require a minimum shareholding interest (normally within five years).	150% of salary.	Not performance related.

Policy on fees paid to the Non-Executive Directors

Remuneration element and link to strategy	Operation	Opportunity	Performance metrics
Fixed fees to attract and retain Non-Executive Directors of the highest calibre with broad experience relevant to the Company.	Paid monthly in arrears and reviewed each year. Any reasonable business-related expenses can be reimbursed.	The Chairman's and Non-Executive Directors' fees are determined by relevant benchmark data.	Annual review by the Board.

Notes to the remuneration policy and performance conditions and target setting

The Committee is responsible for determining the weightings, performance metrics and targets as well as timing of grants and payments for the annual bonus, CSOP and LTIP plans. The Committee will consider numerous factors to reach their conclusion and view. These include, but are not limited to, the strategic priorities for the Company over the mid/long term, shareholder feedback, the risk profile of the business and the macroeconomic climate.

Target Setting

The annual bonus scheme is determined against the delivery of key strategic areas within the business and a balance of profitability. The profitability metrics used include adjusted profit before tax and/or adjusted fully diluted EPS and awards only become eligible when current year performance exceeds market expectations at the time of setting. Malus, clawback and leaver provisions apply.

The CSOP and LTIP are assessed against a performance measure identified as the most relevant to driving sustainable bottom line business performance, as well as providing value for shareholders. This measure is currently considered to be real growth in adjusted fully diluted EPS. The Company is committed to remaining within the Investment Association's 10% dilution limit.

When deciding on bonus targets, the Committee will consider an appropriate balance between risk and reward to ensure that maximum payments are only made for exceptional performance. The Committee recognises that bonuses need to be motivational for participants but need to be aligned against the annual and long-term plans and take into account the following:

- Company's strategic plans;
- Prior year performance;
- Analysts' forecasts; and
- Estimated vesting levels and the affordability of pay arrangements.

Remuneration Committee Report
continued

In exceptional circumstances, the Committee has the discretion to adjust and/or set different targets and performance conditions for annual bonus and long-term incentive plans, provided the new conditions are no tougher or easier than the original conditions. This includes events where conditions are unable to fulfil their original intended purpose. Awards may also be adjusted in certain circumstances (e.g. for a rights issue, a corporate restructuring or for special dividends).

The committee will report any adjustments or discretions exercised to shareholders and will consult with major shareholders if the discretion is material and upwards. No such discretion was exercised during FY24/25.

The Committee can also grant additional LTIP awards to participants in return for their bearing the Company's liability to employer's National Insurance arising on the exercise of such grants made to them above. The additional award ensures that the participants are in a neutral position on an after-tax basis, assuming no change in tax rates.

All historical awards that have been granted before the date this policy came into effect and remain outstanding (including those detailed on page 68 of this report) remain eligible to vest based on their original award terms.

Recruitment Policy

Upon recruitment of an Executive Director, the remuneration package will be in line with the remuneration policy, subject to the Committee having discretion that buy-out awards (or any other means in order to facilitate recruitment) are reasonably necessary.

Adoption of the refined policy for 2025/26

In addition to reviewing and refining the policy to incorporate best practice, the Committee has reviewed the Remuneration policy for the coming year and concluded that there are no material changes needed, however, we have refined the bonus performance metrics and included a growth in open orderbook metric for the year ahead.

The interest in shares guidelines for Executive Directors of 150% of salary has been achieved with all Executive Directors having interests in shares in excess of 225,000 shares which is in excess of 150% of salary.

Single figure table for Executive Directors

	Gary Marsh		Peter James		John Macmichael		Matthew Richards	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Base Salary	**248**	240	**216**	210	**196**	190	**196**	190
Benefits	**4**	4	**23**	24	**12**	12	**6**	6
Pension	**10**	10	**9**	8	**8**	8	**8**	7
Annual Bonus[1]	**-**	203	**-**	187	**-**	166	**-**	173
LTIP[2]	**215**	–	**98**	–	**93**	–	**61**	–
Total	**477**	457	**346**	429	**309**	376	**271**	376
Of which:								
Fixed remuneration	**262**	254	**248**	242	**216**	210	**210**	203
Variable remuneration	**215**	203	**98**	187	**93**	166	**61**	173

No bonuses have been accrued for the financial year based on the Group's result for FY24-25. Matthew Richards and Peter James have a requirement to use a specified proportion of the annual bonus to exercise options or purchase shares within an agreed time period.
282,000 LTIP options vested during the period (2024: Nil). Four Directors exercised a total of 198,500 options in FY25 (2024: No options were exercised).

FY2026 Director Salaries

	From 1 April 2025	1 April 2024 to 31 March 2025
G S Marsh	**253**	248
P O James	**220**	216
M T Richards	**200**	196
J L Macmichael	**200**	196

Single figure table for Non-executive Directors

	Nigel Rogers			Pete Magowan			Sam Smith		
	From 1 Apr 2025	2025	2024	From 1 Apr 2025	2025	2024	From 1 Apr 2025	2025	2024
Fees	**74**	73	70	**42**	41	40	**42**	41	27[1]

1.Sam Smith was appointed during 2024.

Remuneration Committee Report
continued

Directors' interests in shares

	5-July-25			31-Mar-25			31-Mar-24*		
	Shareholding	Vested but unexercised options	Total Interest in shares of the Company	Shareholding	Vested but unexercised options	Total Interest in shares of the Company	Shareholding	Vested but unexercised options	Total Interest in shares of the Company
G S Marsh	**1,328,644**	**53,500**	**1,382,144**	1,328,661	53,500	1,382,161	1,443,915	93,500	1,537,415
J L Macmichael	**545,932**	**107,000**	**652,932**	545,932	107,000	652,932	656,765	93,500	750,265
M T Richards	**96,242**	**242,000**	**338,242**	96,242	242,000	338,242	62,175	213,500	275,675
P O James	**114,365**	**187,000**	**301,365**	114,365	187,000	301,365	62,745	173,500	236,245
N Rogers	**39,655**	**-**	**39,655**	39,655	–	39,655	31,755	–	31,755
P J Magowan	**42,212**	**-**	**42,212**	42,212	–	42,212	34,635	–	34,635
S Smith	**17,200**	**-**	**17,200**	17,200	–	17,200	9,500	–	9,500

*Comparative figures have been restated for the impact of the bonus share award.

Shareholding Guidelines

	Total Interest in Ordinary shares	Shareholding guidelines	Shareholding guidelines met
G S Marsh	1,382,161	150%	Yes
P O James	301,365	150%	Yes
M T Richards	338,242	150%	Yes
J L Macmichael	652,932	150%	Yes

Directors' interest in long-term incentive awards

	Gary Marsh	Peter James	Matthew Richards	John Macmichael
Options held at 31.03.23	43,500	59,500	67,500	43,500
Granted	14,100	14,100	14,100	14,100
Exercised	–	–	–	–
Lapsed	–	–	–	–
Options held at 31.03.24	57,600	73,600	81,600	57,600
Bonus Issue restated Options held 31.03.24*	288,000	368,000	408,000	288,000
Granted**	71,000	71,000	71,000	71,000
Exercised	(93,500)	(40,000)	(25,000)	(40,000)
Lapsed	–	–	–	–
Options held at 31.03.25	265,500	399,000	454,000	319,000

*The bonus issue of four shares for every one existing share was applied to the existing options

**During the year to 31 March 2025 the Board granted an award of 71,000 shares to each of the Executive Directors which, subject to the performance criteria, will be eligible to vest in 2027.

Directors' Report

The Directors present their report together with the audited financial statements of the Group in respect of the year ended 31 March 2025.

Principal activities, review of the business and future developments

Throughout the year, the Group's principal activities remained the production of electronic equipment and the provision of value-added electronic materials and components.

The key performance indicators recognised by management are set out in the KPI section of the Strategic report (pags 32 and 33).

The Chairman's Statement and Strategic Report provide an overview of the Group's trade performance and prospects. The Group does not comment on environmental issues, with the exception of what is stated in this report's corporate and social responsibility section.

Directors

The Directors of the Company during the year were:

N F Rogers

G S Marsh

P O James, BSc FCA

J L Macmichael

M T Richards

P Magowan

S Smith, FCA

Details of the interests of Directors in the shares of the Company and Directors' service contracts are stated in the Remuneration Committee Report on pages 63 to 68.

Corporate Governance

The Board confirms that the Group has complied with the requirements of the UK Corporate Governance Code, which was published by the Financial Reporting Council in April 2016, and the Quoted Companies Alliance ("QCA Code") during the accounting period.

The Corporate Governance Report, pages 50 to 55, details the Group's adoption of the QCA Code (updated 2023) and corporate governance principles.

Internal control

The Corporate Governance report, pages 56 to 57, provides specifics on how the Board has put its internal control framework and procedures into practice.

Board of Directors

The structure and operation of the Board of Directors is set out in the corporate governance report on pages 52 to 53.

Principal risks and uncertainties

Details of the principal risks and uncertainties of the Group are set out in the strategic Report on pages 44 to 47.

Financial Instruments

Details of the use of financial instruments by the Group are contained in note 21 of the financial statements.

Purchase of own shares

At the year end the Company had in place authority to purchase up to 15% of the issued ordinary shares under authority given by a resolution at the Annual General Meeting on 12 September 2024. This authority expires on 12 March 2026. On the 16 December 2024 the Company repurchased 383,141 5p ordinary shares at 130.5p with a nominal value of £19k at a market value of £500k into treasury shares which get used for the employee share schemes.

Dividends

Details of the dividends are disclosed in note 9 and in the Chairman's Statement on page 11.

Post balance sheet events

Details of post balance sheet events are included in Note 35.

Research and development

During the year the Group has continued to invest in research and development in partnership with some of its customers to develop technical electronic solutions to address the demand of our customers in their core markets of electronic communications, mobile battery power and rugged and industrial computing. During the year we invested in excess of £2.9m (2024: £2.5m) in research and development. The Company continues to claim R&D tax credits where eligible.

Share options award

During the year the company granted options to the Senior Leadership team and the Executive Directors under the Company's LTIP and CSOP, further details are provided in the remuneration report on pages 63 to 68 and note 28.

Employee engagement and consultation

The Group places considerable value on the involvement of its employees and continues to keep them informed on matters affecting them as employees and on the various factors impacting the performance of the Group.

Further details set out in the Section 172 Statement on pages 34 to 35 and within the Social report on pages 40 to 41.

Disabled persons

The Group gives fair consideration to applications for employment made by disabled persons, bearing in mind the particular aptitudes and abilities of the applicant concerned. In the event of employees becoming disabled, every effort will be made to ensure that their employment with the Group continues and that appropriate training and/or reasonable adjustments are arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should provide consistent opportunities to that of other employees.

Insurance

The Group has in place appropriate Directors' and Officers' indemnity insurance for all Group companies..

Business relationships

Further details are set out in the section 172 Statement on pages 34 to 35.

Going Concern

Further details are set out in Note 1 of the financial statements and Audit Committee report on pages 58 to 60.

Bonus share award

The Bonus Issue was proposed to shareholders with the intention of improving the liquidity and accessibility of the Company's shares, through increasing the Company's issued share capital at a reduced price per share.

Following the passing of resolution 14 at its Annual General Meeting held on 12 September 2024, the Company implemented the Bonus Issue, as a result, the Company issued a further 45,506,576 ordinary shares of 5 pence each ("Bonus Shares"), representing four new shares for every existing share held by shareholders.

Renewal of authority to purchase the Company's shares

Last year, a resolution was passed at the Annual General Meeting to give the Company the authority to purchase its own Ordinary shares on the Stock Exchange. This authority would expire after a period of eighteen months from the passing of the resolution. In order to avoid this authority expiring during the next year and the need to call an extraordinary general meeting to renew the authority, a resolution to renew the authority is set out in the notice of the Annual General Meeting.

Under the terms of the resolution to be proposed at the Annual General Meeting, the maximum number of shares which may be purchased is 15% of the issued Ordinary share capital of the Company. The minimum price payable by the Company for its Ordinary shares will be 5p and the maximum price will be determined by reference to current market prices. The authority will automatically expire after a period of eighteen months from the passing of the resolution unless renewed.

It is not the Directors' current intention to exercise the power to purchase the Company's Ordinary shares, but they believe that under certain circumstances it would be in the Company's best interests to do so.

The Directors consider that the resolutions to be proposed at the meeting are in the best interests of the Company and its shareholders. They unanimously recommend that all Ordinary shareholders vote in favour of the resolution at the Annual General Meeting as they intend to do in respect of their beneficial holdings.

Statement of Directors' Responsibilities

In compliance with relevant laws and regulations, the directors are in charge of creating the annual report, strategic report, directors' report, and financial statements for the group and parent business. Every fiscal year, the directors are required by company law to prepare financial statements for the parent company and the group. Under company law, the directors have chosen to prepare the parent company's financial statements in line with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), and they are mandated by the London Stock Exchange's AIM Rules to prepare the Group's financial statements in line with UK-adopted international accounting standards in compliance with the Companies Act 2006 requirements.

The group financial statements are required by law and UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006 to present fairly the financial position and performance of the group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of the profit or loss of the Group for that period. In preparing each of the Group and parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006;
- for the parent company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company to enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. In addition, the Directors are responsible the maintenance and integrity of the corporate and financial information included in the Solid State plc website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the parent company's auditors are unaware, and
- that Director has taken all steps that ought to have been taken as a Director in order to be aware of any information needed by the auditors in connection with preparing their report and to establish that the parent company's auditors are aware of that information.

A resolution to re-appoint RSM UK Audit LLP as auditors will be proposed at the next annual general meeting.

By order of the Board

L Davidson FCA
Secretary

8 July 2025

Registered Office: 2 Ravensbank Business Park, Hedera Road, Redditch, B98 9EY

Financials

"Our strong balance sheet and a proven track record of delivery, positions us to capitalise on the global defence investment. The UK's Strategic Defence Review and the ambition to increase defence spending to 3.5% of GDP combined with the USA's $1 trillion commitment to modernisation across missiles, drones, and space-based systems, presents a timely and significant growth opportunity for our advanced technologies which are well aligned to meet the evolving requirements of the UK and allied nations."

Peter James
Chief Financial Officer

Independent auditor's report

Opinion

We have audited the financial statements of Solid State plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2025 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows, Company Statement of Financial Position, Company Statement of Changes in Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK-adopted International Accounting Standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2025 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matters	**Group** • Revenue recognition • Inventory provisioning • Goodwill impairment **Parent Company** • No key audit matters
Materiality	**Group** • Overall materiality: £1,150,000 (2024: £725,000) • Performance materiality: £866,000 (2024: 543,000) **Parent Company** • Overall materiality: £1,460,000 (2024: £675,000) • Performance materiality: £1,095,000 (2024: £506,250)
Scope	Our audit procedures covered 86% of revenue, 87% of total assets and 97% of adjusted profit before tax.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the group financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the group financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Key audit matter description	Refer to accounting policies in note 1 to the group financial statements and note 3. The group's revenue comprises sales of electronic equipment to its customers. There is a significant amount of revenue recognised around the year end and are also certain contracts where obligations are satisfied over time. Revenue underpins the key performance measures of the group. There is a risk that revenue may be misstated around the year end through: • Inappropriate application of the group's revenue recognition policies; • Recognition of revenue in the wrong period; or • Inaccurate estimation of the costs to complete on contracts where revenue is recognised on a percentage of completion basis
How the matter was addressed in the audit	We assessed whether revenue was recognised in line with the group's revenue recognition policies and the requirements of IFRS 15. We analysed the revenue recognised by week pre and post year end in each of the full scope components to identify unusual trends and to select a sample of items to confirm that revenue was recognised in accordance with underlying contractual terms and in the correct accounting period. We critically assessed the revenue recognition for specific contracts where revenue is recognised over the course of the agreement. This included confirming the IFRS 15 criteria for recognition over time were met based on the terms of the contract and recalculating the revenue recognised based on the costs incurred and total budgeted costs to complete.

Inventory provisioning

Key audit matter description	Refer to accounting policies and critical accounting judgements in notes 1, 2 and 15. The valuation of inventory, which by its nature is specialist, involves judgement relating to the identification of the potential obsolescence of inventory and to determine the net realisable value (NRV). The provision is determined using a two-stage process. Firstly, a mechanical calculation is prepared based on inventory ageing. Secondly, management review and revise the provisions based on their knowledge and experience. Accordingly, there is a high degree of estimation uncertainty and the amounts involved are material to the group.
How the matter was addressed in the audit	We reviewed and understood the group's accounting policy and how this satisfied the requirements of IAS2 'Inventories'. We challenged management's methodology by retrospectively assessing the prior year provision based on actual usage and applying this to the current year provision. Our analysis highlighted certain inventory items which were potentially at risk and not provided for. For a sample of these items we obtained explanations and supporting evidence to demonstrate they were recoverable such as customer orders or being new products with limited historical usage data. We also performed testing to ensure that the valuation of inventory was stated at the lower of cost or NRV by selecting a sample of inventory items and comparing the post year end sales value of the products to their actual cost.

Independent auditor's report continued

Goodwill impairment

Key audit matter description	• Refer to accounting policies and critical accounting judgements in notes 1, 2 and 13. • The gross goodwill balance of £30m is allocated across 3 Cash Generating Units (CGUs). There is a risk that CGUs may not achieve the anticipated business performance to support the carrying value of these assets. • There is one CGU, Power USA, which was identified to be at higher risk of impairment based on its trading performance and the ongoing geopolitical uncertainty. In the current year management has assessed that a £2.7m impairment is required. • As part of our risk assessment, we determined that the impairment assessment has a high degree of estimation uncertainty as it is sensitive to forecast cashflow assumptions and the discount rate.
How the matter was addressed in the audit	We examined management's methodology as detailed in Note 13 of the consolidated financial statements, the models for assessing the valuation of significant goodwill and intangible asset balances to understand the composition of management's future cash flow forecasts, and the process undertaken to prepare them. In respect of the Power USA CGU we performed detailed testing to critically assess and corroborate the key inputs of the forecast cash flows including: • Re-performing the calculations in the model to test the mathematical integrity. • Utilising our valuation specialists to assess the discount rate used by benchmarking it against comparable organisations and market data; • Assessing the reasonableness of the forecast growth rates and margins based on historical trading and forecasting accuracy, post year end trading and order book data, our understanding of strategic and operational changes and the scale of the market opportunity. We audited the disclosures in respect of goodwill and intangibles with reference to the requirements of IAS 36 and assessed their consistency with the audited impairment models.

Overview
Strategic
Governance
Financials

Our application of materiality

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. Based on our professional judgement, we determined materiality as follows:

	Group	Parent company
Overall materiality	£1,150,000 (2024: £725,000)	£1,460,000 (2024: £675,000)
Basis for determining overall materiality	Approximately 1% of Revenue	Approximately 4.5% of Net assets
Rationale for benchmark applied	Revenue is the primary driver of performance	Net assets is considered to be the most appropriate benchmark for the holding company
Performance materiality	£866,000 (2024: £543,000)	£1,095,000 (2024: £506,250)
Basis for determining performance materiality	75% of overall materiality	75% of overall materiality
Reporting of misstatements to the Audit Committee	Misstatements in excess of £57,700 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.	Misstatements in excess of £78,000 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

In the current period we have changed the benchmark used to determine materiality for the group audit to use revenue instead of adjusted profit before tax. This reflects the primary driver of performance being revenue and we consider that using adjusted profit before tax would result in a materiality which is disproportionately small relative to the size of the business. This approach is also consistent with our benchmarking of other AIM listed companies.

An overview of the scope of our audit

The group consists of 22 components, located in the United Kingdom, USA and Ireland

The coverage achieved by our audit procedures was:

	Number of components	Revenue	Total assets	Adjusted PBT
Full scope audit	4	86%	87%	97%
Risk assessment / specific scope procedures*	18	14%	13%	3%
Total	22	100%	100%	100%

*Detailed risk assessment procedures and specific scope procedures where deemed necessary based on this risk assessment.

Independent auditor's report continued

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included

- confirming the ongoing availability of financing during the going concern period including agreeing loan maturity dates and the terms of the facilities which were renewed post year end;
- obtaining management's forecast cash flows including the liquidity and covenant headroom and checking their mechanical accuracy;
- challenging the reasonableness of the forecasts with reference to historical forecasting accuracy and the uncertain economic environment;
- considering the plausibility of mitigating actions in a downside scenario and the reasonableness of the expected savings;
- performing a reverse stress test to calculate the deterioration in future performance required to erode the liquidity headroom and evaluating the likelihood of this scenario; and
- assessing the going concern disclosures in the financial statements to ensure they are in accordance with UK-adopted International Accounting Standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on pages 70 and 71, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the group and parent company operate in and how the group and parent company are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

The most significant laws and regulations were determined as follows:

Legislation / Regulation	Additional audit procedures performed by the Group audit engagement team included:
IFRS/UK-adopted IAS, FRS102 and Companies Act 2006	Review of the financial statement disclosures and testing to supporting documentation; Completion of disclosure checklists to identify areas of non-compliance.
Tax compliance regulations	Review of tax workings and inspection of any correspondence with local tax authorities where any has been received.
Export Control and International Traffic in Arms (ITAR)	ISAs limit the required audit procedures to identify non-compliance with these laws and regulations to inquiry of management and where appropriate, those charged with governance and inspection of legal and regulatory correspondence, if any.

Independent auditor's report continued

The areas that we identified as being susceptible to material misstatement due to fraud were:

Risk	Audit procedures performed by the audit engagement team:
Revenue recognition	See key audit matters above.
Management override of controls	Identifying journals which exhibited higher characteristics of risk for testing using data analytics software; Assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew Williams (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants
103 Colmore Row
Birmingham
B3 3AG

8 July 2025

Consolidated statement of comprehensive income

For the year ended 31 March 2025

	Note	2025 £'000	2024 £'000
Revenue	3, 31	**125,064**	163,303
Cost of sales		**(85,737)**	(111,476)
Gross profit		**39,327**	51,827
Sales, general and administration expenses		**(37,993)**	(38,149)
Operating profit	4	**1,334**	13,678
Finance costs	6	**(1,014)**	(1,491)
Profit before taxation		**320**	12,187
Tax credit/ (expense)	7	**192**	(3,281)
Adjusted profit after taxation		**3,563**	11,680
Adjustments to profit after taxation	30	**(3,051)**	(2,774)
Profit after taxation		**512**	8,906
Profit attributable to equity holders of the Parent		**512**	8,872
Profit attributable to non-controlling interests		**–**	34
Items that may be reclassified to profit and loss			
Other comprehensive loss – FX on overseas operations		**(688)**	(679)
Other comprehensive income – taxation	7	**43**	–
Adjusted total comprehensive income		**2,875**	11,001
Adjustments to total comprehensive income	30	**(3,008)**	(2,774)
Total comprehensive (loss) / income for the year		**(133)**	8,227
Comprehensive (loss)/ income attributable to equity holders of the Parent		**(133)**	8,193
Comprehensive income attributable to non-controlling interests		**–**	34

Earnings per share		2025	2024*
Basic EPS from profit for the year	8	**0.9p**	15.6p
Diluted EPS from profit for the year	8	**0.9p**	15.3p

* Restated for impact of bonus share issue

Adjusted EPS measures are reported in Note 8 to the accounts.

All results presented for the current and comparative period are generated from continuing operations.

The notes on pages 86 to 126 form part of these financial statements.

Consolidated statement of changes in equity

For the year ended 31 March 2025

For the year ended 31 March 2025

	Share Capital £'000	Share Premium Reserve £'000	Foreign Exchange Reserve £'000	Other Reserves £'000	Retained Earnings £'000	Shares held in Treasury £'000	Total £'000	Non-controlling interests £'000	Total Equity £'000
Balance at 31 March 2024	**569**	**30,581**	**(1,515)**	**(64)**	**35,086**	**(37)**	**64,620**	**–**	**64,620**
Issue of new shares	2,285	(2,281)	–	–	–	–	**4**	–	**4**
Share-based payment debit	–	–	–	–	(375)	–	**(375)**	–	**(375)**
Transfer of treasury shares to AESP	–	–	–	–	–	–	–	–	–
Dividends	–	–	–	–	(2,119)	–	**(2,119)**	–	**(2,119)**
Transactions with owners in their capacity as owners	**2,285**	**(2,281)**	**–**	**–**	**(2,494)**	**–**	**(2,490)**	**–**	**(2,490)**
Result for the year ended 31 March 2025	–	–	–	–	512	–	**512**	–	**512**
Taxation via OCI					43		**43**		**43**
Foreign Exchange via OCI	–	–	(688)	–	–	–	**(688)**	–	**(688)**
Total comprehensive income	**–**	**–**	**(688)**	**–**	**555**	**–**	**(133)**	**–**	**(133)**
Purchase of treasury shares	–	–	–	–	–	(501)	**(501)**	**–**	**(501)**
Balance at 31 March 2025	**2,854**	**28,300**	**(2,203)**	**(64)**	**33,147**	**(538)**	**61,496**	–	**61,496**

For the year ended 31 March 2024

	Share Capital £'000	Share Premium Reserve £'000	Foreign Exchange Reserve £'000	Other Reserves £'000	Retained Earnings £'000	Shares held in Treasury £'000	Total £'000	Non-controlling interests £'000	Total Equity £'000
Balance at 31 March 2023	**567**	**30,474**	**(836)**	**5**	**27,805**	**(108)**	**57,907**	**47**	**57,954**
Issue of new shares	2	107	–	–	–	–	**109**	–	**109**
Share-based payment credit	–	–	–	–	803	–	**803**	–	**803**
Transfer of treasury shares to AESP	–	–	–	–	(72)	72	–	–	–
Dividends	–	–	–	–	(2,322)	–	**(2,322)**	–	**(2,322)**
Acquisition of non-controlling interests	–	–	–	(69)	–	–	**(69)**	–	**(69)**
Transactions with non-controlling interests	–	–	–	–	–	–	**–**	(81)	**(81)**
Transactions with owners in their capacity as owners	**2**	**107**	**–**	**(69)**	**(1,591)**	**72**	**(1,479)**	**(81)**	**(1,560)**
Result for the year ended 31 March 2024	–	–	–	–	8,872	–	**8,872**	34	**8,906**
Foreign Exchange via OCI	–	–	(679)	–	–	–	**(679)**	–	**(679)**
Total comprehensive income	**–**	**–**	**(679)**	**–**	**8,872**	**–**	**8,193**	**34**	**8,227**
Purchase of treasury shares	–	–	–	–	–	(1)	**(1)**	**–**	**(1)**
Balance at 31 March 2024	**569**	**30,581**	**(1,515)**	**(64)**	**35,086**	**(37)**	**64,620**	–	**64,620**

The notes on pages 86 to 126 form part of these financial statements.

Consolidated statement of financial position
As at 31 March 2025

	Note	2025 £'000	2024 £'000
Assets			
Non-current assets			
Intangible assets	12	**36,968**	40,109
Property, plant and equipment	10	**5,487**	4,229
Right-of-use lease assets	11	**6,075**	3,586
Deferred tax asset	23	**1,458**	605
Total non-current assets		**49,988**	48,529
Current assets			
Inventories	15	**28,239**	25,084
Trade and other receivables	16	**21,616**	31,526
Corporation tax asset		**986**	–
Cash and cash equivalents – available on demand	22	**3,513**	8,445
Total current assets		**54,354**	65,055
Total Assets		**104,342**	113,584
Liabilities			
Current liabilities			
Trade and other payables	17	**(17,020)**	(21,644)
Deferred and contingent consideration on acquisitions – current	17, 21, 22	**(181)**	–
Current borrowings	19, 21, 22	**(8,634)**	(3,398)
Contract liabilities	18	**(5,847)**	(6,460)
Corporation tax liabilities		**(229)**	(1,224)
Right-of-use lease liabilities	20	**(1,402)**	(1,106)
Provisions	24	**(190)**	(126)
Total current liabilities		**(33,503)**	(33,958)
Non-current liabilities			
Non-current borrowings	19, 21, 22	**(1,935)**	(9,718)
Deferred and contingent consideration on acquisitions – non-current	17, 21, 22	**(161)**	–
Provisions	24	**(1,098)**	(843)
Deferred tax liability	23	**(1,548)**	(1,979)
Right-of-use lease liabilities	20	**(4,601)**	(2,466)
Total non-current liabilities		**(9,343)**	(15,006)
Total liabilities		**(42,846)**	(48,964)
Total net assets		**61,496**	64,620
Share capital	25	**2,854**	569
Share premium reserve	26	**28,300**	30,581
Other Reserves	26	**(64)**	(64)
Foreign exchange reserve	26	**(2,203)**	(1,515)
Retained earnings	26	**33,147**	35,086
Shares held in treasury	26, 27	**(538)**	(37)
Capital and reserves attributable to equity holders of the Parent		**61,496**	64,620
Non-controlling interests		–	–
Total Equity		**61,496**	64,620

The financial statements were approved by the Board of Directors and authorised for issue on 8 July 2025 and were signed on its behalf by:

G S Marsh
Director

P O James
Director

The notes on pages 86 to 126 form part of these financial statements.

Consolidated statement of cash flows

For the year ended 31 March 2025

	Note	2025 £'000	2025 £'000	2024 £'000	2024 £'000
Operating activities					
Profit before taxation			**320**		12,187
Adjustments for:					
Property, plant and equipment depreciation			**1,407**		2,069
Right-of-use asset depreciation			**1,114**		1,040
Amortisation of intangible assets			**2,758**		2,281
Impairment of intangible assets			**2,734**		2,281
Loss/ (profit) on disposal of property, plant and equipment			**56**		(1)
Share-based payment (credit)/ expense			**(375)**		803
Finance costs			**1,014**		1,491
Decrease in deferred contingent consideration			**–**		(21)
Profit from operations before changes in working capital and provisions			**9,028**		19,849
Increase/ (decrease) in inventories		**(2,712)**		8,078	
Decrease/ (increase) in trade and other receivables		**9,704**		(12,175)	
Decrease in trade and other payables		**(5,650)**		(1,231)	
Increase/ (decrease) in provisions		**26**		(248)	
			1,368		(5,576)
Cash generated from operations			**10,396**		14,273
Income taxes paid		**(2,565)**		(3,331)	
Income taxes received		**13**		9	
Total taxes paid	7		**(2,552)**		(3,322)
Net cash inflow from operating activities			**7,844**		10,951
Investing activities					
Purchase of property, plant and equipment		**(2,292)**		(1,524)	
Capitalised own costs and purchase of intangible assets		**(1,202)**		(1,312)	
Proceeds of sales from property, plant and equipment		**232**		161	
Settlement of deferred consideration in respect of prior year acquisitions	22	**–**		(5,535)	
Payments for acquisition of subsidiaries net of cash acquired		**(2,123)**		–	
Net cash outflow from investing activities			**(5,385)**		(8,210)
Financing activities					
Proceeds from issue of ordinary shares		**–**		109	
Repurchase of ordinary shares into treasury		**(501)**		(1)	
Borrowings drawn	22	**894**		2,126	
Borrowings repaid	22	**(3,408)**		(3,742)	
Principal payment obligations for right-of-use assets	21	**(1,327)**		(1,230)	
Interest paid		**(1,044)**		(1,286)	
Interest received		**138**		4	
Transactions with non-controlling interests		**–**		(150)	
Dividend paid to equity shareholders	9	**(2,119)**		(2,322)	
Net cash outflow from financing activities			**(7,367)**		(6,492)
Decrease in cash and cash equivalents	22		**(4,908)**		(3,751)

The notes on pages 86 to 126 form part of these financial statements.

Consolidated statement of cash flows continued
For the year ended 31 March 2025

	2025 £'000	2024 £'000
Translational foreign exchange on opening cash	**(24)**	(28)
Net decrease in cash	**(4,908)**	(3,751)
Cash at beginning of year	**8,445**	12,224
Cash at end of year	**3,513**	8,445

There were no significant non-cash transactions. Cash and cash equivalents comprise:

	2025 £'000	2024 £'000
Cash available on demand	**3,513**	8,445
Overdraft facility	–	(2,056)
Net cash and cash equivalents	**3,513**	6,389

Notes to the Financial Statements

For the year ended 31 March 2025

1. Accounting policies

Solid State PLC ("the Company") is a public Company incorporated, domiciled and registered in England and Wales in the United Kingdom. The registered number is 00771335 and the registered address is: 2 Ravensbank Business Park, Hedera Road, Redditch B98 9EY.

Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented.

These financial statements have been prepared in accordance with UK adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006.

The Group financial statements are presented in pounds sterling, which is the functional and presentational currency of the Group, and all values are rounded to the nearest thousand (£'000), except when otherwise indicated.

Going concern

In assessing the going concern position of the Group for the Consolidated Financial Statements for the year ended 31 March 2025, the Directors have considered the Group's cash flows, liquidity and business activities.

At 31 March 2025, the Group has net debt (excluding IFRS16) of £7.4m. Subsequent to year end the Group refinanced all existing facilities, repaying the term loans and setting up a new £15m multi-currency RCF funded by Lloyds Bank PLC and Comerica Bank (see Note 19 for full details). The going concern basis of preparation has been considered in respect of the new leverage and debt service covenants in relation to this facility.

Based on the Group's forecasts, the Directors have adopted the going concern basis in preparing the Financial Statements. The Directors have made this assessment after consideration of the Group's cash flows and related assumptions and in accordance with the Guidance published by the UK Financial Reporting.

In preparing the going concern assessment, the Directors considered the principal risks and uncertainties that the business faced, which have been disclosed on pages 44 to 47.

The Directors have prepared a base case and a severe downside scenario, taking account of the results to date, current expected demand, and mitigating actions that could be taken, together with an assessment of the liquidity headroom against the cash and bank facilities. The bank facilities are subject to financial covenants; therefore, in evaluating a stressed forecast, the Board only included the RCF in the headroom to the extent it is available within the covenants.

This financial modelling is based a period to 30 September 2026, which has been prepared based on an extension of the budget for FY25/26.

In preparing a severe downside scenario, it assumes a shortfall in Group revenue of ~7% over an 18-month period with limited cost mitigation, resulting in EBITDA reducing by ~29% compared to the Board's base case expectations. Even with this level of reduction to Group EBITDA, when combined with the mitigating actions that are within the Group's control, the Group would fully comply with covenants and maintains sufficient liquidity to meet its liabilities as they fall due.

The Directors have concluded that the likelihood of a scenario whereby the covenant headroom is exhausted is remote and therefore there are no material uncertainties over the Group and Company's ability to continue as a going concern. Nevertheless, it is acknowledged that there are, potentially, material variations in the forecast level of future financial performance.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the next 15 months; therefore, it is appropriate to adopt a going concern basis for the preparation of the financial statements. Accordingly, these financial statements do not include any adjustments to the carrying amount or classification of assets and liabilities that would result if the Group and Company were unable to continue as a going concern.

1. Accounting policies continued

Changes in accounting policy and disclosures

New standards, amendments and interpretations adopted in the year

The following new standards, amendments and interpretations have been adopted by the Group for the first time for the financial year beginning on 1 April 2024:

- Amendments to IAS 1 and IFRS Practice Statement 2, regarding the classification of liabilities and non-current liabilities with covenants effective for annual reporting periods beginning on, or after, 1 January 2024
- Amendments to IFRS 16 regarding lease liabilities in a Sale and Leaseback arrangement, effective for annual reporting periods beginning on, or after, 1 January 2024
- Amendments to IAS 7 and IFRS 7, regarding supplier finance arrangements, effective for annual reporting periods beginning on, or after, 1 January 2024

The adoption of these standards and amendments has not had a material impact on the financial statements.

New standards, amendments and interpretations to published standards issued, but not yet effective and not early adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for the 31 March 2025 reporting period and have not been early adopted by the Group, are listed below. None of these are expected to have a material impact on the Group's financial results in the current or future reporting periods. The Group intends to adopt these standards considered relevant when they become effective.

- Amendments to IAS 21, regarding whether a currency is exchangeable into another currency at a measurement date and for a specified purpose, effective for annual reporting periods beginning on, or after, 1 January 2025
- Minor annual improvements to IFRS 1 (hedging related), IFRS 7, IFRS 9, IFRS 10 and IAS 7, effective for annual reporting periods beginning on, or after, 1 January 2026
- IFRS 18 issued in April 2024 to replace IAS 1, regarding presentation and disclosure in financial statements, effective for annual reporting periods beginning on, or after, 1 January 2027

Principle of consolidation

The consolidated financial statements incorporate the financial results and position of the Parent and its subsidiaries.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed, where necessary, to ensure consistency with the policies adopted by the Group.

Business combinations

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of financial position respectively.

The purchase method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. Acquisition-related costs are expensed as incurred.

The consideration transferred for the acquisition of a subsidiary comprises the: fair values of the assets transferred; liabilities incurred to the former owners of the acquired business; equity interests issued by the Group; fair value of any asset or liability resulting from a contingent consideration arrangement; and fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured, initially, at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Notes to the Financial Statements continued

For the year ended 31 March 2025

1. Accounting policies continued

Business combinations (continued)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquired entity, and acquisition date fair value of any previous equity interest in the acquired entity, over the fair value of the net identifiable assets acquired, is recorded as goodwill.

If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase. Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are, subsequently, remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Impairment of non-financial assets

Non-financial assets that have an indefinite useful life (e.g. goodwill) or other intangible assets that are not ready to use and, therefore, not subject to amortisation (e.g. ongoing incomplete R&D programmes) are reviewed, at least annually, for impairment.

Impairment tests on goodwill are undertaken annually on 31 March, and on other non-financial assets whenever events or changes in circumstances indicate that their carrying value may not be reasonable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Impairment charges are included in sales, general and administration expenses in the consolidated statement of comprehensive income, except to the extent that they reverse gains previously recognised in the consolidated statement of recognised income and expense. An impairment loss recognised for goodwill is not reversed.

Intangible assets

a) Goodwill

Goodwill arising on an acquisition is recognised as an asset and is, initially, measured at cost, being the excess of the fair value of the consideration over the fair value of the identifiable assets, liabilities and contingent liabilities acquired. Goodwill is not amortised. However, it is reviewed for potential impairment at least annually or more frequently if events or circumstances indicate a potential impairment. For the purpose of impairment testing, goodwill is allocated to each of the cash-generating units to which it relates. Any impairment identified is charged directly to the consolidated statement of comprehensive income. Subsequent reversals of impairment losses for goodwill are not recognised.

b) Development costs

Expenditure incurred that is directly attributable to the development of new, or substantially improved, products or processes is recognised as an intangible asset when the following criteria are met:

- The product or process is intended for use or sale.
- The development is technically feasible to complete.
- There is an ability to use or sell the product or process.
- It can be demonstrated how the product or process will generate probable future economic benefits.
- There are adequate technical, financial and other resources to complete the development.
- The development expenditure can be reliably measured.

1. Accounting policies continued

Intangible assets (continued)

Directly attributable costs refers to the materials consumed, the directly attributable labour and the incremental overheads incurred in the development activity. General operating costs, administration costs and selling costs do not form part of directly attributable costs.

All research and other development costs are expensed as incurred.

Capitalised development costs are amortised on a straight-line basis over the period, during which the economic benefits are expected to be received, typically ranging between one and five years. Amortisation expense is included within sales, general and administration expenses in the statement of comprehensive income.

The estimated remaining useful lives of development costs are reviewed at least on an annual basis. Amortisation commences once the project is completed and revenues are being generated.

The carrying value of capitalised development costs is reviewed for potential impairment at least annually, or more frequently if events or circumstances indicate a potential impairment. Any impairment identified is immediately charged to the consolidated statement of comprehensive income.

c) Software

Externally acquired software assets are, initially, recognised at cost and, subsequently, amortised on a straight-line basis over their useful economic lives. Cost includes all directly attributable costs of acquisition. In addition, directly attributable costs incurred in the development of bespoke software for the Group's own use are capitalised.

The useful economic life over which the software is being amortised has been assessed to be three to five years.

The carrying value of capitalised software costs is reviewed for potential impairment at least annually, or more frequently if events or circumstances indicate a potential impairment. Any impairment identified is immediately charged to the consolidated statement of comprehensive income.

The costs of maintaining internally developed software, and annual licence fees to utilise third-party software, are expensed as incurred.

d) Other intangibles

Other intangible assets are those which arise on business combinations in accordance with IFRS3 revised. These intangible assets form part of the identifiable net assets of an acquired business and are recognised at their fair value and amortised on a systematic basis over their useful economic life which is, typically, five to ten years. This includes the open orderbook, brand and customer relationships, the fair value of which are evaluated using the multi-period excess earnings method ("MEEM").

Capitalised acquisition intangibles are amortised on a straight-line basis over the period during which the economic benefits are expected to be received, which, typically, range between five and ten years. Amortisation expense is included within sales, general and administration expenses in the statement of comprehensive income.

The carrying value of other intangible assets is reviewed for potential impairment at least annually, or more frequently if events or circumstances indicate a potential impairment. Any impairment identified is immediately charged to the consolidated statement of comprehensive income.

Property, plant and equipment

Property, plant and equipment is stated at historical cost or deemed cost where IFRS1 exemptions have been applied, less accumulated depreciation and any recognised impairment losses.

Costs include the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use, including any qualifying finance expenses.

Depreciation is provided on all items of property, plant and equipment to write off the carrying value of items over their expected useful economic lives. It is applied at the following rates:

- Short leasehold property improvements – straight line over minimum life of lease
- Fittings and equipment – 25% per annum on a reducing balance basis or a straight-line basis over three-to-five years with an appropriate residual value as considered most appropriate
- Computers – between 20% and 33.3% per annum on a straight-line basis
- Motor vehicles – 25% per annum on a reducing balance basis

The residual values and useful lives of the assets are reviewed, and adjusted, if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated net realisable value. Gains and losses on disposal are determined by comparing proceeds with carrying amounts. These are included in the consolidated statement of comprehensive income.

Notes to the Financial Statements continued
For the year ended 31 March 2025

1. Accounting policies continued

Leases

IFRS16 "Leases" addresses the definition of a lease, the recognition and measurement of leases and establishes the principles for the reporting useful information to users of the financial statements about the leasing activities of both lessees and lessors.

The Group has applied judgement to determine the lease term for some lease contracts, in which, as lessee, there includes a renewal option. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which affects the amount of lease liabilities and right-of-use assets recognised.

The lease liability reflects the present value of the future rental payments and interest, discounted using either the effective interest rate or the incremental borrowing rate of the entity.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis over the lease term as an expense within the income statement.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at, or before, the commencement date less any lease incentives received. Right-of-use assets are related to the property leases, plant and machinery and motor vehicles, and are depreciated on a straight-line basis over the lease term.

Right-of-use lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include lease payments less any lease incentives receivable. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments).

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on either average purchase cost or the cost of purchase on a first in, first out basis, which is the most appropriate for the category of inventory. Work in progress and finished goods include labour and attributable overheads. Net realisable value is based on estimated selling price less any additional costs to completion and disposal.

Financial instruments

Classification and measurement of financial instruments under IFRS9 classifies financial assets as held at amortised cost, fair value through other comprehensive income("FVOCI") or fair value through profit or loss, dependent on the business model and cash flow characteristics of the financial instrument.

Financial assets and financial liabilities are recognised when the Company becomes party to the contractual provisions of the instrument.

Trade and other receivables

Trade receivables are initially measured at their transaction price. Other receivables are initially recognised at fair value plus transaction costs.

Receivables are held to collect the contractual cash flows, which are solely payments of principal and interest. Therefore, these receivables are, subsequently, measured at amortised cost using the effective interest rate method.

The effect of discounting on these financial instruments is not considered to be material.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and highly liquid interest-bearing securities with maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

1. Accounting policies continued

Impairment of financial assets

IFRS9 requires an expected credit loss ("ECL") model, which broadens the information that an entity is required to consider when determining its expectations of impairment. Under this new model, expectations of future events must be taken into account, and this will result in the earlier recognition of potential impairments.

An impairment loss is recognised for the expected credit losses on financial assets when there is an increased probability that the counterparty will be unable to settle an instrument's contractual cash flows on the contractual due dates, a reduction in the amounts expected to be recovered, or both.

The probability of default and expected amounts recoverable are assessed using reasonable and supportable past and forward-looking information that is available without undue cost or effort. The expected credit loss is a probability-weighted amount determined from a range of outcomes and takes into account the time value of money.

Impairment of trade receivables

For trade receivables, expected credit losses are measured by applying an expected loss rate to the gross carrying amount. The expected loss rate comprises the risk of a default occurring and the expected cash flows on default based on the ageing of the receivable.

The risk of a default occurring always takes into consideration all possible default events over the expected life of those receivables ("the lifetime expected credit losses"). Different provision rates and periods are used based on groupings of historic credit loss experience by product type, customer type and location.

Impairment of other receivables

The measurement of impairment losses depends on whether the financial asset is "performing", "underperforming" or "non-performing" based on the Company's assessment of increases in the credit risk of the financial asset since its initial recognition and any events that have occurred before the year end, which have a detrimental impact on cash flows.

The financial asset moves from "performing" to "underperforming" when the increase in credit risk since initial recognition becomes significant.

In assessing whether credit risk has increased significantly, the Company compares the risk of default at the year end with the risk of a default when the investment was, originally, recognised using reasonable and supportable past and forward-looking information that is available without undue cost.

The risk of a default occurring takes into consideration default events that are possible within 12 months of the year end ("the 12-month expected credit losses") for "performing" financial assets, and all possible default events over the expected life of those receivables ("the lifetime expected credit losses") for "underperforming" financial assets.

Impairment losses and any, subsequent, reversals of impairment losses are adjusted against the carrying amount of the receivable and are recognised in profit or loss.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Financial liabilities are classified as either:

- Financial liabilities at amortised cost; or
- Financial liabilities as at fair value through profit or loss ("FVTPL").

Any contingent consideration due in relation to acquisitions is measured at FVTPL with all other financial liabilities measured at amortised cost and include:

- Trade and other payables
- Contract liabilities
- Borrowings
- Lease liabilities
- Deferred consideration for acquisitions

Notes to the Financial Statements continued
For the year ended 31 March 2025

1. Accounting policies continued
Trade payables
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

They are, initially, recognised at fair value net of direct transaction costs and, subsequently, held at amortised cost.

Contract liabilities
Contract liabilities comprise payments in advance of revenue recognition and revenue deferred due to contract performance obligation not being completed.

They are classified as current liabilities if the contract performance obligations payment are due to be completed within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Contract liabilities are recognised, initially, at fair value, and, subsequently, stated at amortised cost.

Borrowings
Borrowings are recognised, initially, at fair value, net of transaction costs incurred and, subsequently, stated at amortised cost. Borrowing costs are expensed using the effective interest method.

Equity instruments and share capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Treasury shares
Where any Group Company purchases the Parent Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of.

These shares are held in a separate negative reserve in the capital section of the consolidated statement of financial position. Any dividends payable in relation to these shares are cancelled.

Where such shares are, subsequently, sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

Dividends
Equity dividends are recognised when they become legally payable. Interim dividends are recognised when paid. Final dividends are recognised when approved by the shareholders at an Annual General Meeting.

Adjusted performance metrics and non-recurring charges/credits
Non-recurring charges/credits are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. Transactions are classified as non-recurring where they relate to an event that falls outside of the ordinary activities of the business and where, individually or in aggregate, they have a material impact on the financial statements.

In presenting our adjusted performance metrics, we also exclude the non-cash charges/credits that relates to acquisition accounting and share-based payments and the associated tax effect of these items.

1. Accounting policies continued

Foreign currency

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which it operates are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are retranslated at the rates ruling at the balance sheet date. Exchange differences arising are recognised in the statement of comprehensive income.

Revenue

The Group manufactures and distributes a range of electronic equipment. Revenue comprises sales to external customers after discounts, excluding value-added taxes.

The Group's performance obligations with respect to physical goods is to deliver a finished product to a customer.

Revenue is recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full control over the products supplied, and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Where performance obligations have not be satisfied at the reporting date, any advanced payments are recognised as contract liabilities.

For goods that are subject to bill and hold arrangements, this means:

- the goods are complete and ready for collection;
- the goods are separately identified from the Group's other stock and are not used to fulfil any other orders; and
- the customer has specifically requested that the goods be held pending collection.

Normal payment terms apply to the bill and hold arrangements.

Certain contracts contain distinct performance obligations, each of which transfers control of goods or services to the customer. Where such distinct performance obligations are present, revenue is recognised on each element in accordance with the policy on the sale of goods. The service element of the contract is usually insignificant in relation to the total contract value and revenue is recognised when the service is complete.

Where this is not the case, revenue is recognised in proportion to the stage of completion of the contract at the balance sheet date, where the terms of the contract allow an invoicing, including a reasonable margin, in the event of customer cancellation. The stage of completion is assessed by reference to the contractual performance obligations with each separate customer and the costs incurred on the contract to date in comparison to the total forecast costs of the contract. Revenue recognition commences only when the outcome of the contract can be reliably measured.

Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

No element of financing is deemed present as the sales are made with a credit term of 30 to 90 days, which is consistent with market practice. The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

The Group's obligation to provide a refund for faulty products under the standard warranty terms is recognised as a returns provision. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Executive Directors, who are responsible for allocating resources and assessing performance of the operating segments.

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

The Executive Directors assess the performance of the operating segments based on the measures of revenue, Profit Before Taxation ("PBT") and Profit After Taxation ("PAT"). Central overheads are not allocated to the business segments.

Notes to the Financial Statements continued
For the year ended 31 March 2025

1. Accounting policies continued
Government grants
Income received from government grants is recognised as "Other Income" within operating profit in the statement of comprehensive income in the same period as the staff costs to which the income relates. Government grant income is only recognised once there is reasonable assurance both that the Group will comply with any conditions and that the grant will be received.

Pensions
The pension schemes operated by the Group are defined contribution schemes. The pension cost charge represents the contributions payable by the Group.

Current and deferred taxation
Income tax on the profit or loss for the year comprises current and deferred tax.

Taxable profit differs from accounting profit because it excludes certain items of income and expense that are recognised in the financial statements but are treated differently for tax purposes. Current tax is the amount of tax expected to be payable or receivable on the taxable profit or loss for the current period. This amount is then amended for any adjustments in respect of prior periods.

Current tax is calculated using tax rates that have been written into law ("enacted") or irrevocably announced/ committed by the respective Government ("substantively enacted") at the period end date. Current tax receivable (assets) and payable (liabilities) are offset only when there is a legal right to settle them net and the entity intends to do so. This is, generally, true when the taxes are levied by the same tax authority.

Because of the differences between accounting and taxable profits and losses reported in each period, temporary differences arise on the amount certain assets and liabilities are carried at for accounting purposes and their respective tax values. Deferred tax is the amount of tax payable or recoverable on these temporary differences.

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the differences can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted, or substantively enacted, by the statement of financial position date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities, and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

Share-based payment
Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each statement of financial position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated statement of comprehensive income over the remaining vesting period.

2. Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates, which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies and relevant legislation. This note provides an overview of the areas that involved a higher degree of judgement or estimation complexity as noted, and of items that are more likely to be materially adjusted due to assumptions driving the estimates or judgements turning out to be wrong.

Carrying value of goodwill (estimation and judgement)

Goodwill arising from the acquisition of subsidiaries is assessed for impairment for each identified CGU and is reviewed for impairment at least annually. For the 2025 financial statements, the critical estimation was the level of impairment for the Custom Power USA CGU. Note 13 provides a summary of the key inputs that drove the estimation for the value in use assessment including the growth rate and discount rate applied. Management has had to apply significant judgement in the assessment of the potential impact of future events where the timing of the cashflows is uncertain and could materially impact the resulting impairment assessment. Management, with review and input from the Audit Committee recognised an estimated impairment of £2.7m based on the prudently sensitised base case assessment.

Provisions for slow-moving or obsolete inventories (estimation)

Inventories are carried at the lower of cost and net realisable value ("NRV"). NRV is reviewed in detail on an ongoing basis and provision for obsolete inventory is made based on several factors including age of inventories, the risk of technical obsolescence, the risk that customers default on customised product and the expected future usage. This estimate is considered highly judgemental as the profile of inventory holdings can vary significantly year on year and market conditions (i.e. component shortages) can significantly impact the estimation. An element of working capital risk can be mitigated with receiving advance customer deposits; however, there remains a risk of default and order cancellation.

Differences between such estimates and actual market conditions may have a material impact on the amount of the carrying value of inventories and may result in adjustments to cost of sales. In Note 15 we provide details of the inventory provisions and the amounts written off to the consolidated statement of comprehensive income in the year.

Year-on-year we have seen an increase in the gross inventory values held, primarily due to a new franchise in the USA and the two acquisitions. Subsequent to the increase in stock holdings as a result of previous supply chain shortages there is a risk of the remaining inventory becoming excess or obsolete. The absolute provisions have increased by £1.1m reflecting increases in relation to specific customer allocated inventory and the ageing profile, with the provision as an overall percentage of gross stock provided for increasing by 1.4%.

Expected credit losses (estimation)

In accordance with IFRS 9, the Group is required to assess the expected credit loss occurring over the life of its trade receivables. The Directors recognise that the risk of credit default continues to be higher than historical norms as the Group's receivables increase. The Group has experienced no material credit losses in the reported period after careful credit management; however, it has written off £0.4m of non-recoverable debt in the year compared to £0.0m in the comparative period. As a result, the Directors have made a judgemental assessment of the potential credit losses in the current business environment. This includes macro-economic factors such as significant movements in the USD exchange rate, tariff impacts and specific component shortages impacting larger project delivery dates and the resultant impact to customer cashflow.

In these financial statements the Directors have provided full disclosures of the provisions for credit default in Note 21.

The calculation of the provision based on the Directors' judgemental assessment of expected credit loss reflects a £0.5m decrease to the overall figure from 2024 as a result of an improvement in the aging of receivables and good recovery of balances specifically provided in 2024.

If the Group were to provide for all debt that is overdue according to agreed credit terms, the recognised provision would increase by £0.8m to £1.3m.

Estimated useful life of intangible assets arising on acquisitions (estimation)

The periods of amortisation adopted to write down intangible assets arising on acquisitions (Note 12) requires estimates to be made in respect of the useful economic lives of the intangible assets to determine an appropriate amortisation rate.

Intangible assets arising on acquisitions are amortised on a straight-line basis over the period during which economic benefits are expected to be received, which is, typically, five to ten years.

The amortisation charge for intangible assets arising on acquisitions is £1.9m; if the remaining useful economic lives of the acquired assets were limited to 5 years the charge would increase by £0.1m.

Notes to the Financial Statements continued
For the year ended 31 March 2025

2. Critical accounting estimates and judgements continued

Level of R&D expenditure that is eligible for R&D tax credits (judgement)
Uncertainties exist in relation to the interpretation of complex tax legislation, changes in tax laws and the amount and timing of future taxable income. This could necessitate future adjustments to taxable income and expense already recorded (Note 7).

At the year-end date, tax liabilities and assets reflect management's judgements in respect of the application of the tax regulations, in particular the R&D tax. In assessing our year-end corporation tax liability, we have made a provisional assessment as to the likely amount of development expenditure that will be eligible under the R&D tax credit scheme as the detailed tax computations have not been finalised. The assumption reflects that the level of R&D spend is comparable with the prior year submitted R&D claims. The result of this is an RDEC credit of £0.5m (2024: £0.3m) which has been recognised in Other Income.

Our estimated taxation exposure at year end assumed that the level of eligible R&D spend was comparable with prior years. At 31 March 2025, the net current and deferred tax position is an asset of £0.7m (2024: £2.5m payable).

Due to the uncertainties noted above, it is possible that the Group's initial R&D position is different to the final position adopted when the tax computation is finalised, resulting in a different tax payable or recoverable from the amounts provided.

Recognition criteria for capitalisation of development expenditure (judgement)
The Group capitalises R&D in accordance with IAS 38 (Note 12). There is judgement in respect of when (or if) R&D projects meet the requirement for capitalisation, which internal costs are directly attributable and, therefore, appropriate to capitalise, and when the development programme is complete and capitalisation should cease.

Amounts capitalised include the total cost of any external products or services and labour costs directly attributable to the development programme. Management judgement is involved in determining the appropriate internal costs to capitalise that are directly attributable to the development programme.

If there is any uncertainty in terms of the technical feasibility, ability to sell the product or any other risk that means the programme does not meet the requirements of the standard the R&D costs are expensed within the consolidated statement of comprehensive income.

Revenue recognition on customer contracts spanning financial periods (estimate and judgement)
The Group continues to enter into contracts with customers that require judgement on appropriate milestones to recognise the related revenue in accordance with IFRS 15. These contracts are included within contract liabilities, in addition to advance payments from customers, and there was a £0.6m decrease in overall contract liabilities (Note 18) in the financial year.

Key judgements can include the timing of the transfer of ownership of inventory to the customer under bill-and-hold arrangements as well as the determination of the appropriate contractual milestones and whether the criteria have been met to recognise revenue. A further area of judgement is whether revenue can be recognised on a costs incurred to date basis, plus a reasonable margin to support revenue recognition over time. To apply a percentage of completion methodology requires a reasonable estimation of the total expected costs to complete and the contractual ability to recover the costs to date plus a margin in the event of customer cancellation.

For material contracts that involve a significant level of judgement, management from various business areas will document and communicate the key judgement areas regarding ownership obligations, contractual commitments, and any other relevant inputs to result in the recognition of revenue to the Audit Committee to ensure this judgement is appropriately reviewed and challenged.

Share based payment charge (estimate and judgement)
The Group recognised a Share Based Payment credit of £0.4m in 2025. This credit arises as a result of the reduction in the level of performance, which means that a number of the share options are not expected to meet performance conditions to vest which, in previous years, had been expected to vest.

If the performance were to improve sufficiently to see the options meet the vesting criteria, the share based payments charge would be circa £1.2m higher.

3. Revenue

The Group derives revenue from the transfer of goods at a point in time in the following major product lines and geographical regions:

	2025 £'000	2024 £'000
Geography		
United Kingdom	**75,071**	69,921
Rest of Europe	**14,719**	55,360
Asia	**3,538**	8,759
North America	**28,693**	28,667
Rest of World	**3,043**	596
Total revenue	**125,064**	163,303
Product		
Computing products	**22,299**	21,740
Communications products	**19,800**	53,530
Power products	**29,041**	28,120
Opto-electronics and electronic components and modules	**53,924**	59,913
	125,064	163,303

£1.6m of revenue was recognised over time in proportion to the contractual stage of completion and £123.4m at a point in time.

See further segmental disclosures in Note 31.

4. Operating profit

This has been arrived at after charging/(crediting):

	2025 £'000	2024 £'000
Staff costs excluding share-based payments (see Note 5)	**26,877**	28,714
Share-based payment (credit)/ expense	**(375)**	803
Depreciation of property, plant and equipment	**1,407**	1,581
Depreciation of right-of-use asset	**1,114**	1,040
Amortisation of intangible assets	**2,758**	2,291
Impairment of intangible assets	**2,734**	–
Loss/ (profit) on disposal of property, plant and equipment	**56**	(1)
Auditors' remuneration - audit fees	**295**	247
Research and development costs (includes relevant staff costs)	**2,900**	2,530
RDEC Credit	**(552)**	(277)
Foreign exchange expense	**108**	191
Stock write downs (see Note 15)	**1,827**	2,049
Acquisition of subsidiaries legal and due diligence	**81**	78
Other income from insurance claims	**(97)**	–

The foreign exchange differences have been treated as an adjustment to cost of sales rather than as an overhead as they arise from sales income and cost-of-sales expenditures. The impairment of intangible assets has been included in the Sales, general and administration line in the Statement of Comprehensive Income.

Notes to the Financial Statements continued
For the year ended 31 March 2025

5. Staff costs
Staff costs for all employees during the year, including the Executive Directors, were as follows:

	2025 £'000	2024 £'000
Wages and salaries	**22,085**	24,485
Social security costs	**2,374**	2,331
Pension costs	**2,418**	1,898
Share-based payment (credit)/ charges	**(375)**	803
Total staff costs	**26,502**	29,517

Wages and salaries include termination costs of £431k (2024: £375k).

The average monthly number of employees during the year, including the Executive Directors, was as follows:

	2025 Number	2024 Number
Selling and distribution	**168**	158
Manufacturing and assembly	**170**	176
Management and administration	**91**	99
	429	433

As the Group grows, we continue to invest in and develop the senior leadership team, who are considered to be the key management personnel. Detailed disclosures in relation to Non-Executive and Executive remuneration can be found in the Remuneration Report on pages 63 to 68.

This senior leadership team includes the Executive Directors. The key management team and their total compensation, including employer's NI, totals £1,738k (2024: £2,436k). The amount credited in respect of share-based payments for key management personnel is £(308)k (2024: charge of £540k). The amount charged in respect of defined contribution pension payments for key management personnel is £92k (2024: £56k). Retirement benefits are accruing to 4 Directors under money purchase schemes (2024: 4).

6. Finance costs

	2025 £'000	2024 £'000
Bank borrowings	**1,027**	1,321
Interest on lease liabilities	**113**	139
Imputed interest	**18**	35
Interest income	**(144)**	(4)
Total finance costs	**1,014**	1,491

7. Tax expense

	2025 £'000	2024 £'000
Analysis of total tax expense		
Total tax (credit)/ charge	**(192)**	3,281
	(192)	3,281
Current tax expense		
Group corporation tax on profits for the year	**1,163**	3,795
Adjustment in respect of prior periods	**(142)**	(80)
	1,021	3,715
Deferred tax expense		
Deferred tax expense (credited)/ charged to income statement	**(737)**	(190)
Adjustment in respect of prior periods	**(476)**	(244)
	(1,213)	(434)
Total tax (credit)/ charge to income statement	**(192)**	3,281
Deferred tax expense credited to other comprehensive income	**(43)**	–
Total tax (credit)/ charge to comprehensive income	**(235)**	3,281

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the UK applied to profits for the year are as follows:

	2025 £'000	2024 £'000
Profit before tax	**320**	12,187
Expected tax charge based on the standard rate of corporation tax in the UK of 25% (2024: 25%)	**80**	3,047
Effect of:		
Expenses not deductible for tax purposes	**374**	137
Non-taxable credit	**(59)**	(69)
Tax difference in relation to share options	**(222)**	(30)
Unrecognised tax losses	**258**	513
Adjustments in respect of prior years	**(618)**	(324)
Overseas tax rate differences	**(8)**	–
Foreign exchange	**3**	7
Total tax charge	**(192)**	3,281

The UK corporation tax rate is 25%, effective from 1 April 2023 (2024: 25%). The deferred tax liabilities and assets on 31 March 2025 and comparative figures from 31 March 2024 have been calculated based on the 25% rate.

R&D tax credits

The Group recognised a credit of £552k (2024: £277k) within other income in relation to claims made under the Research & Development expenditure credit scheme ("RDEC").

Notes to the Financial Statements continued
For the year ended 31 March 2025

8. Earnings per share
The earnings per share is based on the following:

	2025 £'000	2024 (Restated)[2] £'000	2024 £'000
Adjusted earnings post tax attributable to equity holders of the parent	**3,563**	11,646[1]	11,646[1]
Earnings post tax attributable to equity holders of the parent	**512**	8,872	8,872
Weighted average number of shares	**56,826,189**	**56,708,181**	11,372,709
Diluted number of shares	**57,487,575**	**57,954,018**	11,667,041
Reported EPS			
Basic EPS from profit for the year	**0.9p**	**15.6p**	78.0p
Diluted EPS from profit for the year	**0.9p**	**15.3p**	76.0p
Adjusted EPS			
Adjusted Basic EPS from profit for the year	**6.3p**	**20.5p**	102.4p
Adjusted Diluted EPS from profit for the year	**6.2p**	**20.1p**	99.8p

1. Calculated as Adjusted profit after taxation (£11,680k) excluding the non-controlling interest profit (£34k).
2. Restated for the impact of the 4 for 1 bonus share issue, assuming it was completed on 1st April 2023.

Earnings per ordinary share has been calculated using the weighted average number of shares in issue during the year, assuming the October 4 for 1 bonus issue occurred on 1 April 2024 to enable comparability. The weighted average number of equity shares in issue was 56,826,189 (2024 on consistent basis: 56,708,181; 2024 as disclosed: 11,372,709) net of the treasury shares disclosed in Note 27. 157,500 vested and 1,572,000 unvested options are not included in the dilution calculation as deemed anti-dilutive. The post tax earnings are attributable to shareholders of Solid State PLC excluding non-controlling interests.

The diluted earnings per share is based on 57,487,575 (2024 on consistent basis: 57,954,018; 2024 as disclosed: 11,667,041) ordinary shares which allow for the exercise of all vested dilutive potential ordinary shares.

The adjustments to profit made in calculating the adjusted earnings are set out in Note 30.

9. Dividends

	2025 £'000	2024 £'000
Prior year final dividend paid of 14.5p per share (2024: 13.5p)	**1,650**	1,529
Current year interim dividend paid of 0.83p per share (2024: 7p)	**474**	794
Cancelled dividends on shares held in treasury	**(5)**	(1)
	2,119	2,322
Final dividend proposed for the year 1.67p per share (2024: 14.5p)	**953**	1,650

The post bonus share issue equivalent for the prior year final 14.5p is 2.9p per share and for the comparative 7p interim dividend is 1.4p per share.

The proposed final dividend has not been accrued for as the dividend will be approved by the shareholders at the Annual General Meeting. Subject to approval, the ex-dividend date will be 11 September 2025 with the cash payment date 30 September 2025.

10. Property, plant and equipment

Year ended 31 March 2025	Land and Buildings £'000	Short Leasehold Property Improvements £'000	Motor Vehicles £'000	Fittings, Equipment and Computers £'000	Total £'000
Cost					
1 April 2024	488	2,695	1,191	6,463	10,837
Foreign exchange	–	(3)	–	(35)	(38)
Acquisitions	–	–	51	265	316
Additions	–	1,083	346	1,109	2,538
Disposals	–	–	(337)	(176)	(513)
31 March 2025	**488**	**3,775**	**1,251**	**7,626**	**13,140**
Depreciation and impairment					
1 April 2024	488	1,507	510	4,103	6,608
Foreign exchange	–	(1)	–	(14)	(15)
Charge	–	234	209	964	1,407
Impairment	–	–	–	–	–
Disposals	–	–	(208)	(139)	(347)
31 March 2025	**488**	**1,740**	**511**	**4,914**	**7,653**
Net book value					
31 March 2025	**–**	**2,035**	**740**	**2,712**	**5,487**

Year ended 31 March 2024	Land and Buildings £'000	Short Leasehold Property Improvements £'000	Motor Vehicles £'000	Fittings, Equipment and Computers £'000	Total £'000
Cost					
1 April 2023	496	2,071	997	6,179	9,743
Foreign exchange	(8)	(2)	–	(22)	(32)
Additions	–	627	245	830	1,702
Disposals	–	(1)	(51)	(524)	(576)
31 March 2024	488	2,695	1,191	6,463	10,837
Depreciation and impairment					
1 April 2023	–	1,172	385	3,468	5,025
Foreign exchange	–	–	–	(8)	(8)
Charge	–	335	167	1,079	1,581
Impairment	488	–	–	–	488
Disposals	–	–	(42)	(436)	(478)
31 March 2024	488	1,507	510	4,103	6,608
Net book value					
31 March 2024	–	1,188	681	2,360	4,229

Notes to the Financial Statements continued
For the year ended 31 March 2025

11. Right-of-use lease assets

Year ended 31 March 2025	Land and Buildings £'000	Motor Vehicles/ Other £'000	Total £'000
Cost			
1 April 2024	7,361	262	7,623
Acquisitions	205	–	205
Additions	3,422	64	3,486
Disposals	(1,826)	(213)	(2,039)
Foreign exchange	(63)	–	(63)
31 March 2025	**9,099**	**113**	**9,212**
Depreciation			
1 April 2024	3,871	166	4,037
Charge for the year	1,072	42	1,114
Disposals	(1,826)	(172)	(1,998)
Foreign exchange	(16)	–	(16)
31 March 2025	**3,101**	**36**	**3,137**
Net book value			
1 April 2024	3,490	96	3,586
31 March 2025	**5,998**	**77**	**6,075**

Year ended 31 March 2024	Land and Buildings £'000	Motor Vehicles/ Other £'000	Total £'000
Cost			
1 April 2023	4,775	220	4,995
Additions	2,595	59	2,654
Disposals	–	(17)	(17)
Foreign exchange	(9)	–	(9)
31 March 2024	**7,361**	**262**	**7,623**
Depreciation			
1 April 2023	2,851	163	3,014
Charge for the year	1,020	20	1,040
Disposals	–	(17)	(17)
31 March 2024	**3,871**	**166**	**4,037**
Net book value			
1 April 2023	1,924	57	1,981
31 March 2024	**3,490**	**96**	**3,586**

12. Intangible assets

Year ended 31 March 2025	Development costs £'000	Computer software £'000	Patents and Trademarks	Goodwill £'000	Acquisition intangible Assets £'000	Total £'000
Cost						
1 April 2024	3,617	1,270	–	29,411	15,370	49,668
Foreign exchange	(1)	(1)	–	(454)	(161)	(617)
Acquisitions	–	1	–	588	1,197	1,786
Additions	846	199	157	–	–	1,202
Disposals	–	(82)	–	–	–	(82)
31 March 2025	**4,462**	**1,387**	**157**	**29,545**	**16,406**	**51,957**
Amortisation						
1 April 2024	2,176	621	–	–	6,762	9,559
Foreign exchange	–	–	–	(21)	(38)	(59)
Charge for the year	654	194	1	–	1,909	2,758
Impairment	–	–	–	2,734	–	2,734
Disposals	–	(3)	–	–	–	(3)
31 March 2025	**2,830**	**812**	**1**	**2,713**	**8,633**	**14,989**
Net book value						
31 March 2025	**1,632**	**575**	**156**	**26,832**	**7,773**	**36,968**

The cost of acquisition intangible assets includes the estimated net present value identified on acquisition of:

- customer relationships with a net book value of £6.7m and a remaining useful economic life between one and eight years; and
- brand with a net book value of £1.9m and a remaining useful economic life of approximately five years.

The cost of acquisition intangible assets comprises the estimated net present value of customer relationships, orderbook value and brand values identified on acquisitions. The development costs relate to the cost of developing new products and technology to enable the company to extend its operations into new growth areas. Any assets developed that are no longer deemed to meet the recognition criteria of development costs have been impaired.

Year ended 31 March 2024	Development costs £'000	Computer software £'000	Goodwill £'000	Acquisition intangible assets £'000	Total £'000
Cost					
1 April 2023	2,593	1,087	29,726	15,475	48,881
Foreign exchange	–	(2)	(315)	(105)	(422)
Additions	1,024	288	–	–	1,312
Disposals	–	(103)	–	–	(103)
31 March 2024	3,617	1,270	29,411	15,370	49,668
Amortisation					
1 April 2023	1,911	455	–	4,952	7,318
Foreign exchange	–	10	–	(9)	1
Charge for the year	265	197	–	1,819	2,281
Disposals	–	(41)	–	–	(41)
31 March 2024	2,176	621	–	6,762	9,559
Net book value					
31 March 2024	1,441	649	29,411	8,608	40,109

Notes to the Financial Statements continued
For the year ended 31 March 2025

12. Intangible assets continued

	Cost £'000	NBV £'000
Systems Division commercial relationships	9,194	5,518
Components Division commercial relationships	7,212	2,255
31 March 2025	**16,406**	**7,773**

13. Goodwill and impairment
Details of the carrying amount of goodwill allocated to cash-generating units (CGUs) are as follows:

	2025 £'000	2024 £'000
Systems Division – UK	**3,946**	3,946
Systems Division – Custom Power USA	**16,347**	19,513
Systems Division – QPAR USA (see Note 34)	**186**	–
Components division	**6,353**	5,952
Total	**26,832**	29,411

The recoverable amounts of the above groups of CGUs, excepting Custom Power USA, have been determined from a review of the current and anticipated performance of these units using a value-in-use calculation over a period of five years then a terminal value. In preparing the base case projection, a pre-tax discount rate of between 11% and 12% (2024: between 11% and 12%) was used based on the Group's estimated weighted average cost of capital.

Future growth rates of 5% to 25% based on the markets and a terminal growth rate of 2.5% (2024: 2.5%) have been assumed beyond the first year. The projection is based on the FY25/26 budget approved by the Board of Directors. It has been assumed that investment in capital equipment will equate to depreciation over this period. The key assumptions are the growth rates and discount rates. The recoverable amount exceeds the carrying amount for the Group by circa £100m (2024: £80.5m) in the base case. The UK groups of CGUs have very significant headroom (in excess of 150%) and it is not considered reasonably possible that changes to the assumptions would trigger an impairment.

However, the Systems division Custom Power USA CGU has been adversely impacted by post COVID de-stocking combined with higher customer churn, having exited some low margin business and a few designs going to low value-add solutions. In addition, the original integration plan was disrupted by the need to make leadership and management changes in the US operations, which took longer than originally anticipated. These factors, combined with the recent geopolitical uncertainty, including rapid changes in US policy and tariffs, means that the carrying value of the goodwill in relation to this CGU has been written down by £2.7m in the period. The remaining goodwill associated with the USA Systems CGU is $21.1m (2024: $24.6m) and the value in GBP recalculated at the exchange rate at the reporting date is £16.3m (2024: £19.5m).

14. Subsidiaries

The subsidiaries of Solid State PLC included in these consolidated financial statements are as follows:

Subsidiary undertakings		Proportion of voting rights and Ordinary share capital held	Nature of business
Solid State Supplies Limited	UK	100%	Supply of electronic components
Steatite Limited	UK	100%	Supply of electronic components and manufacture of electronic equipment
Custom Power Holdings Inc	USA	100%	Holding company
Custom Power LLC[1]	USA	100%	Battery systems and energy solutions supplier
Solsta Holdings Inc	USA	100%	Holding company
Solid State US, Inc	USA	100%	Holding company
Steatite Systems Holdings Inc[1]	USA	100%	Holding company
Pacer Technologies Limited[3]	UK	100%	Non-trading entity
Pacer Components Limited[1]	UK	100%	Supply of opto-electronic components
Pacer USA LLC[1]	USA	100%	Supply of opto-electronic components
Willow Technologies Limited	UK	100%	Supply of opto-electronic components
American Electronic Components, Inc.[1]	USA	100%	Supply of opto-electronic components
Active Silicon Limited	UK	100%	Digital image design and manufacturing
Active Silicon, Inc.[1]	USA	100%	Manufacturing sales facility
Solid State Supplies Electronics Limited	Ireland	100%	Sales office
eTech Developments Limited	UK	100%	Engineering consultation
Q-PAR Antennas USA, LLC [1 2]	USA	100%	Distribution of Antennas Equipment
Gateway Electronic Components Limited[2]	UK	100%	Ferrite and magnetic components and solutions
Custom Power Limited[3]	UK	100%	Non-trading entity
Creasefield Limited[3]	UK	100%	Non-trading entity
Q-Par Angus Limited[3]	UK	100%	Non-trading entity
Ginsbury Electronics Limited[3]	UK	100%	Non-trading entity
Wordsworth Technology Kent Limited[3]	UK	100%	Non-trading entity
Solsta Limited[3]	UK	100%	Non-trading entity
Durakool Limited[3]	UK	100%	Non-trading entity

1. Indirect holdings. All other holdings are direct.
2. From acquisition date of 1 October 2024 for Gateway and 1 November 2024 for Q-PAR Antennas.
3. The non-trading entities are exempt from preparing individual accounts under s394A and exempt from filing individual accounts with the Registrar under s448A of the Companies Act.

Aside from the operations in the USA and Ireland identified above, the countries of operation and of incorporation are England and Wales, with the same registered office as Solid State PLC. The registered offices for operations in the US and Ireland are listed below.

Subsidiary undertaking	Registered office
Pacer USA LLC	913 10th Street, Elkhart, IN 46516, USA
American Electronic Components, Inc.	1101 Lafayette Street, Elkhart, Indiana, 46516, USA
Active Silicon, Inc.	479 Jumpers Hole Road, Suite 301, Severna Park, MD 21146, USA
Solid State Supplies Electronics Limited	3rd Floor Ulysses House, 23/24 Foley Street, Dublin 1, Dublin D01 W2T2, Ireland
Custom Power Holdings Inc	10910 Talbert Ave, Fountain Valley, CA 92708, USA
Custom Power LLC	10910 Talbert Ave, Fountain Valley, CA 92708, USA
Solid State US, Inc	10910 Talbert Ave, Fountain Valley, CA 92708, USA
Steatite Systems Holdings Inc	10910 Talbert Ave, Fountain Valley, CA 92708, USA
Q-PAR Antennas USA, LLC	10910 Talbert Ave, Fountain Valley, CA 92708, USA
Solsta Holdings Inc.	1209 Orange Street, Wilmington, County of New Castle, Delaware 19801

As set out in the Audit Committee Report, the 100% owned UK trading subsidiaries are exempt from the requirements to have an audit and file audited financial statements by virtue of Section 479A of the Companies Act 2006. In adopting the exemption, Solid State PLC has provided a statutory guarantee to these subsidiaries in accordance with Section 479C of the Companies Act 2006.

Notes to the Financial Statements continued
For the year ended 31 March 2025

15. Inventories

	2025 £'000	2024 £'000
Finished goods and goods for resale	**23,807**	21,748
Work in progress	**4,432**	3,336
Total inventories	**28,239**	25,084

The Directors are of the opinion that the replacement value of inventories is not materially different to the carrying value stated above. These carrying values are stated net of provisions of £5.2m (2024: £4.1m).

A provision increase of £1.8m (2024: £2.0m) was recognised in the cost of sales during the year against inventory due to slow-moving and obsolete items. £1.0m (2024: £3.0m) of inventory was written off against provisions held.

Inventory recognised in cost of sales during the year, as an expense, was £75.9m (2024: £105.3m).

16. Trade and other receivables

	2025 £'000	2024 £'000
Trade receivables	**18,361**	27,997
Other receivables	**209**	154
Prepayments	**3,046**	3,375
	21,616	31,526

An impairment credit against trade receivables of £162k (2024: loss of £407k) was recognised within operating costs during the year.

17. Trade and other payables

	Note	2025 £'000	2024 £'000
Trade payables		**10,071**	10,011
Other taxes and social security taxes		**1,252**	3,945
Other payables		**712**	322
Accruals		**4,985**	7,366
Trade and other payables		**17,020**	21,644
Deferred consideration on acquisitions	21	**181**	–
		17,201	21,644

18. Contract liabilities

	2025 £'000	2024 £'000
Contract liabilities	**5,847**	6,460

The contract liabilities identified above relate to unsatisfied performance obligations resulting from proforma and advanced customer payments where we have not recognised the revenue and provisions for product returned for rework. All these contract liabilities are expected to be recognised in the subsequent financial year.

Revenue recognised within the year includes £3,556k (2024: £2,923k), which was included within contract liabilities in the prior year. Completion date slippages on larger programmes drives the remaining balance retained in deferred income.

19. Bank borrowings and facilities

	2025 £'000	2024 £'000
Current borrowings		
Bank borrowings – overdraft facility	–	2,056
Bank borrowings – term loans	**8,634**	1,342
Non-current borrowings		
Bank borrowings	**1,935**	9,718
Total borrowings	**10,569**	13,116

	2025 £'000	2024 £'000
Within one year	**8,634**	3,398
Between one and two years	**1,935**	7,734
Between two and five years	–	1,984
Total borrowings	**10,569**	13,116

The bank facilities are secured by a fixed and floating charge over the assets of the Company and the Group. At the balance sheet date, the Group had the following facilities:

- The Group has a Term Loan of £6.5m entered into in August 2022 as part of the Custom Power acquisition financing that is repayable in full in August 2025. The full principal balance was utilised at year end. The Group settled this facility in full as part of the post year-end refinance.
- The Group also entered into a Term Loan of £6.5m in August 2022 as part of the Custom Power acquisition financing that is repayable in quarterly tranches over a five-year period. A principal balance of £3.25m was outstanding at year end. The Group settled this facility in full as part of the post year-end refinance.
- A revolving credit facility of £10.0m (2024: £10.0m) of which £Nil (2024: £Nil) was drawn at the balance sheet date. This facility was committed until November 2024 and was renewed in March 2024 to a November 2025 commitment date. This facility was superseded as part of the post year-end refinance.
- The Group has a multi-currency overdraft facility of £5.0m (2024: £5.0m), not utilised at year end (2024: £2.1m).
- The Group has a facility in the USA of $3.0m (2024: $3.0m) with a principal balance of $1m drawn down in the period and outstanding at year end (2024: $Nil). The Group settled this facility in full as part of the post year-end refinance.

The multi-currency overdraft facility is in place to provide flexibility in financing short-term multi-currency working capital requirements. This facility is available to utilise as long as the overall balance netted across all accounts in the bank nets to an overall position of £Nil or higher.

The Group's banking facilities are subject to three financial covenants, being: leverage, debt service and a tangible net worth covenant. These covenants were met at all measurement points throughout the period.

On the 18th of May 2025 the Group refinanced the existing facilities as disclosed above with a new multicurrency RCF funded by Lloyds Bank PLC and Comerica Bank. The facility is for £15.0m and is committed for three years, with two optional twelve-month extension options, and can be drawn in other optional currencies as well as GBP. An additional accordion commitment of £10m can also be requested during the availability period. The multi-currency overdraft facility of £5m remains in place as part of this agreement in addition to the potential for short-term working capital support for specific contracts by using a temporary net overdraft. The new facilities are subject to leverage and debt service covenants.

Notes to the Financial Statements continued

For the year ended 31 March 2025

20. Right-of-use lease liabilities

	2025 £'000	2024 £'000
Current right-of-use lease liabilities	**1,402**	1,106
Non-current right-of-use lease liabilities	**4,601**	2,466
Total right-of-use lease liabilities	**6,003**	3,572

	2025 £'000	2024 £'000
Within one year	**1,402**	1,106
Between one and two years	**1,173**	1,307
Between two and five years	**2,888**	1,159
Over five years	**540**	–
Total right-of-use lease liabilities	**6,003**	3,572

Lease liabilities relate to leased properties and vehicles and an analysis of the undiscounted maturity analysis of the remaining lease payments is presented in Note 21.

The following is a reconciliation of the Group's lease liabilities:

	2025 £'000	2024 £'000
Right-of-use lease liabilities at 1 April	**3,572**	2,043
Additions	**3,486**	2,654
Acquisitions	**205**	–
Payments made	**(1,327)**	(1,237)
Discounting charge	**113**	139
Disposals	–	(17)
Foreign Exchange	**(46)**	(10)
Right-of-use lease liabilities at 31 March	**6,003**	3,572

Extension and termination options are included in a number of property leases across the Group. Lease liabilities have been recognised up to the next lease break point where the Group has the option to exit at that point in time. This is re-assessed annually and when a decision has been made not to exercise a break clause, the corresponding liability and asset are recognised accordingly.

21. Financial instruments

The Group's overall risk management programme seeks to minimise potential adverse effects on the Group's financial performance.

The Group's financial instruments comprise cash and cash equivalents and various items such as trade payables and receivables that arise directly from its operations. The Group is exposed through its operations to the following risks:

- Credit risk
- Foreign currency risk
- Liquidity risk
- Cash flow interest rate risk

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks. Further quantitative information in respect of these risks is presented throughout these financial statements.

The Board has overall responsibility for the determination of the Group's risk management policies. The objective of the Board is to set policies that seek to reduce the risk as far as possible without unduly affecting the Group's competitiveness and effectiveness. Further details of these policies are set out below.

Credit risk

The Group is exposed to credit risk, primarily, on its trade receivables, which are spread over a range of customers and countries, a factor that helps to dilute the concentration of the risk.

It is Group policy, implemented locally, to assess the credit risk of each new customer before entering binding contracts. Each customer account is then reviewed on an ongoing basis (at least once a year) based on available information and payment history.

The maximum exposure to credit risk is represented by the carrying value of receivables as shown in Note 16 and in the statement of financial position. The amount of the exposure shown in Note 16 is stated net of provisions for doubtful debts.

The credit risk on liquid funds is low as the funds are held at banks with a high credit rating assigned by international credit rating agencies.

Foreign currency risk

Foreign exchange transaction risk arises when individual Group operations enter into transactions denominated in a currency other than their functional currency. The general policy for the Group is to sell to customers in the same currency that goods are purchased in, reducing the transactional risk. Where transactions are not matched, excess foreign currency amounts generated from trading are converted back to sterling and required foreign currency amounts are converted from sterling. Forward currency contracts are not used speculatively and are considered where the Group has a demand for foreign currency that it can reliably forecast. The Group overdraft facility is available on an individual currency basis. The replacement RCF facility agreed post year end enables multi-currency debt funding to further mitigate potential currency risks.

Notes to the Financial Statements continued

For the year ended 31 March 2025

21. Financial instruments continued

Liquidity risk

The Group operates a Group overdraft facility common to the majority of its UK trading companies and intends to bring newer acquisitions into this facility. This facility has a right of offset, so individual accounts in an overdraft position can be netted from cash held in other accounts in the same bank to a maximum position of £Nil in total.

The Group has, approximately, a three-month visibility in its trading and runs a rolling six-month cash flow forecast. If any part of the Group identifies a shortfall in its future cash position, the Group has sufficient facilities that it can direct funds to the location where they are required. If this situation is forecast to continue, remedial action is taken.

Cash flow interest rate risk

External Group borrowings are approved centrally. The Board accepts that this neither protects the Group entirely from the risk of paying rates in excess of current market rates nor fully eliminates the cash flow risk associated with interest payments. It considers, however, that by ensuring approval of borrowings is made by the Board, the risk of borrowing at excessive interest rates is reduced. The Board considers that the rates being paid are in line with the most competitive rates it is possible for the Group to achieve. The Group does not currently hedge interest rates on financing but monitors the impact of rising interest rates and will put an instrument in place if considered an effective risk mitigation.

Credit risk

The carrying amount of financial assets represents the maximum credit exposure. The Group maintains its cash reserves at reputable banks. The maximum exposure to credit risk at the reporting date was:

Loans and receivables	2025 £'000	2024 £'000
Trade and other receivables	**18,570**	28,151
Cash and cash equivalents	**3,513**	8,445
	22,083	36,596

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

Trade receivables exposure	2025 £'000	2024 £'000
UK	**10,734**	10,363
Non-UK	**7,627**	17,634
	18,361	27,997

The Group policy is to make a provision against those debts that are overdue, unless there are grounds for believing that all, or some, of the debts will be collected. During the year, the value of provisions made in respect of bad and doubtful debts was a charge of £428k (2024: £435k), which represented 0.3% (2024: 0.3%) of revenue. This provision is included within the sales, general and administration expenses in the consolidated statement of comprehensive income. Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, insolvency or a lack of contact with the customer.

21. Financial instruments continued

Trade receivables ageing by geographical segment

Geographical area	Total £'000	Current £'000	30 days past due £'000	60 days past due £'000	90 days past due £'000
2025					
UK	10,847	10,542	189	84	32
Non-UK	8,106	7,175	615	4	312
Total trade receivables	**18,953**	**17,717**	**804**	**88**	**344**
UK	113	45	–	41	27
Non-UK	479	133	59	4	283
Total provisions	**592**	**178**	**59**	**45**	**310**
Total	**18,361**	**17,539**	**745**	**43**	**34**
IFRS9					
UK expected loss rate	1.04%	0.43%	0.00%	48.8%	84.4%
Non-UK expected loss rate	5.91%	1.85%	9.59%	100.0%	90.7%

Geographical area	Total £'000	Current £'000	30 days past due £'000	60 days past due £'000	90 days past due £'000
2024					
UK	11,447	10,772	642	8	25
Non-UK	17,633	15,710	1,387	204	332
Total trade receivables	29,080	26,482	2,029	212	357
UK	(213)	(110)	(82)	–	(21)
Non-UK	(870)	(616)	(52)	(1)	(201)
Total provisions	(1,083)	(726)	(134)	(1)	(222)
Total	27,997	25,756	1,895	211	135
IFRS9					
UK expected loss rate	1.86%	1.02%	12.77%	0.00%	84.0%
Non-UK expected loss rate	4.93%	3.92%	3.75%	0.49%	60.54%

The Group records any provision for impairment losses on its trade receivables separately from gross receivables. The movements on this allowance account, during the year, are summarised below:

	2025 £'000	2024 £'000
Opening balance	**1,083**	689
Acquisition of subsidiaries	**47**	–
(Decrease)/ Increase in provisions	**(161)**	407
Written off against provisions	**(373)**	(10)
Foreign exchange	**(4)**	(3)
Closing balance	**592**	1,083

The main factor used in assessing the expected impairment losses of trade receivables is the age of the balances and the circumstances of the individual customer.

As shown in the earlier table, at 31 March 2025, trade receivables of £822k, which were past their due date, were not impaired (2024: £2,241k).

Notes to the Financial Statements continued

For the year ended 31 March 2025

21. Financial instruments continued

Liquidity risk

2025	Carrying amount £'000	Contractual cash flow £'000	12 months or less £'000	1–2 Years £'000	2–5 Years £'000	5+ Years £'000
Trade and other payables	17,882	17,882	17,882	–	–	–
Borrowings	10,569	11,143	9,101	1,374	668	–
Right-of-use lease liabilities	6,003	7,259	1,466	1,295	3,573	925
Deferred consideration on acquisitions	342	388	194	194	–	–
Provisions	1,288	1,288	190	40	658	400
	36,084	**37,960**	**28,833**	**2,903**	**4,899**	**1,325**

2024	Carrying amount £'000	Contractual cash flow £'000	12 months or less £'000	1–2 Years £'000	2–5 Years £'000	5+ Years £'000
Trade and other payables	20,737	20,737	20,737	–	–	–
Borrowings	13,116	14,508	4,227	3,029	7,252	–
Right-of-use lease liabilities	3,572	3,879	1,139	1,403	1,337	–
Provisions	969	969	126	565	278	–
	38,394	**40,093**	**26,229**	**4,997**	**8,867**	**–**

Movement in deferred consideration on acquisitions	2025 £'000	2024 £'000	2025 £'000	2024 £'000	2025 £'000	2024 £'000	2025 £'000	2024 £'000
	Q-PAR Antennas		Active		Custom Power		Group	
1 April 2024	–	–	–	1,650	–	4,029	–	5,679
Initial recognition	723	–	–	–	–	–	**723**	–
Decrease in estimation	–	–	–	(21)	–	–	–	(21)
Settlement	(400)	–	–	(1,629)	–	(3,906)	**(400)**	(5,535)
Foreign Exchange	19	–	–	–	–	(123)	**19**	(123)
31 March 2025	342	–	–	–	–	–	**342**	–

The fair value hierarchy of financial instrument is considered as follows:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (e.g. over-the-counter derivatives) is determined using valuation techniques that maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

All the Group's financial instruments as disclosed are considered to fall under Level 1, except for the contingent consideration due on the 2025 acquisition of Q-PAR Antennas USA classed as a Level 3 instrument. The Fair Value at the balance sheet date has been assessed as £Nil based on the discounted future forecasts for the CGU.

In 2024, the deferred contingent consideration due on the Active acquisition was classified as a Level 3 instrument and was fully settled in the comparative period. In addition, the contingent consideration in relation to Custom Power was recognised at £Nil value based on discounted future forecasts and the required threshold was not reached in the comparative period, so no potential liability remains.

21. Financial instruments continued

Foreign currency risk

The Group's main foreign currency risk is the short-term risk associated with accounts receivable and payable denominated in currencies that are not the subsidiaries' functional currency. The risk arises on the difference in the exchange rate between the time invoices are raised/received and the time invoices are settled/paid. For sales denominated in foreign currencies the Group will try, as far as practical, to ensure that the purchases associated with the sale will be in the same currency.

All monetary assets and liabilities of the Group were denominated in sterling except for the following items, which are included in the financial statements at the sterling value based on the exchange rate ruling at the statement of financial position date.

The following tables show the Group net assets/(liabilities) exposed to US dollar and euro exchange rate risk:

USD	2025 £'000	2024 £'000
Trade receivables	**9,257**	19,831
Cash and cash equivalents	**1,870**	(268)
Trade payables	**(6,974)**	(6,011)
	4,153	13,552

EUR	2025 £'000	2024 £'000
Trade receivables	**295**	563
Cash and cash equivalents	**393**	541
Trade payables	**(236)**	(261)
	452	843

The Group is exposed to currency risk because it undertakes trading transactions in US dollars and euros (and immaterial transactions in other currencies). The Directors do not, generally, consider it necessary to enter into derivative financial instruments to manage the exchange risk arising from its operations, but, from time to time, when the Directors consider foreign currencies are weak and it is known that there will be a requirement to purchase those currencies, forward arrangements are entered into. There were no forward purchase agreements in place at 31 March 2025 (2024: £Nil) with £Nil net exposure (2024: £Nil).

The effect of a strengthening of 10% in the rate of exchange in the currencies against sterling at the statement of financial position date would have resulted in an estimated net increase in pre-tax profit for the year and an increase in net assets of, approximately, £419k (2024: £1,309k). In addition, the effect of a weakening of 10% in the rate of exchange in the currencies against sterling at the statement of financial position date would have resulted in an estimated net decrease in pre-tax profit for the year and a decrease in net assets of, approximately, £512k (2024: £1,599k).

Interest rate risk

The Group financed its ongoing business in 2024 through a revolving credit facility and two term loans as described in Note 19. During the year, the Group utilised the RCF facility at a floating rate of interest. The Group's banking facilities with Lloyds Bank PLC incur interest at the rate of 2.55% over Bank of England base rate. The Group is affected by changes in the UK interest rate. As the loans are all based on variable interest rates, the fair value of the Group's borrowings is not materially different to the book value.

In terms of sensitivity, if the ruling base rate had been 1% higher throughout the year, the level of net interest payable would have been circa £160k (2024: £172k) higher, and if 1% lower throughout the year, the level of interest payable would have been lower by the same amount.

The RCF facility agreed post year end is tied to various base rates (including SONIA, EURIBOR and SOFR) depending on the currency drawn, with a ratcheting margin between 2.3% and 2.6% dependent upon leverage, so the charge will remain sensitive to variable rates.

Notes to the Financial Statements continued
For the year ended 31 March 2025

21. Financial instruments continued

Capital risk management

The Group defines total capital as equity in the consolidated statement of financial position plus net debt or less net funds plus deferred consideration. Total capital at 31 March 2025 was £68,894k (2024: £69,291k).

The Group defines net (cash)/leverage as net (cash)/debt plus deferred consideration, which totals £7,398k (2024: £4,671k). In calculating net (cash)/debt, the Group has excluded the right-of-use lease liabilities of £6,003k (2024: £3,572k) from its definition and calculation.

When managing its capital, the Group's main objectives are to safeguard the Group's ability to continue as a going concern, to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the Group monitors capital based on the gearing ratio. This ratio is calculated as leverage divided by total capital. At 31 March 2025, the gearing ratio was 10.7% (2024: 6.7%).

The Group seeks to maintain a gearing ratio that balances risks and returns at an acceptable level and to maintain sufficient funding to enable the Group to meet its working capital and strategic investment needs in the light of changes in economic conditions and the characteristic of the underlying assets.

In making decisions to adjust its capital structure to achieve these aims, the Group considers not only its short-term position, but also its long-term operational and strategic objectives and sets the amount of capital in proportion to risk.

The Group's gearing ratio at 31 March 2025 is shown below:

	2025 £'000	2024 £'000
Cash and cash equivalents	**(3,513)**	(8,445)
Borrowings/bank overdrafts	**10,569**	13,116
Deferred consideration	**342**	–
Net debt	**7,398**	4,671
Share capital	**2,854**	569
Share premium account	**28,300**	30,581
Retained earnings	**33,147**	35,086
Other Reserves	**(64)**	(64)
Foreign exchange reserve	**(2,203)**	(1,515)
Shares held in treasury	**(538)**	(37)
Equity	**61,496**	64,620
Gearing ratio (net leverage/(equity + net leverage)/cash))	**10.7%**	6.7%

22. Net debt

Year ended 31 March 2025 (£'000)	At 1 April 2024	Cash flow	Other non-cash movement	At 31 March 2025
Bank borrowing due within one year	(3,398)	2,514	(7,750)	**(8,634)**
Bank borrowing due after one year	(9,718)	–	7,783	**(1,935)**
Total borrowings	(13,116)	2,514	33	**(10,569)**
Deferred consideration on acquisition of subsidiaries within one year	–	400	(581)	**(181)**
Deferred consideration on acquisition of subsidiaries after one year	–	–	(161)	**(161)**
Cash and cash equivalents	8,445	(4,908)	(24)	**3,513**
Net debt	(4,671)	(1,994)	(733)	**(7,398)**

	2025 £'000	2024 £'000
Decrease in cash in the year	**(4,908)**	(3,751)
Increase in borrowings in the year	**(894)**	(2,126)
Repayment of borrowings in the year	**3,408**	3,741
Payment of deferred consideration on acquisitions	**400**	5,535
Net movement resulting from cash flows	**(1,994)**	3,399

	2025 £'000	2024 £'000
Net debt at 1 April 2024	**(4,671)**	(8,117)
Net movement resulting from cash flows	**(1,994)**	3,400
Deferred consideration (recognised)/ released	**(716)**	21
Other non-cash movements	**(17)**	25
Net debt at 31 March 2025	**(7,398)**	(4,671)

Although the Group's banking facilities allow a right of offset between cash balances held at the bank with overdraft balances at the same bank, the overdraft balance at 31 March 2024 is presented as gross on the statement of financial position rather than net in accordance with the Interpretations Committee March 2016 Agenda decision on IAS 32 interpretation of cash-pooling arrangements. No overdraft was utilised as at 31 March 2025.

Lease liabilities are excluded from the Group's definition of net debt and a separate roll-forward of lease liabilities is presented in Note 20.

Notes to the Financial Statements continued
For the year ended 31 March 2025

23. Deferred tax

The Group's deferred tax positions arise primarily on share-based payments, accelerated capital allowances, capitalised development costs and intangible assets arising on acquisition of subsidiaries:

	2025 £'000	2024 £'000
At 1 April	**(1,374)**	(1,812)
Deferred tax arising on acquisition of subsidiaries	**(15)**	–
Credit/ (expense) for the year	**737**	190
Effect of changes to foreign exchange rates	**43**	4
Credit to Other Comprehensive Income	**43**	–
Deferred tax adjustment in respect of prior periods	**476**	244
Net deferred tax liability at 31 March	**(90)**	(1,374)
Deferred tax (liabilities)/assets in relation to:		
Accelerated capital allowances on property, plant and equipment	**(618)**	(590)
Short-term timing differences on intangible assets	**(791)**	(1,596)
Share-based payments	**540**	604
Short-term timing differences	**498**	151
Losses carried forward	**281**	57
Net deferred tax at 31 March	**(90)**	(1,374)
Deferred tax assets	**1,458**	605
Deferred tax liabilities	**(1,548)**	(1,979)
Net deferred tax at 31 March	**(90)**	(1,374)

The movements in respect of deferred tax in the year were as follows:

	Accelerated capital allowances £'000	Short-term timing differences on intangible assets £'000	Share-based payments £'000	Short-term timing differences £'000	Losses carried forward £'000	Total £'000
At 1 April	(590)	(1,596)	604	151	57	(1,374)
Recognised on acquisitions	–	15	–	–	–	15
Recognised in income statement	(32)	777	(107)	349	225	1,212
Recognised in other comprehensive income	–	–	43	–	–	43
Effect of changes to foreign exchange rates	4	13	–	(2)	(1)	14
At 31 March	**(618)**	**(791)**	**540**	**498**	**281**	**(90)**

The UK corporation tax rate is 25% (2024: 25%) effective from 1 April 2023, which was substantively enacted on 24 May 2021.

The amount of the net reversal of deferred tax expected to occur next year is, approximately, £0.8m (2024: £0.6m) relating to the timing differences identified above.

A deferred tax asset of £209k (2024: £166k), in respect of the future tax deduction that would be available based on the share price at the balance sheet date compared to the share price at the date of grant of the options and share bonus, which is used to calculate the share-based payments charge, was recalculated in the year after initial recognition in 2022. There was a calculated increase in the deferred tax asset of £43k (2024: £Nil), which has been debited to other comprehensive income ("OCI") and treated as an adjustment to profit. The share price post year end, when the shares are exercised, may be higher/lower than at the balance sheet date; therefore, this deferred tax asset is considered judgemental.

In addition, there is an unrecognised deferred tax asset in relation to capital losses carried forward. The capital losses carried forward are, approximately, £275k (2024: £275k). The associated deferred tax asset of, approximately, £69k (2024: £69k) has not been recognised due to the uncertainty over the recoverability. Trading losses of c. £2.7m with an associated deferred tax asset of c. £0.8m have not been recognised.

24. Provisions

	2025 £'000	2024 £'000
At 1 April	**969**	1,038
Dilapidations acquired on acquisitions at fair value	**87**	–
Recognition of dilapidation provisions	**310**	178
Provisions utilised during the year	**(3)**	(248)
Foreign Exchange	–	1
Released to statement of comprehensive income	**(75)**	–
Provisions at 31 March	**1,288**	969

The Group has provided for property-related provisions, which include obligations in respect of exited legacy premises and dilapidations provisions it expects to exit at the end of the lease. Provisions are split into current £190k (2024: £126k) and non-current £1,098k (2024: £843k).

25. Share capital

	2025 £'000	2024 £'000
Allotted issued and fully paid 57,081,720 (2024: 11,376,644) ordinary shares of 5p	**2,854**	569

The ordinary shares carry no right to fixed income, the holders are entitled to receive dividends as declared and are entitled to one vote per share at shareholder meetings.

	2025		2024	
	Shares No.	Value £'000	Shares No.	Value £'000
Share capital at 1 April	**11,376,644**	**569**	11,346,394	567
Bonus share issue	**45,506,576**	**2,275**	–	–
Issue of new shares	–	–	12,000	1
Share options exercised	**198,500**	**10**	18,250	1
Share capital at 31 March	**57,081,720**	**2,854**	11,376,644	569

Details of options granted are set out in the Remuneration Committee Report on pages 63 to 38. At 31 March 2025, the number of shares covered by option agreements amounted to 2,390,750 (2024: 2,091,750 restated for bonus issue; 418,350 as disclosed). At the balance sheet date, there were 813,250 (2024: 640,250 restated for bonus issue; 2024: 128,050 as disclosed) share options which had vested and remained unexercised. 198,500 options were exercised in the current year (2024: 91,250 restated for bonus issue; 2024: 18,250 as disclosed).

26. Reserves

Full details of movements in reserves are set out in the consolidated statement of changes in equity on page 84. The total value of transaction costs incurred that have been offset against the share premium account movement in the year total £Nil (2024: £Nil).

The following describes the nature and purpose of each reserve within owners' equity.

Reserve	Description and purpose
Share premium	Amount subscribed for share capital in excess of nominal value
Other reserves	Capital redemption amount transferred from share capital on redemption of issued shares. Settlement value with non-controlling interests in excess of net asset carrying value
Retained earnings	Cumulative net gains and losses recognised in the consolidated statement of comprehensive income
Shares held in treasury	Shares held by the Group for future staff share plan awards
Foreign exchange	Foreign exchange translation differences arising from the translation of the financial statements of foreign operations
Non-controlling interest	Equity attributable to non-controlling shareholders

Notes to the Financial Statements continued
For the year ended 31 March 2025

27. Treasury shares
At 31 March 2025, the Group held 419,121 (2024: 105,730 restated for bonus issue; 2024: 21,146 as disclosed) shares in treasury with a cost of £539k (2024: £37k). No shares have been cancelled.

	2025 No	2024 No
At 1 April	**21,146**	9,146
Purchase of shares into treasury	**383,141**	–
Issue of shares into treasury	**–**	12,000
Bonus shares issued into treasury	**28,784**	–
Transfer of shares to the All Employee Share Plan (AESP)	**(13,950)**	–
At 31 March	**419,121**	21,146

28. Share-based payments
The amount credited to the income statement in respect of share-based payments was £0.4m (2024: £0.8m charge).

The Company operates three long-term share incentive schemes set out below:

Long-term incentive plan ("LTIP"):
Normal LTIP awards of up to 125% of salary may be made to Executive Directors and Senior management, as outlined in the Policy Table of the Remuneration Report on page 64.

For all participants, awards will vest after three years in accordance with the performance conditions applicable to each grant. Options are granted with a contractual life of ten years and with a fixed exercise price of 5p equal to the par value of the shares or as otherwise disclosed in the Remuneration Report.

The performance conditions will be determined and set by the Remuneration Committee in accordance with the remuneration policy. No award will vest below threshold performance, and vesting will increase on a straight-line basis between threshold, target and stretch.

On 8 November 2024 284,000 (2024: 282,000 post bonus issue; 2024: 56,400 as disclosed) share options were granted to the Executive Directors under the LTIP. The assessed fair value at the grant date was 2.05p per option (2024: 2.24p post bonus issue; 2024: £11.21 as disclosed). The fair value was determined using a Black-Scholes model and the principal assumptions are set out below. 214,000 LTIP options vested in the year and 53,500 were exercised with an exercise price of 5p and a weighted average share price of 220p.

During the year, a Long-Term Incentive Plan (LTIP) was introduced for a number of senior overseas employees. The plan is subject to stretch performance targets and includes a vesting period from 2028 to 2030. The maximum potential benefit, assuming all performance conditions are exceeded, is $4.2m. During the period, awards with a notional value of $1.65m lapsed, leaving outstanding awards with a potential value of $2.55m. The plan is expected to be cash-settled from surplus profits generated by exceeding the performance conditions, although the Company retains the option to settle the awards in equity at the point of vesting. Based on current trading performance and outlook, the vesting conditions are not expected to be achieved; therefore, no IFRS 2 charge has been recognised.

Principal assumptions	2025	2024
Weighted average share price at grant date in pence (post bonus)	**213**	237*
Weighted average exercise price in pence	**5**	5
Weighted average vesting period (years)	**3**	3
Option life (years)	**10**	10
Weighted average expected life (years)	**3**	3
Weighted average expected volatility factor	**37%**	37%
Weighted average risk-free rate	**4.66%**	4.31%
Dividend yield	**1.20%**	1.86%

* 1,185 as disclosed pre bonus issue

The expected volatility factor is based on historical share price volatility over the three years immediately preceding the grant of the option. The expected life is the average expected period to exercise. The risk-free rate of return is the yield of zero-coupon UK government bonds of a term consistent with the assumed option life.

Non-market performance conditions are incorporated into the calculation of fair value by estimating the proportion of share options that will vest and be exercised based on a combination of historical trends and future expected trading performance. These are reassessed at the end of each period for each tranche of unvested options.

Company Share Option Plan ("CSOP"):
Following the changes to the tax legislation, CSOP awards of up to the HMRC tax-approved levels of £60,000 (2024: £30,000) may be made to senior staff and Executive Directors, as outlined in the Policy Table of the Remuneration Report on page 65. For all participants, awards will vest after three years in accordance with the performance conditions applicable to each grant.

28. Share-based payment continued

Options are granted with a contractual life of ten years and with a fixed exercise price equal to the market value of the shares under option at the date of grant or as otherwise disclosed in the Remuneration Report.

The performance conditions will be determined and set by the Remuneration Committee in accordance with the remuneration policy. No award will vest below threshold performance, and vesting will increase on a straight-line basis between threshold, target and stretch.

On 7 November 2024, 286,000 (2024: 254,375 post bonus issue; 2024: 50,875 as disclosed) share options were granted to the senior management under CSOP. The assessed fair value at grant date of options granted during the year was 0.59p per option (2024: 0.63p post bonus issue; 2024: 3.15p as disclosed). The fair value was determined using a Black-Scholes model and the principal assumptions are set out in the table below. 157,500 CSOP options vested in the year and none were exercised.

Principal assumptions	2025	2024
Weighted average share price at grant date in pence	**208**	237*
Weighted average exercise price in pence	**208**	210**
Weighted average vesting period (years)	**3**	3
Option life (years)	**10**	10
Weighted average expected life (years)	**3**	3
Weighted average expected volatility factor	**37%**	37%
Weighted average risk-free rate	**4.66%**	4.31%
Dividend yield	**1.2%**	1.86%

* 1,185 as disclosed pre bonus issue ** 1,052 as disclosed pre bonus issue

Movement in share options during the year

There are also bought forward executive EMI options, which have vested. 145,000 (29,000 pre bonus issue) (2024: Nil) were exercised in the year with an exercise price of 0.0002p and a weighted average share price of 243p, leaving 215,000 (43,000 pre bonus issue), which remain unexercised at 31 March 2025.

	2025 Number of options	2025 Average exercise price in pence	2024 Number of options (restated)	2024 Average exercise price in pence (restated)	2024 Number of options	2024 Average exercise price in pence
At 1 April	**418,350**	**759**	328,925	**320**	328,925	320
1 April restated for bonus issue	**2,091,750**	**80**	1,644,625	**66**	–	–
Granted	**570,000**	**103**	538,375	**115**	107,675	988
Exercised	**(198,500)**	**(1)**	(91,250)	**(118)**	(18,250)	(592)
Cancelled/lapsed	**(72,500)**	–	–	–	–	–
At 31 March	**2,390,750**	**85**	2,091,750	**76**	418,350	759

The weighted average exercise prices of options exercisable at the end of the period is 85p (2024 post bonus issue: 76p; 2024 as disclosed: 63p). The weighted average remaining contractual life of share options outstanding at the end of the period is 7 years (2024: 7.5 years). A £0.4m credit was posted to the income statement in respect of share options (2024: £0.8m debit) due to the decrease in the market share price and the consequent change in performance condition assumptions for the non-vested option schemes. As at 31 March 2025, the total number of long-term incentive awards and share options held by employees was 2,390,750 (2024: 2,091,750 post bonus issue; 2024: 418,350 as disclosed) as follows:

Notes to the Financial Statements continued

For the year ended 31 March 2025

28. Share-based payment continued

Option price pence/share	Option period ending	2025 Number of options	2024 Number of options (restated)	2024 Number of options
0.1p	31 March 2027	**215,000**	**360,000**	72,000
5p – 118p (pre bonus issue: 5p - 592p)	31 March 2030	**226,750**	**280,250**	56,050
5p – 210p (pre bonus issue: 5p - 1050p)	31 March 2031	**371,500**	**389,000**	77,800
5p – 251p (pre bonus issue: 5p - 1254p)	31 March 2032	**508,625**	**526,125**	105,225
5p – 237p (pre bonus issue: 5p - 1185p)	31 March 2033	**518,875**	**536,375**	107,275
5p – 208p	31 March 2034	**545,000**	–	–
At 31 March		**2,385,750**	**2,091,750**	418,350

All Employee Share plan ("AESP"):

The AESP awards up to the HMRC tax approved levels to all UK employees. These awards vest tax free from the AESP after at least three years but not more than five years from the date of grant subject to continued employment.

No share options were awarded in the year to the employees under the AESP (2024: 69,750 restated for bonus issue; 13,950 as disclosed) with the award taking place subsequent to the year end. The share price at the date of award was Nil (2024: 265p restated for bonus issue; 1,325p as disclosed). As the awards are effectively £Nil cost awards, the fair value is determined to equal to the share price at the date of grant under the Black-Scholes model. This resulted in a share-based payments charge of £Nil (2024: £185k) as part of the total share-based payments charge.

29. Capital commitments

At 31 March 2025, there were capital commitments of £162k (2024: £23k).

30. Adjustments to profit

The Group's results are reported after several imputed non-cash charges and non-recurring items. We have provided additional adjusted performance metrics to aid understanding and provide clarity over the Group's performance on an ongoing cash basis before imputed non-cash accounting charges. This is consistent with how analysts and investors tell us they review our business performance in presenting an adjusted profit metric adjusting for the following items:

- Non-cash charges arising from share-based payments and the amortisation and of acquisition intangibles and impairment of goodwill
- Non-recurring costs in relation to employee redundancy and termination costs
- Non-recurring costs relating to acquisition costs (including fair value adjustments and earn-out estimation changes)
- Tax effect of the adjusted items
- The movement via OCI of the deferred tax asset relating to the future tax deduction that would be available based on the share price at the balance sheet date compared to the share price at the date of grant of options and share bonus

30. Adjustments to profit continued

	2025 £'000	2024 £'000
Gross profit	**39,327**	51,827
Adjustments to gross profit	–	–
Adjusted gross profit	**39,327**	51,827
Operating profit	**1,334**	13,678
Adjustments to operating profit	**4,700**	3,358
Adjusted operating profit	**6,034**	17,036
Operating margin percentage	**1.1%**	8.4%
Operating margin percentage impact of adjustments	**3.8%**	2.1%
Adjusted operating margin percentage	**4.8%**	10.4%
Profit before tax	**320**	12,187
Adjustments to profit before tax	**4,718**	3,392
Adjusted profit before tax	**5,038**	15,579
Profit after tax	**512**	8,906
Adjustments to profit after tax	**3,051**	2,774
Adjusted profit after tax	**3,563**	11,680
Reported total other comprehensive (loss)/ income	**(133)**	8,227
Adjustments to total other comprehensive income	**3,008**	2,774
Adjusted total other comprehensive income	**2,875**	11,001

2025	Components £'000	Systems £'000	Head office £'000	Total £'000
Acquisition fair value adjustments, reorganisation and deal costs	117	314	–	**431**
Impairment of Goodwill	–	–	2,734	**2,734**
Amortisation of acquisition intangibles	–	–	1,909	**1,909**
Share-based payments	–	–	(374)	**(374)**
Imputed interest on deferred consideration unwind	–	18	–	**18**
Adjustment to profit before tax	**117**	**332**	**4,269**	**4,718**
Current and deferred taxation effect	(29)	(79)	(1,195)	**(1,303)**
Non-recurring deferred tax credits in USA	(364)	–	–	**(364)**
Adjustments to profit after tax	**(276)**	**253**	**3,074**	**3,051**
Movement of deferred tax asset re share price impact on options	–	–	(43)	**(43)**
Adjustments to total other comprehensive income	**(276)**	**253**	**3,031**	**3,008**

All amortisation charges relating to acquisition intangibles have been consistently classified into head office overheads to provide an accurate representation of underlying divisional trading as presented to the Directors.

Reorganisation costs in 2025 relate to Group headcount rationalisation and termination costs. Non-recurring tax credits arise from a change in recognition for US entities following final 2024 tax return filing.

In evaluating our adjusted performance metric in respect of Earnings Per Share ("EPS"), the Board considers "Adjusted Fully Diluted EPS" to be the most appropriate metric as our investors and the analysts who cover Solid State PLC use this metric to monitor performance. However, we also recognise the equal importance of the statutory metric of 'EPS' as the other relevant metric (which includes the IFRS2 charge for the value gained from employees but excludes the dilution so not to double count with the charge).

While we disclose "Fully Diluted EPS" and "Adjusted EPS" for completeness in Note 8, these are not considered to be as appropriate metrics by the Board as "'Reported' Fully Diluted EPS" reflects a double hit to the results of the IFRS2 charge and the dilution and "Adjusted EPS" does not reflect either the IFRS2 charge or the dilution, which clearly makes these metrics much less appropriate when assessing performance.

Notes to the Financial Statements continued

For the year ended 31 March 2025

30. Adjustments to profit continued

2024	Components £'000	Systems £'000	Head office £'000	Total £'000
Acquisition fair value adjustments within cost of sales	–	–	–	**–**
Acquisition fair value adjustments, reorganisation and deal costs	736	–	–	**736**
Amortisation of acquisition intangibles	–	–	1,819	**1,819**
Share-based payments	–	–	803	**803**
Imputed interest on deferred consideration unwind	–	34	–	**34**
Adjustment to profit before tax	**736**	**34**	**2,622**	**3,392**
Current and deferred taxation effect	73	–	(691)	(618)
Adjustments to profit after tax	**809**	**34**	**1,931**	**2,774**
Movement of deferred tax asset re share price impact on options	–	–	–	**–**
Adjustments to total other comprehensive income	**809**	**34**	**1,931**	**2,774**

Reorganisation costs in 2024 relate to the USA Components business restructure. Acquisition fair value adjustments within cost of sales in 2024 relate to the unwind of the IFRS3 fair value uplift on stock to selling price less cost to sell.

31. Segment information

The Group's primary reporting format for segmental information is aligned with the Divisional management structure of the Group. We provide financial information to enable Divisional management operational control and consolidated data for Board decision making. The Components Division comprises Solid State Supplies Limited, Pacer LLC, Pacer Components Limited, Willow Technologies Limited, American Electronic Components, Inc and Gateway Electronic Components Limited. The Systems Division includes Steatite Limited, Custom Power LLC, Active Silicon Limited, Active Silicon Inc., eTech Developments Limited and Q-Par Antennas USA LLC.

Year ended 31 March 2025	Components division £'000	Systems division £'000	Head office £'000	Total Group £'000
External revenue	55,299	69,765	–	**125,064**
Operating profit/(loss)	2,124	5,460	(6,250)	**1,334**
Adjusted operating profit/ (loss)	2,241	5,774	(1,981)	**6,034**
Profit/(loss) before taxation	2,134	5,414	(7,228)	**320**
Taxation	220	(148)	120	**192**
Profit/ (loss) after taxation	2,354	5,266	(7,108)	**512**
Consolidated statement of financial position				
Assets	26,385	41,951	36,006	**104,342**
Liabilities	(9,462)	(22,695)	(10,689)	**(42,846)**
Net assets	16,923	19,256	25,317	**61,496**
Other				
Capital expenditure:				
Intangible assets	56	1,146	–	**1,202**
Intangible assets - acquisitions	–	1	1,785	**1,786**
Tangible fixed assets	276	2,257	5	**2,538**
Tangible fixed assets - acquisitions	–	316	–	**316**
Right-of-use assets	529	2,957	–	**3,486**
Right-of-use assets - acquisitions	205	–	–	**205**
Depreciation and Impairment – PPE	434	972	1	**1,407**
Depreciation – right-of-use assets	153	961	–	**1,114**
Amortisation	138	711	1,909	**2,758**
Impairment of Intangibles	–	–	2,734	**2,734**
Share-based payments	–	–	(375)	**(375)**
Interest	(10)	46	978	**1,014**

No individual customer contributed more than 10% of the Group's revenue in the financial year ended 31 March 2025 (2024: One customer at £33.4m, 20%).

31. Segment information continued

Year ended 31 March 2024	Components division £'000	Systems division £'000	Head office £'000	Total Group £'000
External revenue	59,834	103,469	–	163,303
Operating (loss)/ profit	(682)	19,337	(4,977)	13,678
Adjusted operating profit	54	19,337	(2,355)	17,036
(Loss)/ profit before tax	(748)	19,190	(6,255)	12,187
Taxation	(553)	(4,074)	1,346	(3,281)
Profit after taxation	(1,301)	15,116	(4,909)	8,906
Consolidated statement of financial position				
Assets	27,559	46,643	39,382	113,584
Liabilities	(10,853)	(26,404)	(11,707)	(48,964)
Net assets	16,706	20,239	27,675	64,620
Other				
Capital expenditure:				
Intangible assets	143	1,169	–	1,312
Tangible fixed assets	275	1,423	4	1,702
Right-of-use assets	156	2,498	–	2,654
Depreciation and Impairment – PPE	1,033	995	1	2,029
Depreciation – right-of-use assets	182	858	–	1,040
Amortisation	131	331	1,819	2,281
Share-based payments	–	–	803	803
Interest	67	146	1,278	1,491

	External revenue by location of customer		Total assets by location of assets		Net capital expenditure by location of assets	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000	2025 £'000	2024 £'000
United Kingdom	**75,071**	69,921	**90,642**	101,179	**3,322**	2,779
Rest of Europe	**14,719**	55,360	–	–	–	–
Asia	**3,538**	8,759	–	–	–	–
North America	**28,693**	28,667	**13,700**	10,503	**418**	235
Other	**3,043**	596	–	–	–	–
	125,064	163,303	**104,342**	111,682	**3,740**	3,014

Notes to the Financial Statements continued
For the year ended 31 March 2025

32. Related parties

There were no transactions with related parties during the period as Mr. P Haining is no longer considered to be a related party for 2025. In 2024 fees totalling £48k in respect of accountancy services and out of pocket expenses were provided by The Kings Mill Practice, a firm of which Mr P Haining is the proprietor. A balance of £5k was due to The Kings Mill Practice at 31 March 2024.

33. Acquisition accounting for Gateway Electronic Components

	Book value £'000	Fair value Adjustment £'000	Fair value to Group £'000
Intangible assets	1	506	507
Property, plant and equipment	316	-	316
Right of use assets	-	205*	205
Inventory	739	(191)	548
Trade and other receivables	463	(10)	453
Trade and other payables	(572)	(14)	(586)
Right-of-use lease liabilities	-	(205)*	(205)
Provision for dilapidations	(40)	(47)	(87)
Deferred Taxation	(82)	(89)	(171)
Cash and cash equivalents	800	-	800
Net assets on acquisition	**1,625**	**155**	**1,780**
Goodwill on acquisition			401
Discounted consideration			**2,181**
Discharged by:			
Cash paid on acquisition			2,181
Total consideration			**2,181**

* GAAP alignment rather than fair value adjustment, split out for information.

Solid State PLC acquired 100% of the share capital of Gateway Electronic Components Limited ("Gateway") on the 2nd October 2024. Gateway is based in Nantwich (UK) and is a specialist in ferrite and magnetic components. The entire share capital of the company was purchased for a consideration of £2.2m, which, when adjusted for cash on the balance sheet, results in an effective net consideration of £1.4m, fully settled in the current financial year.

The fair value of intangible assets recognised is in relation to the brand "Gateway" and the existing customer relationships and will be amortised over a period of 7 years. The goodwill recognised represents the expected synergies and opportunities of cross selling to customers between Gateway and the existing Components division. The goodwill carrying value recognised on acquisition is not amortised, but is assessed for impairment at the end of each reporting period.

The revenue and loss after tax for the post-acquisition period included in the Statement of Comprehensive Income arising from Gateway's operations were £1.4m and £0.1m, respectively. If the Group had acquired Gateway at the start of the current financial year, the consolidated Group revenue would have increased by £1.5m and the profit after tax by £0.1m. The Group incurred acquisition related costs of £57k on legal fees and due diligence costs, included in sales, general and administration expenses.

34. Acquisition accounting for Q-PAR Antennas USA

	Book value $'000	Fair value Adjustment $'000	Fair value to Group $'000	Fair value to Group* £'000
Intangible assets	-	884	884	691
Deferred tax asset	-	238	238	186
Inventory	-	62	62	48
Trade and other receivables	74	(5)	69	54
Trade and other payables	(129)	(2)	(131)	(102)
Cash and cash equivalents	116	-	116	90
Net assets on acquisition	**61**	**1,177**	**1,238**	**967**
Goodwill on acquisition			240	187
Discounted consideration			**1,478**	**1,154**
Discharged by:				
Cash paid on acquisition			561	438
Short-term deferred consideration			750	586
Long-term deferred consideration			250	195
Gross consideration			**1,561**	**1,219**
Discounting			(83)	(65)
Discounted consideration			**1,478**	**1,154**

* Exchange rate at date of acquisition was 1.28

Solid State PLC (via Solid State US, Inc.) acquired 100% of the Membership Interest Purchase of Q-Par Antennas USA LLC ("Q-Par") on 1 November 2024. Q-Par is a US distributor in the provision of antenna systems and related technologies, primarily for defence and security applications.

The entire membership interest, and therefore control, of the LLC was purchased for a maximum consideration of $2.1m, including $1m of deferred consideration (payable over three tranches in January 2025, November 2025 and November 2026) and a $0.5m contingent earn-out payable on achievement of certain performance targets.

The fair value of intangible assets recognised primarily relates to the value of the existing customer relationships, with a smaller value attributed to the brand 'Q-Par'. The goodwill recognised represents the strong relationships with customers and opportunities to expand our USA presence in the Antenna market. The goodwill carrying value on consolidation is not amortised but is assessed for impairment at the end of each reporting period. If no impairment is recognised, the initial asset recognised for deferred taxation will unwind until it becomes a deferred tax liability when the local US amortisation deduction is fully recognised.

The revenue and profit after tax for the post-acquisition period included in the Statement of Comprehensive Income arising from Q-Par's operations were $1.1m (£0.9m) and $47k (£37k), respectively. The Group incurred acquisition related costs of $31k on legal fees and due diligence costs, included in sales, general and administration expenses.

The $0.5m of contingent consideration is split into four separate target hurdles of $125k and each becomes payable for certain hurdles between an initial $3m last 12-month bookings target stepped up to $4.5m within the 24-month period post acquisition. Based on the information available to management at the year-end date, this stretch hurdle is, currently, not considered to be achievable, and the contingent consideration of $0.5m has been removed from the goodwill calculations. The deferred consideration amounts were discounted at an appropriate cost of debt and the impact was to reduce the fair value of the consideration by $83k. The discounting will be charged as a non-cash interest charge over the period of the deferment with £18k charged to date.

The total cash settled to date is the initial consideration of $0.6m plus the first $0.5m of deferred consideration totalling $1.1m (£0.8m). There are two further deferred consideration tranches, each for $250k, to be settled in November 2025 and November 2026.

Notes to the Financial Statements continued
For the year ended 31 March 2025

35. Post balance sheet events
On the 18th of May 2025 the Group refinanced the existing facilities as disclosed in Note 19 with a new multicurrency RCF funded by Lloyds Bank PLC and Comerica Bank. The facility is for £15.0m and is committed for three years, with two optional twelve-month extension options, and can be drawn in other optional currencies as well as GBP. An additional accordion commitment of £10m can also be requested during the availability period. The multi-currency overdraft facility of £5m remains in place as part of this agreement.

Company statement of financial position

At 31 March 2025

	Note	2025 £'000	2024 £'000
Assets			
Non-current assets			
Investments	4	**61,671**	66,897
Property, plant and equipment		**5**	4
Deferred tax asset		**542**	602
Total non-current assets		**62,218**	67,503
Current assets			
Trade and other receivables	5	**5,928**	8,465
Cash and cash equivalents – available on demand		**214**	594
Total current assets		**6,142**	9,059
Total assets		**68,360**	76,562
Current liabilities			
Creditors: Amounts falling due within one year	6	**(30,633)**	(26,918)
Net current liabilities		**(24,491)**	(17,859)
Non-current liabilities			
Non-current borrowings	7	**(1,935)**	(9,718)
Non-current deferred consideration on acquisitions		**(161)**	-
Total liabilities		**(32,729)**	(36,636)
Net assets		**35,631**	39,926
Share capital	8	**2,854**	569
Share premium reserve	9	**28,300**	30,581
Capital redemption reserve	9	**5**	5
Retained earnings	9	**5,010**	8,808
Shares held in treasury	10	**(538)**	(37)
Total equity		**35,631**	39,926

The Company made a loss after tax of £1,347k (2024: £5,338k), and an other comprehensive profit of £43k (2024: comprehensive loss of £Nil). Total comprehensive loss for the period was £1,304k (2024: £5,338k).

The financial statements were approved by the Board of Directors and authorised for issue on 8 July 2025 and were signed on its behalf by:

G S Marsh
Director

P O James
Director

Solid State PLC
Company registration number: 00771335

The notes on pages 129 to 132 form part of these financial statements.

Company statement of changes in equity
For the year ended 31 March 2025

	Share Capital £'000	Share Premium Reserve £'000	Capital Redemption Reserve £'000	Retained Earnings £'000	Shares held in Treasury £'000	Total Equity £'000
Balance at 31 March 2024	**569**	**30,581**	**5**	**8,808**	**(37)**	**39,926**
Issue of new shares	2,285	(2,281)	-	-	-	**4**
Dividends	-	-	-	(2,119)	-	**(2,119)**
Share-based payment debit	-	-	-	(375)	-	**(375)**
Transactions with owners in their capacity as owners	**2,285**	**(2,281)**	**-**	**(2,494)**	**-**	**(2,490)**
Result for the year ended 31 March 2025	-	-	-	(1,347)	-	**(1,347)**
Other comprehensive income	-	-	-	43	-	**43**
Total comprehensive income for the year ended 31 March 2025	**-**	**-**	**-**	**(1,304)**	**-**	**(1,304)**
Purchase of treasury shares	-	-	-	-	(501)	**(501)**
Balance at 31 March 2025	**2,854**	**28,300**	**5**	**5,010**	**(538)**	**35,631**

	Share Capital £'000	Share Premium Reserve £'000	Capital Redemption Reserve £'000	Retained Earnings £'000	Shares held in Treasury £'000	Total Equity £'000
Balance at 31 March 2023	**567**	**30,474**	**5**	**5,061**	**(108)**	**35,999**
Issue of new shares	2	107	-	-	-	**109**
Dividends	-	-	-	(2,322)	-	**(2,322)**
Share-based payment credit	-	-	-	803	-	**803**
Transfer of treasury shares to AESP	-	-	-	(72)	72	**-**
Transactions with owners in their capacity as owners	**2**	**107**	**-**	**(1,591)**	**72**	**(1,410)**
Result for the year ended 31 March 2024	-	-	-	5,338	-	**5,338**
Other comprehensive income	-	-	-	-	-	**-**
Total comprehensive income for the year ended 31 March 2024	**-**	**-**	**-**	**5,338**	**-**	**5,338**
Purchase of treasury shares	-	-	-	-	(1)	**(1)**
Balance at 31 March 2024	**569**	**30,581**	**5**	**8,808**	**(37)**	**39,926**

The notes on pages 129 to 132 form part of these financial statements.

Notes to the company financial statements

For the year ended 31 March 2025

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items that are considered material in relation to the Company's financial statements.

Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom Accounting standards, including Financial Reporting Standard 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") and with the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The financial statements are prepared in sterling rounded to the nearest thousand pounds (£'000).

The Company has taken advantage of the exemption from disclosing the following information in its Company-only accounts, as permitted by the reduced disclosure regime within FRS 102:

- Section 7 "Statement of Cash Flows" – Presentation of a Statement of Cash Flow and related notes and disclosures
- Paragraph 33.1A – Exemption from disclosing transactions between wholly owned entities
- Section 26 "Share-based payment" qualifying disclosure exemptions

Profit and loss account

Under Section 408(4) of the Companies Act 2006, the Company is exempt from the requirement to present its own profit and loss account. The result for the year ended 31 March 2025 and the result for the year ended 31 March 2024 are disclosed in the statement of changes in equity.

Going concern

The going concern basis of accounting has been used in the preparation of these financial statements. The Solid State PLC entity statement of financial position reflects £24.5m net current liabilities due to balances owed by Group entities and short-term bank borrowings. Dividends totalling £5.1m were received from subsidiary companies in this financial year and subsidiary companies have the reserves available to pay dividends in the next financial year. The Directors have not identified any material uncertainties in this regard.

Foreign currencies

Foreign currency transactions are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rate of exchange ruling at the statement of financial position date. Any differences are taken to the statement of comprehensive income.

Investments in subsidiaries

Investments in subsidiaries are stated at cost less amounts provided for impairment. When the trade and assets of a subsidiary are consolidated/reorganised, the investment is reallocated based on the cost method where the commercial substance and economic reality is that the investment carrying value remains intact. The carrying value of the revised investments are evaluated for impairment in accordance with FRS102.

The carrying value of investments in subsidiaries is reviewed for potential impairment at least annually, or more frequently if events or circumstances indicate a potential impairment. Any impairment identified is immediately charged to the consolidated statement of comprehensive income.

Where a distribution from a subsidiary is deemed to represent a return of the capital invested, the receipt is credited against the cost of investment with all other distributions, for example dividends, recorded in the statement of comprehensive income.

Receivables

Receivables are measured at transaction price, less any impairment. The carrying value of receivables is reviewed for potential impairment at least annually, or more frequently if events or circumstances indicate a potential impairment. Any impairment identified is immediately charged to the consolidated statement of comprehensive income.

Other financial liabilities

Other financial liabilities are accounted for on the same basis as in the consolidated accounts. See the accounting policy on pages 91 to 92 as there is no material difference between FRS102 and IFRS.

Notes to the company financial statements continued
For the year ended 31 March 2025

1. Accounting policies continued
Share-based payment
Share-based payments are accounted for on the same basis as in the consolidated accounts. See the accounting policy on page 94, as there is no material difference between FRS102 and IFRS.

Treasury shares
Treasury shares are accounted for on the same basis as in the consolidated accounts. See the accounting policy on page 92, as there is no material difference between FRS102 and IFRS.

Critical accounting estimates and judgements
The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies. This note provides an overview of the areas that involve a higher degree of judgement or complexity, and of items that are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong.

The critical judgement / estimate impacting the entity accounts is in respect of the carrying value of the investments, with a cost value of £69.8m. Having completed a detailed impairment review, as disclosed in Note 13 to the Group accounts and using the same key inputs driving the value in use assessment, an impairment of £8.2m has been booked against the Custom Power investment. This is a larger write down as a result of the carrying value in the Company not having been amortised annually combined with the impact of foreign exchange.

2. Staff costs

	2025 £'000	2024 £'000
Wages and salaries	**870**	1,342
Social security costs	**240**	212
Other pension costs	**112**	90
Share-based payment (credit)/ charges	**(375)**	803
Total staff costs	**847**	2,447

Staff costs amounted to £847k (2024: £2,447k) and comprised the share-based payment credit of £325k (2024: £702k debit) and reversal of the provision for employer's national insurance on exercise of share options of £50k (2024: £101k debit).

Included within the Company Staff costs are the salary and related costs in respect of G S Marsh, P O James, N F Rogers, S Smith and P Magowan. No other Director's remuneration was paid by the Company. Details of the Directors whose emoluments were paid by other Group companies are given in the Remuneration Committee Report on pages 63 to 68.

The average monthly number of employees during the year, including the Executive Directors, was as follows:

	2025 £'000	2024 £'000
Management and administration	**12**	16
	12	16

3. Share-based payments
See Group share-based payments disclosures in Note 28 to the Group accounts.

4. Investments

Subsidiary undertakings	2025 Cost £'000	2025 NBV £'000	2024 Cost £'000	2024 NBV £'000
1 April	**66,897**	**66,897**	68,630	68,630
Additions	**3,324**	**3,324**	288	288
Disposals	**(400)**	**(400)**	(2,021)	(2,021)
Impairments	**-**	**(8,150)**	-	-
31 March	**69,821**	**61,671**	66,897	66,897

The additions in the period relate to the acquisitions of Gateway (Note 33 to the Group accounts) and Q-Par (Note 34 to the Group accounts). The disposal in the period relates to a return of capital invested from Custom Power Holdings Inc. The impairment posted is in respect of Custom Power using the same inputs as described in Note 13 to the Group accounts.

The additions in the prior period relate to the incorporation of Solsta Holdings Inc. and the acquisition of the 25% non-controlling interest in eTech Developments Limited. The disposal in the prior period relates to the true-up of the deferred consideration acquisition cost of the Active Silicon Group and a return of capital invested from Custom Power Holdings Inc.

Subsidiary undertakings	2025 £'000	2024 £'000
Steatite Limited	**5,307**	5,307
Solid State Supplies Limited	**21,092**	21,092
Active Silicon Limited	**8,908**	8,908
Custom Power Holdings Inc	**22,601**	31,152
eTech Developments Limited	**300**	300
Gateway Electronic Components Limited	**2,181**	–
Solid State US, Inc[1]	**1,144**	–
Solsta Holdings Inc.	**138**	138
Total investments at 31 March	**61,671**	66,897

[1] Holds investment in Q-Par Antennas USA LLC.

See Group subsidiary undertakings disclosures in Note 14 to the Group accounts.

5. Debtors

Undertakings	2025 £'000	2024 £'000
Amounts owed by Group	**5,877**	8,433
Prepayments	**51**	32
	5,928	8,465

Notes to the company financial statements continued
For the year ended 31 March 2025

6. Creditors – Amounts falling due within one year

	2025 £'000	2024 £'000
Amounts owed to Group undertakings	**22,017**	24,568
Other taxes and social security costs	**165**	255
Trade and Other Creditors	**38**	92
Accruals	**373**	661
Short-term bank borrowings	**7,859**	1,342
Deferred consideration on acquisitions	**181**	–
	30,633	26,918

The Company has guaranteed bank borrowings of all its subsidiary undertakings, the main trading subsidiaries are Solid State Supplies Limited, Steatite Limited, Pacer Components Limited, Custom Power, LLC., Pacer USA, LLC, Gateway Electronic Components Limited and Active Silicon Limited. At the year end, the liabilities covered by those guarantees amounted to £Nil (2024: £Nil). The Company accounts for guarantees provided to Group companies as insurance contracts, recognising a liability only to the extent that it is probable the guarantees will be called upon. See Note 19 to the Group accounts for borrowings disclosures.

The deferred consideration on acquisitions is in relation to Q-Par Antennas USA.

All amounts owed to/from Group undertakings are payable/repayable on demand and not interest bearing.

7. Creditors – Amounts falling due after more than one year

	2025 £'000	2024 £'000
Bank borrowings	**1,935**	9,718
Deferred consideration on acquisitions	**161**	–
	2,096	9,718

See Note 19 to the Group accounts for borrowings disclosures.

8. Share capital
See Group share capital disclosures in Note 25 to the Group accounts.

9. Reserves
See Group reserves disclosures in Note 26 to the Group accounts.

10. Own shares held in treasury
See Group treasury shares disclosures in Note 27 to the Group accounts.

11. Related parties
Transactions with wholly owned subsidiaries of the Solid State PLC Group are not disclosed and there were no other related party transactions identified that require disclosure.

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