

29 June 2026

**Solid State plc**

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

**Final Results**

**Analyst Briefing & Investor Presentation**

***'Strong growth across all key metrics  
and well positioned to deliver on market opportunities'***

Solid State plc (AIM: SOLI), the specialist value added component supplier and design-in manufacturer of computing, power, and communications products, announces its final results for the 12 months ended 31 March 2026 ('FY25/26' or the 'Period').

**Highlights in the Period include:**

	<b>2026</b>	<b>2025</b>	<b>Change</b>
Revenue	£154.1m	£125.1m	23.2%
Adjusted operating profit	£9.6m	£6.0m	60.0%
Adjusted operating profit margin*	6.2%	4.8%	140bps
Adjusted profit before tax*	£8.6m	£5.0m	72.0%
Adjusted diluted earnings per share	11.0p	6.2p	77.4%
Full year dividend	2.75p	2.5p	10.0%
Cash generated from operations	£13.5m	£10.4m	29.8%

\* Adjusted performance metrics are reconciled in note 30, the adjustments relate to IFRS 3 acquisition amortisation, share-based payments charges and non-recurring charges in respect of acquisition costs, taxation and fair value adjustments.

	<b>2026</b>	<b>2025</b>	<b>Change</b>
Reported operating profit	£6.9m	£1.3m	430.8%
Reported operating profit margin	4.5%	1.1%	340bps
Profit before tax	£5.8m	£0.3m	1833.3%
Diluted earnings per share	7.1p	0.9p	688.9%

	<b>2026</b>	<b>2025</b>	<b>Change</b>
Net debt**	(£4.2m)	(£7.4m)	(43.24%)
ROE	6.5%	0.8%	570bps
ROCE	14.0%	8.7%	530bps
Open order book @ 31 May***	£102.4m	£103.4m	(1.0%)

\*\* Net debt includes cash of £6.6m (2025: £3.5m), bank borrowings of £10.2m (2025: £10.6m) and the fair value of deferred contingent consideration of £0.6m (2025: £0.3m) and excludes the right of use lease liabilities of £5.9m (2025: £6.0m).

\*\*\* 31 May 2026 included no NSPA orders (2025: £19.0m)

**Financial highlights:**

- Performance underpinned by strong demand from the defence and security sector, accounting for c 47% of Group revenue
- Systems division revenue up 47.8% to £62.5m, mainly driven by recognition of a £23.3m communications programme in H1, following delays in the prior year
- Power division revenue up 15.6% to £31.8m, reflecting significant contract wins and improving market conditions
- Components division revenue up 8.1% to £59.8m
- Group gross margins improved 200bps to 33.5%

## Commercial and operational highlights:

- Strengthened Board structure and senior management team driving greater cross-divisional coordination
- Custom Power and Volklec collaboration to deliver end-to-end Sovereign energy solutions for the UK defence sector
- Integrated Computer Systems (ICS) facility now operational and generating revenue while also providing significant additional capacity to support medium-term growth
  - £1.7m DSTL contract win to be delivered from ICS facility
- Steatite secured an initial \$10.8m (£8.0m) communications order for Project CAIN for the British Army
- \$5.2m Follow-on International smart vending IOT contract award from US franchise
- Investment in state-of-the-art near field RF testing chamber in our Antenna facility
- Increasing demand from AI-driven data centres with significant growth expected to continue.
- Phased investments across the Group continuing in FY26/27 underpinned by commercial demand.

## Current trading:

- Initial \$10.8m (£8.0m) shipment of project CAIN completed in Q1 FY26/27
- Open orderbook of £102.4m - Significantly stronger non NATO orderbook providing good revenue visibility
- Board expect to exceed current market expectations for FY26/27<sup>(1)</sup>

## Commenting on the results and prospects, Nigel Rogers, Chairman of Solid State, said:

“The Group has reported a strong performance in FY25/26, with all three divisions delivering year-on-year improvements, supported notably by AI-driven demand and the defence and security market.

“Solid State is well positioned to unlock untapped organic growth and to explore opportunities in adjacent structurally growing markets through a sharpening of customer and market focus, as well as an accelerated pace of investment to strengthen operational depth and scale.

“Recent geopolitical uncertainty combined with Ai data centre demand has created supply chain challenges, bringing both risks and opportunities. The Company’s strong customer relationships position it well to navigate these conditions and capitalise on opportunities.

“Solid State enters FY26/27 in its strongest position for several years and has had a good start to the new financial year. With current trading in line with the Board’s expectations, we expect to exceed current market expectations for FY26/27<sup>(1)</sup>.

“Aligned with this positive outlook statement, I am very pleased to announce that Victor Chavez CBE will be assuming the post of Non-Executive Chairman with immediate effect. He has impeccable credentials to lead the business forward with its ambitious growth plans. I will be supporting through a transitional period until the end of the calendar year.”

<sup>1</sup>The Company considers the average of the most recently published research forecasts prior to this announcement by all providers to be as follows in the table below. We expect these analysts to provide upgraded expectations as a result of this announcement – Cavendish Capital Markets Ltd, Berenberg Capital Markets LLC and Zeus Capital Ltd to represent market expectations for Solid State.

<b>Market Expectations</b>	<b>FY25/26</b>	<b>FY26/27</b>
Revenue	£151.6m	£152.5m
Adjusted profit before tax*	£7.9m	£8.1m

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

## Analyst Briefing: 9.30am today, Monday 29 June 2026

An online briefing for Analysts will be hosted by John Macmichael, Chief Executive, and Peter James, Group Finance Director, at 9.30am today to review the results and prospects. Analysts wishing to attend should contact Walbrook PR on [solidstate@walbrookpr.com](mailto:solidstate@walbrookpr.com) or on 020 7933 8780.

## Investor Presentation: 2.00pm on Tuesday 30 June 2026

John Macmichael, Chief Executive, and Peter James, Group Finance Director; will hold a presentation to cover the results and prospects at 2.00pm on Tuesday 30 June 2026. The presentation will be hosted through the digital platform Investor Meet Company. Investors can sign up to Investor Meet Company for free and add to meet Solid State plc via the following link <https://www.investormeetcompany.com/solid-state-plc/register-investor>. Investors who have already registered and added to meet the Company will automatically be invited.

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

*This announcement contains inside information for the purposes of Article 7 of the UK version of Regulation (EU) No 596/2014 which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended ("MAR"). Upon the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.*

**For further information please contact:**

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**Analyst Research Reports:** For further analyst information and research see the Solid State plc website:

<https://solidstateplc.com/research/>

**Notes to Editors:**

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

The Company has a core focus on integrated computing and vision systems, high performance antenna and radio communications systems, battery power solutions, and electronic components.

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

Solid State plc is headquartered in Redditch, UK, and employs over 475 people around the world. The business has seven production facilities in the UK and one in the USA. In total, including all office locations, the Group operates from 13 national and international sites.

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

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

Introduction to Solid State - [https://youtu.be/1M\\_Q\\_B1mYic](https://youtu.be/1M_Q_B1mYic)

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

# Chair's Statement

## Introduction

In my final year as Chair, I am pleased to report that the Group delivered a strong finish to FY25/26, with revenue and adjusted diluted earnings per share significantly ahead of both the prior year and the expectations we held at the start of the year. The Group has also strengthened its capability and capacity, positioning it well for improved performance in the years ahead as we continue to make significant progress towards delivering our vision.

This result reflects the strength and resilience of our business model, the breadth and depth of our customer relationships, and the early benefits of the strategic, operational and structural initiatives implemented over the past two years.

This performance was achieved against the backdrop of the deeply sad loss of our Chief Executive, Gary Marsh, following a short illness. Gary led Solid State for more than 20 years and helped shape the Group's culture over nearly four decades of service. It is a testament to his leadership and legacy that he left behind a strong business and a talented leadership team, enabling a smooth transition as John Macmichael seamlessly assumed leadership of the Group.

## Strategy

The year has been defined by two themes: focus and pace. Our strategic priorities remain unchanged, but have been focused to the following four core priorities:

- deliver multi capability programmes at scale,
- build longer term revenue visibility,
- expand capabilities with discipline; and,
- actively promote group capabilities

This has resulted in greater divisional accountability, sharpening our customer and market focus, as well as an accelerated pace of investment to strengthen operational depth and scale.

## Performance

Trading momentum built throughout the year. Following a strong first half, enhanced by delivery of the major NSPA communications programme that had been delayed from FY24/25, performance continued to be strong in the second half, with all divisions outperforming.

The Group delivered revenue of £154.1m (FY24/25: £125.1m), adjusted diluted earnings per share of 11.0p (FY24/25: 6.2p), and reduced net debt to £4.2m (FY24/25: £7.4m), reflecting strong progress towards our goal of delivering at least 20p adjusted earnings per share by 2030.

Organic growth improved utilisation across our facilities, enabling the Group to benefit once again from operational gearing. Adjusted operating margin grew from 4.8% to 6.2%.

## Structure

A critical step in improving organisational focus was the separation of the Power business from Systems to create a third division, as announced with the FY24/25 results.

The changes implemented over the past two years reflect the scale the Power division has achieved and the distinct commercial and operational characteristics of the battery business. It also recognises the importance of clear divisional accountability within a dedicated leadership structure with direct visibility to the Board. Looking ahead to FY26/27, the final phase of this process will be to align the legal, operational and support structures to optimise operational efficiency across the division.

The increased focus and visibility have contributed to improved performance, more proactive management, targeted investment and a clearer strategic narrative for shareholders.

## Collaboration

We continue to manage the Group as a cohesive organisation through harmonised branding, shared sales channels and an Executive structure that brings divisional leaders together.

The Group benefits from an enviable, world-class customer base to whom we can deliver greater value by providing a broader range of our capabilities, technologies, systems and solutions. This creates significant opportunities for organic growth as we work to capitalise on the untapped potential within our existing blue-chip customer relationships.

Greater cross-skilled collaboration is driving a more integrated customer proposition, with emerging benefits including high quality orders secured during the latter part of the year and the strength of the design-in pipeline.

## Market drivers

Our resilience is underpinned by the diversity of our products and services, the geographic breadth of our operations, and our exposure to a range of structurally growing end markets. We continue to focus the Group on our priority markets where our technology is highly valued, clearly relevant and supported by long-term demand drivers.

These markets are: defence and security, transport, medical, and industrial automation & AI. The defence and security market is seeing governments on both sides of the Atlantic increasing spending with the UK Strategic Defence Review and broader NATO commitments supporting a multi-year demand outlook. Aerospace, transportation and medical markets require accreditations such

as AS9100 and ISO13485, which create significant barriers to entry for our competitors. Industrial automation and AI have strong demand for data centre infrastructure, edge computing, and autonomous applications creating attractive growth opportunities in both the near and medium term.

### **The Board and governance**

The structure and composition of the Board evolved during the year and was strengthened by the appointment of Victor Chavez CBE as Non-Executive Deputy Chair on 1 January 2026.

Victor brings more than 35 years of experience across the defence, aerospace and security sectors. He served as Chief Executive of Thales UK for almost a decade, leading major defence and security programmes across the UK and allied nations, also working closely with the UK Ministry of Defence on industrial strategy, capability management, technology and acquisition. His sector expertise, technology background and track record of growing complex businesses are closely aligned with the Group's strategic priorities.

Victor's appointment forms part of a broader, planned succession process under which he will assume the role of Chair with immediate effect. I have indicated my intention to retire from the Board after completing the agreed handover period at the end of the year. During the seven years that I have served on the Board, the Group's operating businesses have flourished, and its Board composition, governance structure and strategic goals have been transformed. I am pleased to pass oversight of this process to Victor as the incoming Chair and have every confidence that he will continue to guide the Group to further success.

The strength and depth of both the Board and the Executive team have been instrumental in managing the impact of the loss of Gary Marsh with minimal disruption to the business. John Macmichael was appointed Chief Executive on 26 March 2026.

John accepted an interim CEO role last November following Gary's sad passing. He provided immediate stability and confidence to the Company and its stakeholders. Since then, he has shown great leadership to the senior team and has embraced the development of the Group strategy.

John has over 30 years of leadership in the electronics industry and has led the Components division for 20 years. Having been a member of the Board since 2010, John is considered the right person to lead the Group on its next growth phase with the support of an experienced and stable Executive team.

Further details on governance, including changes to committee membership during the year, are set out in the Corporate Governance Report.

### **Dividend**

The Board remains committed to delivering returns to shareholders, including through the payment of dividends. Reflecting the recovery in earnings during FY25/26, the Directors are proposing a final dividend of 1.83p per share (FY24/25: 1.67p), resulting in a full-year dividend of 2.75p per share (FY24/25: 2.5p), covered 4.0 times by adjusted earnings (FY24/25: 2.5 times).

The Board intends to maintain a progressive dividend policy aligned with earnings growth.

The final dividend is subject to shareholder approval at the AGM on 15 September 2026. If approved, it will be paid on 29 September 2026 to shareholders on the register at the close of business on 18 September 2026. The shares will be marked ex-dividend on 17 September 2026.

### **Outlook**

Solid State enters FY26/27 in its strongest position for several years. The Group has had a good start to the new financial year with current trading in line with the Board's expectations, and we expect to exceed current market expectations for FY26/27.

AI-driven demand and the defence and security market continue to be principal external disciplined growth drivers. Against a backdrop of heightened global tensions, governments are increasing both defence and security spending. This is leading to growing demand for our technologies and capabilities from both new and existing customers. We are approaching these opportunities with a strong sense of responsibility, focused on supporting our customers effectively while maintaining rigorous oversight of risk, governance and compliance.

We are designing and delivering at pace and remain optimistic, despite the macroeconomic impacts of regional conflicts, tariffs, trade policy volatility and supply-side constraints arising from AI-driven component demand. The Directors continue to manage these factors pro-actively in collaboration with both customers and suppliers.

We also recognise that delays to the publication of the UK Defence Investment Plan have created uncertainty around the timing of expected defence spending translating into contracted programmes, which may affect the pace of order book growth and the timing of associated revenues in the period ahead. Defence and security spending in other international markets continues to drive opportunity.

Revenue visibility for FY26/27 is positive. Order intake at the end of FY25/26 and during Q1 FY26/27 has been strong. The open order book at 31 March 2026 was £106.6m and included the initial NSPA Project CAIN order of £8.0m, shipped during Q1 FY26/27. The open order book at the end of May remained broadly stable at £102.4m. The majority of the current order book is expected to be delivered over the next 18 months, subject to supply chain availability.

Acquisitions remain an important part of our strategy. Near-term acquisition activity is likely to be focused on attractive bolt-on opportunities as management focuses on important organic growth opportunities.

The Board's 2030 ambition is to grow the Group's sustainable performance level to at least 20p of Adjusted earnings per share. We are confident we remain on track to deliver this through continued organic growth, improved facility utilisation, and further operational gearing benefits, combined with increasing the proportion of higher-quality earnings over time.

On behalf of the Board, I would like to thank our customers, partners, shareholders and, above all, our employees for their commitment, resilience and adaptability during a year of significant challenge and change.

**Nigel Rogers**

Non-Executive Chair

# Chief Executive Officer's Review

## My new role and ambition for the Group

I am grateful to the Board for confirming my appointment as Chief Executive on 26 March 2026, having stepped into the role following the sad passing of Gary Marsh.

I have been with the Group for over 20 years, most recently leading our Components division. In taking on the role of Group Chief Executive, I am supported by a strong and experienced Executive Board, with Jon Baxter stepping up to lead the Components Division.

It is my firm belief that the Group has the leadership, talent, skills, products and world-class technologies necessary to deliver a milestone of £250m revenues by 2030.

## Strategy

Our strategy has not fundamentally changed. We are building on the strong foundations Gary established, which gives me confidence that we will deliver on our 2030 goal of at least 20p of sustainable adjusted earnings per share as we realise the Group's potential and value for all stakeholders.

I do, however, believe that the Group has "the capability to deliver more together" by bringing greater clarity, alignment and an accelerated pace to the way we operate, while moving the business up the value chain.

This will be driven through enhanced "Communication, Collaboration and Cooperation", our "3Cs", that define how we work together to enable us to deliver on our go-to market ambition to offer customers our technologies across "Products, Projects and Programme partnership", our "3Ps".

## Group Technology Office

A clear technology direction is essential to convert projects into products and establish customer relationships where we are a valued partner on larger programmes.

Chris Beynon serves as Group Chief Technology Officer ("CTO"). The CTO Office is co-ordinating the development and governance of the Group's intellectual property and know-how, while also defining and overseeing the technology roadmap across the business.

## Commercial Project Office

To translate the 3Cs and 3Ps into commercial outcomes, we established a Commercial Project Office ("CPO") during FY25/26.

The CPO is an internal working name for a small, focused team that coordinates and maximises collaborative opportunities with key Group-wide accounts across all divisions. The office acts as a sales force multiplier at the Group level, working in conjunction with the CTO and divisional sales leaders, to pursue opportunities that individual divisions could not address independently.

The team is led by Matthew Richards, our Chief Relationship Officer ("CRO"), and brings together commercial, technical and administrative expertise from across the Group's UK and US operations. The initial focus is on a defined group of high-potential accounts where the breadth of the Group's combined capability is under-represented today.

## Overall performance

I am pleased to report a strong finish to FY25/26. Group revenue increased to £154.1m (FY24/25: £125.1m), representing year-on-year growth of 23.2%. Group margins were improved, with adjusted profit before tax rising to £8.6m (FY24/25: £5.0m).

All three divisions delivered improved year-on-year performance, supported by strong demand for AI data centre infrastructure and defence and security applications. The strong first half benefitted from the delivery of the major NSPA communications programme delayed from FY24/25, while the second half saw all three divisions outperform after an upturn in trading momentum.

Activity increased across the antenna and integrated computer systems (ICS) facilities alongside strong operational delivery and order intake within the Power division.

As Chief Executive, I focus on four key financial measures to assess progress against our objectives of delivering disciplined growth, higher-quality earnings and stronger returns on capital employed. The measures are revenue, adjusted diluted earnings per share, return on capital employed and net debt.

Adjusted diluted earnings per share for FY25/26 were 11.0p (FY24/25: 6.2p). Return on capital employed was 14.0% (FY24/25: 8.7%), while net debt at 31 March 2026 reduced to £4.2m (FY24/25: £7.4m).

Encouragingly, the Group made progress across all these key measures during the year as we continue to execute on our strategy.

## Divisional commentary, first reporting under three divisions

As outlined in the Chair's Statement, a significant development during FY25/26 was the establishment of Power as a separate third reporting division alongside Systems and Components.

## Power

Power delivered the strongest year-on-year improvement of any division, validating the management reorganisation and phased investment programme initiated in FY23/24. The integration of the UK and US operations under a single global leadership team, exiting from low-margin commoditised business and a sharper focus on differentiated engineering applications all contributed to this improved performance.

Demand for our battery power technologies and systems has grown across a range of un-crewed applications, including unmanned aerial vehicles (“UAVs” or drones), autonomous underwater vehicles (“AUVs”), robotics and unmanned ground vehicles (“UGVs”).

This strong demand has been underpinned by significant new and emerging defence opportunities, which saw the division secure circa \$20m of new orders in the last four months of the financial year.

### **Systems**

Systems delivered a strong performance during the year. Adoption of the Persistent Systems communications ecosystem and our associated technology solutions continued to build, supporting strong equipment sales under the NSPA framework programme.

In Q1 FY26/27 we delivered the initial \$10.8m (£8.0m) order under Project CAIN, a multi-year programme for the British Army, which provides a strong platform for follow-on revenues, training and through-life support opportunities over the coming years.

Beyond communications, we also experienced increasing demand for our RF antenna and ICS capabilities. Our new ICS facility, which opened during the year, is now operational and generating revenue while also providing significant additional capacity to support medium-term growth. We have also purchased a new state-of-the-art near field RF testing chamber in our Antenna facility to add capacity and the ability to test to higher frequencies.

As commercial opportunities continue to develop, we will invest further in expanding our ICS and RF capabilities and capacity. This will ensure that these business units can scale effectively to meet evolving customer needs and realise their growth potential.

### **Components**

Components delivered strong year-on-year improvement despite market conditions remaining challenging for much of the year.

Demand in the medical and defence sectors has been strong, particularly for certain power-related products driven by AI-associated data centre investment, more than offsetting softness in other areas of the industrial market.

Against this backdrop, we are encouraged by the number of new design wins secured in both the UK and the US. The contribution from our own-brand products, including Durakool and Gateway, supported margins cemented by the continued strength of our franchise relationships.

During the latter part of FY25/26, and continuing into FY26/27, lead times and pricing for certain components, initially memory products, began to increase significantly. This has been driven by substantial AI data centre-related demand alongside broader geopolitical instability. We are working proactively with customers to manage the potential impact, while also seeking to capture commercial opportunities arising from these market conditions.

### **Operations**

Operationally, FY25/26 was a year where previous investments in capability and capacity were brought online.

#### **Expanded capacity within Systems**

The ICS facility is now operational and generating revenue. At our expanded Active Silicon site, the fit-out of additional space has enabled the consolidation of Active Silicon Imaging into a single facility. We have also made initial investments in the antenna manufacturing capability to support growing Tier-1 customer demand. This sits alongside phased investments across our Power facilities, including new battery pack testing rooms, automation, ESD flooring, upgraded welding equipment and enhanced cell-sorting capability.

#### **Sovereign capability**

Our UK and US production footprint remains one of the Group’s most important strategic assets. As governments and customers increasingly prioritise sovereign supply chains to produce critical electronics and systems, our ability to manufacture in both geographies has evolved from a competitive advantage into a significant commercial differentiator. This shift is reflected in the Custom Power and Volklec UK collaboration, announced during H1, to deliver a sovereign end-to-end energy solution for the UK defence sector, as well as in the broader localisation of our antenna and power capabilities within the US market.

#### **Supply chain**

Supply chain resilience remains a key operational priority. We are continuing to diversify the supply chain for our own-brand products by establishing non-China secondary sources for subcontract manufacturing.

#### **Markets and business development**

Our market focus remains centred on sectors where our technologies have clear relevance and customer demand is supported by long-term structural drivers: defence and security, medical and transport, and industrial and AI. We expect defence to continue to provide the strongest near-term growth opportunities. However, we remain committed to maintaining a diversified market presence by pursuing opportunities across our other target sectors, where our engineering expertise continues to be highly valued. One such example is energy storage and power switching for AI-driven data centres, where we are experiencing significant growth that we expect to continue over the coming years.

#### **People and talent**

The strength and depth of our leadership team has been the single most important factor in delivering FY25/26 performance. The succession planning established by Gary Marsh, the creation of an Executive Board reporting to the Group Board and the deliberate investment in the next generation of leadership all proved their value during the year.

The Executive Board structure is operating as intended, enabling greater cross-divisional coordination, stronger succession planning and a consistent leadership approach across the Group.

During FY25/26, we further strengthened the senior management team through a combination of new appointments and internal promotions, reinforcing both divisional leadership and the specialist functions that support Group growth. Recent senior appointments and promotions include:

- **Jon Baxter**, Divisional Managing Director, Components division
- **Dave Crossman**, Divisional Managing Director, Power division
- **Steve Soto**, Head of Operations – Custom Power USA
- **Peter Molyneux**, Business Development Director – Systems – Integrated Computing Systems BU
- **Carl Mellings**, Head of Operations – Systems – Integrated Computing Systems BU
- **Brian O’Connell**, General Manager – Systems – Active Silicon BU
- **David Brooks**, General Manager – Systems – Antennas BU
- **Chris Beynon**, Group CTO – Group CTO Office

These appointments complement the establishment of a General Management structure within the Systems business units and the ongoing strengthening of teams across key support functions including Engineering, Quality, HR, Finance, IT, Health and Safety, and Project Management.

Our internal recruitment function, established during the year, sourced 78% of all new hires during the financial year, without the need for external agencies, thus demonstrating the growing effectiveness in our talent acquisition capability.

### **Acquisitions**

Our approach to M&A continues to be focused and disciplined. We pursue acquisitions to deliver against our strategic priorities where it presents a lower-risk approach than organic investment can provide.

Our acquisition pipeline remains active, with current attention centred on antenna-related opportunities that would expand and strengthen our existing RF manufacturing capabilities.

In the near term, we expect activity to be focused on modest, strategically aligned bolt-on acquisitions. Larger strategic transactions remain part of the Group’s longer-term toolkit; however, given the strength of the organic opportunities currently available, they are not an immediate priority.

We continue to apply our established financial framework rigorously when evaluating potential targets, prioritising transactions that are preferably earnings enhancing in the first year, strategically and culturally aligned and supported by a clear plan for post-acquisition value creation.

### **Outlook**

In the year ahead we will continue operating more cohesively as a Group through the principles of the 3Cs. Where appropriate, we are working to harmonise systems and processes that have historically operated at a divisional level, enabling us to unlock untapped opportunities for further organic growth. Our divisional structure with associated technology offering, leadership team and operating model are aligned to the markets seeing strong demand.

Opportunities within the medical and industrial automation markets are increasingly driven by AI adoption, data-driven efficiency, edge computing and the supporting infrastructure. These advances are all relevant to Solid State’s technology offering, providing strong near and mid-term growth opportunities across all three divisions.

We continue to monitor the timing of the UK Defence Investment Plan (“DIP”), the publication of which is expected soon. This will underpin the mid-term step-up in defence spending set out in the strategic defence review. The emphasis on improving the efficiency and effectiveness of the armed forces by increased use of autonomous technologies creates an increasing need for enhanced communications, signal intelligence and secure computing and data processing. This adjustment is fully aligned to the Group’s technological capabilities, meaning we are well placed to benefit from this transformation.

Defence and security is expected to remain the strongest demand environment where continued broader adoption of the Persistent Systems communications platform will continue to drive increased opportunities for higher-quality recurring revenue streams as well as the initial product supply. The enhanced capabilities and increased capacity across our ICS and antenna business units also offer world-class engineered technology systems into the defence and security market.

In recent months, lead times for certain components have begun to extend, driven by strong AI-related demand and broader geopolitical instability. As a result, the supply chain is expected to continue to present some operational challenges in the year ahead with memory and semiconductor pricing increases and lead times extending, producing both a potential risk and an opportunity.

Our strong customer and supplier relationships mean we are well placed to mitigate and manage these challenges and realise the commercial opportunities that will arise. We are managing these challenges proactively in collaboration with customers, maintaining strategic inventory holdings where appropriate.

### **Current trading**

We have had a strong start to the year with the initial shipment of project CAIN completed in Q1, such that current trading is in line with the Board’s expectations.

Order intake towards the year end and during the first quarter of FY26/27 has been strong. The open order book at 31 May 2026 of £102.4m provides good revenue visibility, giving the Board confidence that we expect to exceed current market expectations for FY26/27.

We have considerable work ahead, however the strategic direction is clear, the organisation is in very good shape and the building blocks of long-term, higher-quality earnings are in place. I am grateful to colleagues across the Group for their commitment during a year of considerable change, and to our customers, partners and shareholders for their continued support.

**John Macmichael**

Chief Executive Officer

## Chief Financial Officer's Review

### Revenues

Group revenue increased by 23.2% to £154.1m (FY24/25: £125.1m), marginally ahead of the upgraded market consensus for the year. Excluding the £2.3m impact of prior year acquisitions and adjusting for constant currency headwinds of £4.8m, organic revenue growth was 25.3%, representing an increase of £31.5m.

Performance during the year was underpinned by strong demand from the defence and security sector, which accounted for approximately 47% of Group revenue.

The Systems division reported revenue of £62.5m (FY24/25: £42.3m). All business units within the division delivered growth; however, the principal driver was the recognition of £23.3m of communications programme revenue in the first half, following delays to delivery in FY24/25. Excluding this programme, the division continued to benefit from strong demand across its defence, security and critical communications markets.

The Power division delivered revenue growth of 15.6% to £31.8m (FY24/25: £27.5m), reflecting both significant programme wins and improving market conditions. This performance demonstrates the benefits of the investments made over recent years to strengthen divisional leadership and operational expertise combined with enhancing our engineering and manufacturing capabilities. Prior year revenue was adversely impacted by the planned exit of a significant low-margin contract and by customer inventory destocking.

The Components division benefitted from improving market conditions, with revenue increasing by 8.1% to £59.8m (FY24/25: £55.3m). In addition to the wider market recovery, the division secured several important new wins in the United States towards the end of the year. Demand was particularly strong for communications modules used in industrial IoT applications and power switching products supporting the build-out of AI-related data centre infrastructure. These trends reflect the division's growing exposure to structurally attractive end markets and provide a positive platform for future growth.

### Gross profit

Group gross margin increased to 33.5% (FY24/25: 31.5%), reflecting improved product-level margins. As a result, gross profit increased by 31.3% to £51.6m (FY24/25: £39.3m).

The Systems division delivered a gross margin of 38.7% (FY24/25: 39.7%), generating gross profit of £24.2m (FY24/25: £16.8m). Strong growth in the antenna, integrated computing and vision systems business units helped to largely offset in part the dilutive mix effect of higher-volume communications programme deliveries. The division is seeing the early benefits of investments made in the integrated computer systems ICS and Active Silicon facilities, enhancing capability, capacity and operational efficiency. When combined with the investment in our Antennas facility in the year and year ahead, these facilities will be well placed to deliver further growth in higher quality, sustainable revenue streams across the division.

The Power division increased gross margin to 35.8% (FY24/25: 31.6%), generating gross profit of £11.4m (FY24/25: £8.7m). This improvement reflects stronger operational execution and the successful replacement of lower-margin business exited in the prior year with higher value-added programmes, particularly in the US defence and security market for autonomous applications.

The Components division generated gross profit of £16.0m (FY24/25: £13.8m), with gross margin increasing to 26.8% (FY24/25: 25.0%). The improvement reflects a return to more normalised trading margins following the reorganisation completed in the prior year. The division remains focused on growing the business to realise operational gearing benefits and increasing the proportion of value-added and own-brand products within its portfolio to support further margin enhancement over the medium term.

### Sales, general and administration expenses

Sales, general and administration ("SG&A") expenses increased at £44.7m (FY24/25: £38.0m). The adjusted SG&A costs have increased to £42.0m (FY24/25: £33.3m).

The significant increase of £8.7m is primarily driven by an investment in employee-related costs to enhance operational and engineering capabilities across Power and Systems combined with additional facility overheads associated with the new ICS facility. This includes recognition of circa £3.3m in variable performance-related overhead (FY24/25: £Nil) due to improved performance.

Depreciation, amortisation and impairment for the year totalled £6.1m, down from £8.0m in the prior year reflecting the impact of the one-off impairment in the prior year and continued investment in capabilities that are now online.

### Operating profit

The Group benefitted significantly from revenue growth during the year, resulting in improved operational leverage and profitability. Adjusted operating profit increased by 60.0% to £9.6m (FY24/25: £6.0m), with adjusted operating margin increasing to 6.2% (FY24/25: 4.8%).

The Systems division delivered adj. operating margins of 14.3% (FY24/25: 13.0%), driven by the strong contribution from communications programme revenues. Impacting adversely in the Period is the lower utilisation at the new ICS facility and ongoing investment in expanding the Group's RF antenna capabilities ahead of anticipated revenue growth.

These investments support future growth with Tier-1 defence and security customers. Although they create a short-term margin headwind as utilisation ramps up, they underpin medium-term revenue growth and margin expansion.

The Power division delivered adj, operating margins of 5.3% (FY24/25 1.0%). The improvement reflects the reorganisation and management focus over the last two years. Components divisions adj. operating margins remained broadly flat at 4.0% (FY24/25: 4.1%) with the foundations being laid and a market recovery, the division is well positioned to realise improvements in the year ahead.

Under the UK R&D tax relief regime, the Group qualifies as a large company and recognises a Research and Development Expenditure Credit ("RDEC") income within operating profit. During the year, operating profit included an RDEC benefit of £0.3m (FY24/25: £0.54m). These development programmes remain central to the Group's strategy of increasing higher-value, differentiated revenue streams.

Reported operating profit increased to £6.9m (FY24/25: £1.3m). Further details of adjusting items are provided in Note 30.

The Group remains committed to disciplined investment in areas with attractive medium-term growth prospects. Key priorities include increasing utilisation of the ICS facility, expanding the RF antenna production capacity and continuing to scale the Power division in line with secured customer demand.

As a result, the Group expects to continue investing ahead of revenue growth in FY26/27. While this is expected to moderate short-term margin progression, the Board anticipates operating margins will remain broadly stable as the business positions itself to deliver sustainable growth and enhanced profitability over the medium term.

#### **Profit before tax**

Adjusted profit before tax increased by 72.0% to £8.6m (FY24/25: £5.0m), reflecting the strong revenue growth, improved margins and the operational gearing inherent within the Group's business model. Performance was ahead of the revised market consensus expectations.

Reported profit before tax increased to £5.8m (FY24/25: £0.3m), after adjusting items of £2.8m (FY24/25: £4.7m). These comprised the amortisation and impairment of acquisition-related intangible assets, share-based payment charges and restructuring costs. The lower level of adjusting items compared with the prior year further demonstrates the improving quality of the Group's earnings profile.

#### **Profit after tax**

The underlying effective tax rate in FY25/26 is 26% (FY24/25: 29%).

The effective tax rate has reduced slightly due to the recognition of previously unrecognised US losses. The reported tax charge reflects the tax payable on the increased profitability. We benefit from share option tax deductions and enhanced tax allowances, resulting in a tax expense for the year of £1.8m (FY24/25: £0.2m credit).

Adjusted profit after tax was £6.3m (FY24/25: £3.6m). The profit after tax was £4.1m (FY24/25: £0.5m).

#### **EPS**

Adjusted fully diluted earnings per share for the year ended 31 March 2026 is 11.0p (FY24/25: 6.2p). Statutory fully diluted earnings per share is 7.1p (FY24/25: 0.9p).

#### **Dividend**

The Board is proposing a final dividend of 1.83p (FY24/25: 1.67p) for approval at the Annual General Meeting, giving a full-year dividend of 2.75p (FY24/25: 2.5p) as set out in the Chair's Statement.

#### **Cash flow from operations**

Cash generated from operations increased to £13.5m (FY24/25: £10.4m), reflecting the strong trading performance during the year and the significant communications programme billings recognised in the first half. Adjusted operating cash conversion remained robust at 141% (FY24/25: 173%), demonstrating the Group's ability to convert earnings into cash.

Working capital saw a modest outflow during the year. Increased inventory holdings, primarily to support the initial CAIN programme deliveries scheduled for Q1 FY26/27, was mitigated in part by a reduction in trade receivables.

Cash tax payments were £2.4m (FY24/25: £2.6m). Tax payments in the United States remained relatively modest, benefitting from the availability of tax deductions associated with the amortisation of locally recognised goodwill.

#### **Investing activities**

During the year, the Group invested £2.7m (FY24/25: £2.3m) in property, plant and equipment and £1.2m (FY24/25: £1.2m) in software and development-related intangible assets.

Capital expenditure was focused on enhancing capacity and capability across the Group. Investments included approximately £0.6m in the Components division, £0.4m in the Power division and £1.7m in the Systems division. Within Systems, expenditure was primarily directed towards the continued development of the ICS facility, the consolidation of Active Silicon operations onto a single site and the expansion of RF antenna testing capabilities.

The Group also paid £0.2m of deferred consideration relating to the acquisition of Q-PAR USA. Following the continued strong performance of the antenna business unit, the Group has increased its estimate of contingent consideration payable, with a liability of £0.6m recognised at the year end.

There were capital commitments outstanding at the balance sheet date at £0.5m (FY24/25: £0.2m). Looking ahead, the Group expects to continue investing in its ICS and RF antenna facilities to support future growth opportunities. Consistent with a disciplined approach to capital allocation, investment will remain closely aligned to the conversion of identified commercial opportunities. As a result, the Group anticipates capital expenditure could be in excess of £7.5m over the next two financial years.

## **Financing activities**

The Group invested £0.2m (FY24/25: £0.5m) in the purchase of its own shares for treasury.

Financing activities included a net repayment of borrowings of £0.5m (FY24/25: £2.5m net drawdown) and lease payments of £1.4m (FY24/25: £1.3m). As a result of lower average borrowings and reduced interest rates, net finance costs decreased to £0.6m (FY24/25: £0.9m).

The Group remains committed to a progressive dividend policy aligned to underlying performance. Dividend payments during the year totalled £1.5m (FY24/25: £2.1m), reflecting the lower level of profitability reported in FY24/25. Consistent with the improved financial performance delivered in the current year, the Board has proposed an increased dividend, as detailed in the Chair's Statement.

## **Statement of financial position**

The Group ended the year with net assets of £63.3m (FY24/25: £61.5m). The increase reflects retained profits generated during the year, partially offset by dividend payments of £1.5m and adverse foreign exchange translation movements of £0.7m recognised in reserves.

Inventory increased to £30.5m (FY24/25: £28.2m), primarily reflecting the build-up of Systems communications inventory ahead of the scheduled delivery of Project CAIN in Q1 FY26/27. This build offsets the continued inventory reductions within the Components and Power divisions.

Looking ahead, ongoing supply chain constraints affecting memory and certain semiconductor products are expected to require further strategic inventory investment to support customer demand and maintain supply chain resilience. This investment is expected to offset the working capital unwind which will arise from shipping the project CAIN inventory.

Trade receivables reduced to £20.2m (FY24/25: £21.6m), reflecting improved collections and continued focus on working capital management.

Trade payables remained stable at £17.0m (FY24/25: £17.0m), while contract liabilities increased to £6.3m (FY24/25: £5.8m), reflecting customer advances received on future programme deliveries.

The Group continues to utilise advance purchasing where appropriate to secure supply of critical components, supported by long-standing customer and supplier relationships that help manage working capital requirements effectively.

Lease liabilities remained broadly unchanged at £5.9m (FY24/25: £6.0m).

The Group's strong balance sheet, robust cash generation and established banking relationships continue to provide significant financial flexibility. During the year, the Group refinanced its borrowing facilities, establishing a two-bank syndicated revolving credit facility comprising a committed £15.0m facility, a further £10.0m accordion option and access to a potential £5.0m short-term overdraft facility with Lloyds and Comerica. The enhanced facility strengthens liquidity, funding flexibility and support for the Group's growth strategy.

Strong cash generation during the year resulted in a further reduction in net debt to £4.2m (FY24/25: £7.4m). Year-end net debt comprised cash balances of £6.6m, offset by borrowings of £10.2m and deferred consideration of £0.6m.

## **Peter James**

Chief Financial Officer

**Consolidated statement of comprehensive income  
FOR THE YEAR ENDED 31 MARCH 2026**

	Note	2026 £'000	2025 £'000
Revenue	3, 31	154,144	125,064
Cost of sales		(102,528)	(85,737)
<b>Gross profit</b>		<b>51,616</b>	<b>39,327</b>
Sales, general and administration expenses		(44,669)	(37,993)
<b>Operating profit</b>	4	<b>6,947</b>	<b>1,334</b>
Finance costs	6	(1,102)	(1,014)
<b>Profit before taxation</b>		<b>5,845</b>	<b>320</b>
Tax (expense)/ credit	7	(1,757)	192
<b>Adjusted profit after taxation</b>		<b>6,337</b>	<b>3,563</b>
Adjustments to profit after taxation	30	(2,249)	(3,051)
Profit after taxation		4,088	512
<i>Items that may be reclassified to profit and loss</i>			
Other comprehensive loss – FX on overseas operations		(673)	(688)
Other comprehensive (loss)/income – taxation	7	(155)	43
Adjusted total comprehensive income		5,664	2,875
Adjustments to total comprehensive income	30	(2,404)	(3,008)
<b>Total comprehensive income /(loss)for the year</b>		<b>3,260</b>	<b>(133)</b>
<b>Earnings per share</b>			
		2026 pence	2025 pence
Basic EPS from profit for the year	8	7.2	0.9
Diluted EPS from profit for the year	8	7.1	0.9

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.

## Consolidated statement of changes in equity FOR THE YEAR ENDED 31 MARCH 2026

For the year ended 31 March 2026

	Share capital £'000	Share premium reserve £'000	Foreign exchange reserve £'000	Other reserves £'000	Retained earnings £'000	Shares held in Treasury £'000	Total £'000
<b>Balance at 31 March 2025</b>	<b>2,854</b>	<b>28,300</b>	<b>(2,203)</b>	<b>(64)</b>	<b>33,147</b>	<b>(538)</b>	<b>61,496</b>
Share-based payment credit	–	–	–	–	224	–	224
Transfer of Treasury shares to AESP	–	–	–	–	(234)	234	–
Dividends	–	–	–	–	(1,470)	–	(1,470)
<b>Transactions with owners in their capacity as owners</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(1,480)</b>	<b>234</b>	<b>(1,246)</b>
Result for the year ended 31 March 2026	–	–	–	–	4,088	–	4,088
Taxation via OCI	–	–	–	–	(155)	–	(155)
Foreign exchange via OCI	–	–	(673)	–	–	–	(673)
<b>Total comprehensive income</b>	<b>–</b>	<b>–</b>	<b>(673)</b>	<b>–</b>	<b>3,933</b>	<b>–</b>	<b>3,260</b>
Purchase of Treasury shares	–	–	–	–	–	(196)	(196)
<b>Balance at 31 March 2026</b>	<b>2,854</b>	<b>28,300</b>	<b>(2,876)</b>	<b>(64)</b>	<b>35,600</b>	<b>(500)</b>	<b>63,314</b>

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
<b>Balance at 31 March 2024</b>	<b>569</b>	<b>30,581</b>	<b>(1,515)</b>	<b>(64)</b>	<b>35,086</b>	<b>(37)</b>	<b>64,620</b>
Issue of new shares	2,285	(2,281)	–	–	–	–	4
Share-based payment debit	–	–	–	–	(375)	–	(375)
Transfer of Treasury shares to AESP	–	–	–	–	–	–	–
Dividends	–	–	–	–	(2,119)	–	(2,119)
<b>Transactions with owners in their capacity as owners</b>	<b>2,285</b>	<b>(2,281)</b>	<b>–</b>	<b>–</b>	<b>(2,494)</b>	<b>–</b>	<b>(2,490)</b>
Result for the year ended 31 March 2025	–	–	–	–	512	–	512
Taxation via OCI	–	–	–	–	43	–	43
Foreign exchange via OCI	–	–	(688)	–	–	–	(688)
<b>Total comprehensive income</b>	<b>–</b>	<b>–</b>	<b>(688)</b>	<b>–</b>	<b>555</b>	<b>–</b>	<b>(133)</b>
Purchase of Treasury shares	–	–	–	–	–	(501)	(501)
<b>Balance at 31 March 2025</b>	<b>2,854</b>	<b>28,300</b>	<b>(2,203)</b>	<b>(64)</b>	<b>33,147</b>	<b>(538)</b>	<b>61,496</b>

**Consolidated statement of financial position**  
**AS AT 31 MARCH 2026**

	Note	2026 £'000	2025 £'000
<b>Assets</b>			
<i>Non-current assets</i>			
Intangible assets	12	34,643	36,968
Property, plant and equipment	10	6,354	5,487
Right-of-use lease assets	11	5,563	6,075
Deferred tax asset	23	1,035	1,458
<b>Total non-current assets</b>		<b>47,595</b>	49,988
<i>Current assets</i>			
Inventories	15	30,502	28,239
Trade and other receivables	16	20,157	21,616
Corporation tax asset		2,392	986
Cash and cash equivalents – available on demand	22	6,568	3,513
<b>Total current assets</b>		<b>59,619</b>	54,354
<b>Total assets</b>		<b>107,214</b>	104,342
<b>Liabilities</b>			
<i>Current liabilities</i>			
Trade and other payables	17	(17,007)	(17,020)
Deferred and contingent consideration on acquisitions – current	17, 21, 22	(365)	(181)
Current borrowings	19, 21, 22	(17)	(8,634)
Contract liabilities	18	(6,278)	(5,847)
Corporation tax liabilities		(145)	(229)
Lease liabilities	20	(1,222)	(1,402)
Provisions	24	(1,014)	(190)
<b>Total current liabilities</b>		<b>(26,048)</b>	(33,503)
<i>Non-current liabilities</i>			
Non-current borrowings	19, 21, 22	(10,142)	(1,935)
Deferred and contingent consideration on acquisitions – non-current	21, 22	(270)	(161)
Provisions	24	(985)	(1,098)
Deferred tax liability	23	(1,784)	(1,548)
Lease liabilities	20	(4,671)	(4,601)
<b>Total non-current liabilities</b>		<b>(17,852)</b>	(9,343)
<b>Total liabilities</b>		<b>(43,900)</b>	(42,846)
<b>Total net assets</b>		<b>63,314</b>	61,496
Share capital	25	2,854	2,854
Share premium reserve	26	28,300	28,300
Other reserves	26	(64)	(64)
Foreign exchange reserve	26	(2,876)	(2,203)
Retained earnings	26	35,600	33,147
Shares held in Treasury	26, 27	(500)	(538)
<b>Total equity</b>		<b>63,314</b>	61,496

The financial statements were approved by the Board of Directors and authorised for issue on 26 June 2026 and were signed on its behalf by:

**J L Macmichael**  
Director

**P O James**  
Director

## Consolidated statement of cash flows FOR THE YEAR ENDED 31 MARCH 2026

	Note	2026		2025	
		£'000	£'000	£'000	£'000
<b>Operating activities</b>					
Profit before taxation			5,845		320
Adjustments for:					
Property, plant and equipment depreciation			1,711		1,407
Right-of-use asset depreciation			1,474		1,114
Amortisation of intangible assets			2,896		2,758
Impairment of intangible assets			–		2,734
Remeasurement of deferred contingent consideration			505		–
(Profit) / loss on disposal of assets			(20)		56
Share-based payment expense/(credit)			224		(375)
Finance costs			1,102		1,014
Profit from operations before changes in working capital and provisions			13,737		9,028
Increase in inventories		(2,415)		(2,712)	
Decrease in trade and other receivables		1,344		9,704	
Increase /(decrease) in trade and other payables		161		(5,650)	
Increase in provisions		713		26	
			(197)		1,368
Cash generated from operations			13,540		10,396
Income taxes paid		(2,414)		(2,565)	
Income taxes received		64		13	
Total taxes paid	7		(2,350)		(2,552)
Net cash inflow from operating activities			11,190		7,844
<b>Investing activities</b>					
Purchase of property, plant and equipment		(2,702)		(2,292)	
Capitalised own costs and purchase of intangible assets		(1,249)		(1,202)	
Proceeds of sales from assets		326		232	
Settlement of deferred consideration in respect of prior year acquisitions	22	(212)		–	
Payments for acquisition of subsidiaries net of cash acquired		–		(2,123)	
Net cash outflow from investing activities			(3,837)		(5,385)
<b>Financing activities</b>					
Repurchase of ordinary shares into Treasury		(196)		(501)	
Borrowings drawn	22	13,425		894	
Borrowings repaid	22	(13,937)		(3,408)	
Principal payment obligations for right-of-use assets	21	(1,406)		(1,327)	
Interest paid		(813)		(1,044)	
Interest received		172		138	
Dividend paid to equity shareholders	9	(1,470)		(2,119)	
Net cash outflow from financing activities			(4,225)		(7,367)
Increase /(decrease) in cash and cash equivalents	22		3,128		(4,908)
			2026		2025
			£'000		£'000
Translational foreign exchange on opening cash			(73)		(24)
Net increase /(decrease) in cash			3,128		(4,908)
Cash at beginning of year			3,513		8,445
Cash at end of year			6,568		3,513

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

	<b>2026</b>	<b>2025</b>
	<b>£'000</b>	<b>£'000</b>
Cash available on demand	<b>6,568</b>	3,513
Net cash and cash equivalents	<b>6,568</b>	3,513

# Notes to the Financial Statements FOR THE YEAR ENDED 31 MARCH 2026

## 1. Accounting policies

Solid State PLC ("the Company") is a public Company limited by shares, 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 ("GBP"), 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 2026, the Directors have considered the Group's cash flows, liquidity and business activities.

At 31 March 2026, the Group has net debt (excluding IFRS16) of £4.2m. During the year 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 committed for three years to 18 May 2028 (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.

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 assessment is in respect of both liquidity and covenant headroom.

This financial modelling is based on the period to 30 September 2027, and has been prepared based on an extension of the budget for FY26/27.

A severe downside scenario assumes a shortfall in Group revenue of ~6% over an 18-month period with limited cost mitigation, resulting in EBITDA reducing by ~22% compared to the Board's base case expectations. Even with this level of reduction to Group EBITDA, and excluding additional cost mitigation actions 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.

### 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 which began on 1 April 2025:

- 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

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 2026 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 as IFRS 18 is a disclosure impacting change. The Group intends to adopt those standards considered relevant when they become effective.

- Amendments to IAS 21, clarifying how companies should translate financial statements from a non-hyperinflationary currency into a hyperinflationary one, effective for annual reporting periods beginning on, or after, 1 January 2026

- 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 9 and IFRS 7 classification and measurement of financial instruments clarifying timing of recognition and derecognition of financial assets, with a new exception for some financial liabilities settled through an electronic cash transfer system, in addition to new disclosures for instruments with financial terms that can change cash flows
- IFRS 18 issued to replace IAS 1, regarding presentation and disclosure in financial statements, effective for annual reporting periods beginning on, or after, 1 January 2027. Early application is permitted and comparatives will require restatement. Although it will not change how items are recognised and measured, the standard focuses on the income statement and reporting of financial performance. It classifies income and expenses into five defined categories: operating, investing, financing, income taxes and discontinued operations with two new subtotals; operating profit and loss and profit or loss before financing and income tax. IFRS 18 also introduces disclosures of management defined performance measures (“MPMs”) and enhances general requirements on aggregation and disaggregation. The impact of the standard on the Group and proposed adoption date is currently being assessed and it is not yet practicable to quantify the effect of IFRS 18 on these consolidated financial statements.

### **Principle of consolidation**

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

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.

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 and electric vehicles 33.3% per annum on a straight-line 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.

## **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.

### **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

### **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.

### **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 been 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 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.

### **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 2026 financial statements, the critical estimation remains the carrying value of goodwill in relation to the Custom Power USA CGU. After a \$3.5m impairment was recognised in FY25. 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, believe that the base case scenario after delivering the FY26 plan continues to support the carrying value of goodwill in this CGU.

### **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 underlying increase in the gross inventory values held, primarily due to a new franchise in the USA and the increased NSPA inventory shipped in Q1. Management have identified a need to increase stock holdings as a result of supply-chain price increases and longer lead-times, so there is an increased risk of inventory becoming excess or obsolete. The absolute provisions have increased by £0.1m 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 decreasing by 0.7%. Excluding the impact of NSPA inventory in both periods, the overall percentage of gross inventory provided has stayed consistent year on year.

### **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 £0.1m of non-recoverable debt in the year compared to £0.4m 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 similar level of provision to FY25 at £0.5m given the continued macro-economic factors impacting our customers. If the Group were to provide for all debt that is overdue according to agreed credit terms, the recognised provision would increase by £0.6m to £1.1m.

#### **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 £1.8m, with the average remaining life ranging from one to six years.

#### **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's submitted R&D claims. The result of this is an RDEC credit of £0.3m (2025: £0.5m) 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 2026, the net current and deferred tax position is an asset of £1.5m (2025: £0.7m asset).

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 £0.4m increase 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 charge of £0.2m in 2026 (2025: credit of £0.4m). This charge primarily relates to the AESP, with 1,027,000 CSOP and LTIP options lapsed in the year as performance conditions were not achieved. A remaining tranche of options have not been lapsed, however the charge reflects an expectation they will not vest as performance conditions are not expected to be met. No LTIP options were issued during the period, with 730,000 issued post year-end.

If the performance were to improve sufficiently to see the options meet the vesting criteria, the share-based payments charge would be circa £0.2m higher.

### 3. Revenue

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

	2026 £'000	2025 £'000
<b>Geography</b>		
United Kingdom	68,648	75,071
Rest of Europe	43,714	14,719
Asia	3,033	3,538
North America	35,523	28,693
Rest of world	3,226	3,043
<b>Total revenue</b>	<b>154,144</b>	<b>125,064</b>
<b>Product</b>		
Computing products	21,925	22,299
Communications products	40,592	19,800
Power products	31,794	29,041
Opto-electronics and electronic components and modules	59,833	53,924
	<b>154,144</b>	<b>125,064</b>

£0.5m (2025: £1.6m) of revenue was recognised over time in proportion to the contractual stage of completion and £153.6m (2025: £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):

	2026 £'000	2025 £'000
Staff costs excluding share-based payments (see Note 5)	32,875	26,877
Share-based payment expense/(credit)	224	(375)
Depreciation of property, plant and equipment	1,711	1,407
Depreciation of right-of-use asset	1,474	1,114
Amortisation of intangible assets	2,896	2,758
Impairment of intangible assets	–	2,734
(Profit)/ loss on disposal of property, plant and equipment	(23)	56
Auditor remuneration - audit fees	308	295
Research and development costs (includes relevant staff costs)	3,195	2,900
RDEC Credit	(259)	(552)
Charge for low value and short-term leases	73	60
Foreign exchange expense	438	108
Stock write-downs (see Note 15)	876	1,827
Acquisition of subsidiaries legal and due diligence	88	81
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-sale expenditures. The impairment of intangible assets has been included in the Sales, general and administration line in the Statement of Comprehensive income.

### 5. Staff costs

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

	2026 £'000	2025 £'000
Wages and salaries	27,485	22,085
Social security costs	3,034	2,374
Pension costs	2,356	2,418
Share-based payment (credit)/ charges	224	(375)
<b>Total staff costs</b>	<b>33,099</b>	<b>26,502</b>

Wages and salaries include termination costs of £86k (2025: £431k).

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

	2026 Number	2025 Number
Selling and distribution	160	168
Manufacturing and assembly	160	170
Management and administration	156	91
	<b>476</b>	<b>429</b>

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.

This senior leadership team includes the Executive Directors. The key management team's compensation, including employer's NI, totals £2,435k (2025: £1,738k). The amount charged in respect of share-based payments for key management personnel is £18k (2025: credit of £308k). The amount charged in respect of defined contribution pension payments for key management personnel is £48k (2025: £92k). Retirement benefits are accruing to four Directors under money purchase schemes (2025: 4).

## 6. Finance costs

	2026 £'000	2025 £'000
Bank borrowings	874	1,027
Interest on lease liabilities	308	113
Imputed interest	92	18
Interest income	(172)	(144)
<b>Total finance costs</b>	<b>1,102</b>	<b>1,014</b>

## 7. Tax expense

	2026 £'000	2025 £'000
<b>Analysis of total tax expense</b>		
Total tax charge / (credit)	1,757	(192)
	<b>1,757</b>	<b>(192)</b>
<b>Current tax expense</b>		
Group corporation tax on profits for the year	1,562	1,163
Adjustment in respect of prior periods	(309)	(142)
	<b>1,253</b>	<b>1,021</b>
<b>Deferred tax expense</b>		
Deferred tax expense charged / (credited) to income statement	504	(737)
Adjustment in respect of prior periods	-	(476)
	<b>504</b>	<b>(1,213)</b>
<b>Total tax charge /(credit) to income statement</b>	<b>1,757</b>	<b>(192)</b>
Deferred tax expense debited /(credited) to other comprehensive income	155	(43)
<b>Total tax charge / (credit) to comprehensive income</b>	<b>1,912</b>	<b>(235)</b>

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:

	2026 £'000	2025 £'000
Profit before tax	5,845	320
Expected tax charge based on the standard rate of corporation tax in the UK of 25% (2025: 25%)	1,461	80
Effect of:		
Expenses not deductible for tax purposes	270	374
Non-taxable credit	-	(59)
Tax difference in relation to share options	173	(222)
Movement in unrecognised tax losses	(125)	258
Adjustments in respect of prior years	(309)	(618)
Other movements	217	-

Overseas tax rate differences	22	(8)
Foreign exchange	48	3
Total tax charge/(credit)	1,757	(192)

The UK corporation tax rate is 25%, effective from 1 April 2023 (2025: 25%). The deferred tax liabilities and assets on 31 March 2026 and comparative figures from 31 March 2025 have been calculated based on the 25% rate.

#### R&D tax credits

The Group recognised a credit of £259k (2025: £552k) within other income in relation to claims made under the Research & Development expenditure credit scheme ("RDEC").

#### 8. Earnings per share

The earnings per share is based on the following:

	2026 £'000	2025 £'000
Adjusted earnings post tax attributable to equity holders of the parent	6,337	3,563
Earnings post tax attributable to equity holders of the parent	4,088	512
Weighted average number of shares	56,915,049	56,826,189
Diluted number of shares	57,464,151	57,487,575

#### Reported EPS

Basic EPS from profit for the year	7.2p	0.9p
Diluted EPS from profit for the year	7.1p	0.9p

#### Adjusted EPS

Adjusted Basic EPS from profit for the year	11.1p	6.3p
Adjusted Diluted EPS from profit for the year	11.0p	6.2p

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

While we disclose "Fully diluted EPS" and "Adjusted EPS" for completeness, these are not considered to be 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.

The total number of vested share options not included in the diluted EPS calculation as they are anti-dilutive is 157,500 and the number of non-vested options not included as they are anti-dilutive is 550,000.

#### 9. Dividends

	2026 £'000	2025 £'000
Prior year final dividend paid of 1.67p per share (2025: 14.5p)	953	1,650
Current year interim dividend paid of 0.92p per share (2025: 0.83p)	525	474
Cancelled dividends on shares held in Treasury	(8)	(5)
	1,470	2,119
Final dividend proposed for the year 1.83p per share (2025: 1.67p)	1,045	953

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 17 September 2026 with the cash payment date 29 September 2026.

#### 10. Property, plant and equipment

Year ended 31 March 2026	Land and buildings £'000	Short leasehold property improvements £'000	Motor vehicles £'000	Fittings, equipment and computers £'000	Total £'000
<b>Cost</b>					
1 April 2025	488	3,775	1,251	7,626	13,140
Foreign exchange	(22)	(2)	–	(30)	(54)
Additions	–	371	296	2,035	2,702
Disposals	–	–	(294)	(448)	(742)
<b>31 March 2026</b>	<b>466</b>	<b>4,144</b>	<b>1,253</b>	<b>9,183</b>	<b>15,046</b>
<b>Depreciation and impairment</b>					
1 April 2025	488	1,740	511	4,914	7,653
Foreign exchange	(22)	(1)	–	(9)	(32)

Charge	–	303	299	1,109	1,711
Disposals	–	–	(197)	(443)	(640)
<b>31 March 2026</b>	<b>466</b>	<b>2,042</b>	<b>613</b>	<b>5,571</b>	<b>8,692</b>
<b>Net book value</b>					
<b>31 March 2026</b>	<b>–</b>	<b>2,102</b>	<b>640</b>	<b>3,612</b>	<b>6,354</b>

Year ended 31 March 2025	Land and buildings £'000	Short leasehold property improvements £'000	Motor vehicles £'000	Fittings, equipment and computers £'000	Total £'000
<b>Cost</b>					
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)
<b>31 March 2025</b>	<b>488</b>	<b>3,775</b>	<b>1,251</b>	<b>7,626</b>	<b>13,140</b>
<b>Depreciation and impairment</b>					
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)
<b>31 March 2025</b>	<b>488</b>	<b>1,740</b>	<b>511</b>	<b>4,914</b>	<b>7,653</b>
<b>Net book value</b>					
<b>31 March 2025</b>	<b>–</b>	<b>2,035</b>	<b>740</b>	<b>2,712</b>	<b>5,487</b>

#### 11. Right-of-use lease assets

Year ended 31 March 2026	Land and buildings £'000	Motor vehicles/Other £'000	Total £'000
<b>Cost</b>			
<b>1 April 2025</b>	9,099	113	9,212
Additions	984	–	984
Disposals	(3,120)	(68)	(3,188)
Foreign exchange	(40)	–	(40)
<b>31 March 2026</b>	<b>6,923</b>	<b>45</b>	<b>6,968</b>
<b>Depreciation</b>			
<b>1 April 2025</b>	3,101	36	3,137
Charge for the year	1,450	24	1,474
Disposals	(3,120)	(34)	(3,154)
Foreign exchange	(52)	–	(52)
<b>31 March 2026</b>	<b>1,379</b>	<b>26</b>	<b>1,405</b>
<b>Net book value</b>			
<b>1 April 2025</b>	5,998	77	6,075
<b>31 March 2026</b>	<b>5,544</b>	<b>19</b>	<b>5,563</b>

Year ended 31 March 2025	Land and buildings £'000	Motor vehicles/Other £'000	Total £'000
<b>Cost</b>			
<b>1 April 2024</b>	7,361	262	7,623
Acquisitions	205	–	205
Additions	3,422	64	3,486
Disposals	(1,826)	(213)	(2,039)
Foreign exchange	(63)	–	(63)
<b>31 March 2025</b>	<b>9,099</b>	<b>113</b>	<b>9,212</b>
<b>Depreciation</b>			
<b>1 April 2024</b>	3,871	166	4,037
Charge for the year	1,072	42	1,114
Disposals	(1,826)	(172)	(1,998)
Foreign exchange	(16)	–	(16)

<b>31 March 2025</b>	<b>3,101</b>	<b>36</b>	<b>3,137</b>
<b>Net book value</b>			
1 April 2024	3,490	96	3,586
<b>31 March 2025</b>	<b>5,998</b>	<b>77</b>	<b>6,075</b>

## 12. Intangible assets

	Development costs £'000	Computer software £'000	Patents and Trademarks £'000	Goodwill £'000	Acquisition intangible assets £'000	Total £'000
<b>Year ended 31 March 2026</b>						
<b>Cost</b>						
1 April 2025	4,462	1,387	157	29,545	16,406	51,957
Foreign exchange	(4)	(2)	–	(438)	(162)	(606)
Additions	1,112	86	51	–	–	1,249
Disposals	(2,373)	–	–	–	–	(2,373)
<b>31 March 2026</b>	<b>3,197</b>	<b>1,471</b>	<b>208</b>	<b>29,107</b>	<b>16,244</b>	<b>50,227</b>
<b>Amortisation &amp; impairment</b>						
1 April 2025	2,830	812	1	2,713	8,633	14,989
Foreign exchange	–	(1)	–	(62)	(35)	(98)
Charge for the year	908	222	3	–	1,763	2,896
Disposals	(2,203)	–	–	–	–	(2,203)
<b>31 March 2026</b>	<b>1,535</b>	<b>1,033</b>	<b>4</b>	<b>2,651</b>	<b>10,361</b>	<b>15,584</b>
<b>Net book value</b>						
<b>31 March 2026</b>	<b>1,662</b>	<b>438</b>	<b>204</b>	<b>26,456</b>	<b>5,883</b>	<b>34,643</b>

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

- customer relationships with a net book value of £4.6m and a remaining useful economic life between one and seven years; and
- brand with a net book value of £1.3m 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. Amortisation is charged to selling, general and administrative expenses.

	Development costs £'000	Computer software £'000	Patents and trademarks £'000	Goodwill £'000	Acquisition intangible assets £'000	Total £'000
<b>Year ended 31 March 2025</b>						
<b>Cost</b>						
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)
<b>31 March 2025</b>	<b>4,462</b>	<b>1,387</b>	<b>157</b>	<b>29,545</b>	<b>16,406</b>	<b>51,957</b>
<b>Amortisation &amp; impairment</b>						
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)
<b>31 March 2025</b>	<b>2,830</b>	<b>812</b>	<b>1</b>	<b>2,713</b>	<b>8,633</b>	<b>14,989</b>
<b>Net book value</b>						
<b>31 March 2025</b>	<b>1,632</b>	<b>575</b>	<b>156</b>	<b>26,832</b>	<b>7,773</b>	<b>36,968</b>

	Cost £'000	NBV £'000
Systems division commercial relationships	2,746	917
Power division commercial relationships	6,286	3,484
Components division commercial relationships	7,212	1,482
<b>31 March 2026</b>	<b>16,244</b>	<b>5,883</b>

### 13. Goodwill and impairment

Details of the carrying amount of goodwill allocated to cash-generating units ("CGUs") are as follows:

	2026 £'000	2025 £'000
Systems division – UK	3,946	3,946
Power division – Custom Power USA	15,975	16,347
Systems division – QPAR USA	182	186
Components division	6,353	6,353
<b>Total</b>	<b>26,456</b>	<b>26,832</b>

The recoverable amounts of the above groups of CGUs 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 11.5% (2025: between 11% and 12%) was used based on the Group's estimated weighted average cost of capital.

Future revenue growth rates of 2.5% to 3.3% based on the markets and a terminal growth rate of 2.5% (2025: 2.5%) have been assumed beyond the first year. The projection is based on the FY26/27 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 CGUs, except for Custom Power USA, have sufficient headroom and it is not considered reasonably possible that changes to the assumptions would trigger an impairment.

Custom Power USA has outperformed the prior year modelled performance, which supports no further impairment (2025: impairment of £2.7m). The key assumptions impacting the impairment model are growth rate and discount rate.

### 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 <sup>1</sup>	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 <sup>1</sup>	USA	100%	Holding company
Pacer Technologies Limited	UK	100%	Non-trading entity
Pacer Components Limited <sup>1</sup>	UK	100%	Supply of opto-electronic components
Pacer USA LLC <sup>1</sup>	USA	100%	Supply of opto-electronic components
Willow Technologies Limited	UK	100%	Supply of opto-electronic components
American Electronic Components, Inc. <sup>1</sup>	USA	100%	Supply of opto-electronic components
Active Silicon Limited	UK	100%	Digital image design and manufacturing
Active Silicon, Inc. <sup>1</sup>	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 <sup>1</sup>	USA	100%	Distribution of Antennas Equipment
Gateway Electronic Components Limited	UK	100%	Ferrite and magnetic components and solutions
Custom Power Limited	UK	100%	Non-trading entity
Creasefield Limited	UK	100%	Non-trading entity
Q-Par Angus Limited	UK	100%	Non-trading entity
Ginsbury Electronics Limited	UK	100%	Non-trading entity
Wordsworth Technology Kent Limited	UK	100%	Non-trading entity
Solsta Limited	UK	100%	Non-trading entity
Attensys Limited	UK	100%	Non-trading entity
Durakool Limited	UK	100%	Non-trading entity

<sup>1</sup> Indirect holdings. All other holdings are direct.

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. Any entity that meets the criteria as a non-trading company when individual statutory accounts are prepared is exempt from preparing individual accounts under s394A and exempt from filing individual accounts with the Registrar under s448A of the Companies Act.

### 15. Inventories

	2026 £'000	2025 £'000
Finished goods and goods for resale	19,546	23,807
Work in progress	10,956	4,432
<b>Total inventories</b>	<b>30,502</b>	<b>28,239</b>

The Directors are of the opinion that the replacement value of inventories is not materially different to the carrying values stated above. These carrying values are stated net of provisions of £5.3m (2025: £5.2m).

A provision increase of £0.9m (2025: £1.8m) was recognised in the cost of sales during the year against inventory due to slow-moving and obsolete items. £0.8m (2025: £1.0m) of inventory was written off against provisions held.

Inventory recognised in cost of sales during the year, as an expense, was £91.8m (2025: £75.9m).

### 16. Trade and other receivables

	2026 £'000	2025 £'000
Trade receivables	17,090	18,361
Other receivables	137	209
Prepayments	2,930	3,046
	<b>20,157</b>	<b>21,616</b>

An impairment loss against trade receivables of £73k (2025: loss of £162k) was recognised within operating costs during the year. Further details on expected credit loss provision are disclosed in note 21.

### 17. Trade and other payables

	Note	2026 £'000	2025 £'000
Trade payables		7,621	10,071
Other taxes and social security taxes		1,440	1,252
Other payables		457	712
Accruals		7,489	4,985
Trade and other payables		17,007	17,020
Deferred consideration on acquisitions - current	21	365	181
		<b>17,372</b>	<b>17,201</b>

### 18. Contract liabilities

	2026 £'000	2025 £'000
Contract liabilities	6,278	5,847

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 £3,644k (2025: £3,556k), which was included within contract liabilities in the prior year. Completion date slippages on programmes drives the remaining balance retained in deferred income.

## 19. Bank borrowings and facilities

	2026 £'000	2025 £'000
<b>Current borrowings</b>		
RCF accrued interest	17	–
Bank borrowings – term loans	–	8,634
<b>Non-current borrowings</b>		
Bank borrowings - RCF	10,142	1,935
<b>Total borrowings</b>	<b>10,159</b>	<b>10,569</b>

	2026 £'000	2025 £'000
Within one year	17	8,634
Between one and two years	–	1,935
Between two and five years	10,142	–
<b>Total borrowings</b>	<b>10,159</b>	<b>10,569</b>

The bank facilities are secured by a fixed and floating charge over the assets of the Company and the Group.

On the 18th of May 2025 the Group refinanced the existing facilities with a new multi-currency RCF funded by Lloyds Bank PLC and Comerica Bank. The facility is for £15.0m and is committed for three years, with two optional 12-month extension options, and can be drawn in other optional currencies as well as pounds sterling (“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.

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 two financial covenants, being: leverage and debt service covenant. These covenants were met at all measurement points throughout the period.

## 20. Lease liabilities

	2026 £'000	2025 £'000
Current lease liabilities	1,222	1,402
Non-current lease liabilities	4,671	4,601
<b>Total lease liabilities</b>	<b>5,893</b>	<b>6,003</b>

	2026 £'000	2025 £'000
Within one year	1,222	1,402
Between one and two years	1,215	1,173
Between two and five years	2,563	2,888
Over five years	893	540
<b>Total lease liabilities</b>	<b>5,893</b>	<b>6,003</b>

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:

	2026 £'000	2025 £'000
<b>Lease liabilities at 1 April</b>	<b>6,003</b>	<b>3,572</b>
Additions	984	3,486
Acquisitions	–	205
Payments made	(1,406)	(1,327)

Discounting charge	309	113
Disposals	(30)	–
Foreign exchange	33	(46)
<b>Lease liabilities at 31 March</b>	<b>5,893</b>	<b>6,003</b>

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 reassessed annually, and when a decision has been made not to exercise a break clause, the corresponding liability and asset are recognised accordingly. See note 21 for total cash outflow for lease liabilities.

## 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 pounds sterling ("GBP"), and required foreign currency amounts are converted from pounds 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 in the year enables multi-currency debt funding to further mitigate potential currency risks.

### Liquidity risk

The Group operates a Group overdraft facility common to the majority of its UK trading companies and is in progress 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 Executive 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:

	2026 £'000	2025 £'000
<b>Loans and receivables</b>		
Trade and other receivables	17,227	18,570
Cash and cash equivalents	6,568	3,513
	<b>23,795</b>	<b>22,083</b>

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	2026 £'000	2025 £'000
<b>Trade receivables exposure</b>		
UK	8,989	10,734
Non-UK	8,101	7,627
	<b>17,090</b>	<b>18,361</b>

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 £146k (2025: £428k), which represented 0.1% (2025: 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.

### 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
<b>2026</b>					
UK	9,294	8,718	122	68	386
Non-UK	8,314	7,839	253	21	201
<b>Total trade receivables</b>	<b>17,608</b>	<b>16,557</b>	<b>375</b>	<b>89</b>	<b>587</b>
UK	307	40	5	11	251
Non-UK	211	-	5	20	186
<b>Total provisions</b>	<b>518</b>	<b>40</b>	<b>10</b>	<b>31</b>	<b>437</b>
<b>Total</b>	<b>17,090</b>	<b>16,517</b>	<b>365</b>	<b>58</b>	<b>150</b>
<b>IFRS9</b>					
UK expected loss rate	3.2%	0.46%	4.09%	16.14%	64.95%
Non-UK expected loss rate	2.54%	0.00%	2.05%	97.76%	92.72%

Geographical area	Total £'000	Current £'000	30 days past due £'000	60 days past due £'000	90 days past due £'000
<b>2025</b>					
UK	10,847	10,542	189	84	32
Non-UK	8,106	7,175	615	4	312
<b>Total trade receivables</b>	<b>18,953</b>	<b>17,717</b>	<b>804</b>	<b>88</b>	<b>344</b>
UK	113	45	-	41	27
Non-UK	479	133	59	4	283
Total provisions	592	178	59	45	310
<b>Total</b>	<b>18,361</b>	<b>17,539</b>	<b>745</b>	<b>43</b>	<b>34</b>
<b>IFRS9</b>					
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%

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:

	2026 £'000	2025 £'000
Opening balance	592	1,083
Acquisition of subsidiaries	-	47

Increase/ (decrease) in provisions	73	(161)
Written off against provisions	(138)	(373)
Foreign exchange	(9)	(4)
<b>Closing balance</b>	<b>518</b>	<b>592</b>

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 2026, trade receivables of £573k, which were past their due date, were not impaired (2025: £822k).

#### Liquidity risk

	Carrying amount £'000	Contractual cash flow £'000	12 months or less £'000	1–2 Years £'000	2–5 Years £'000	5+ Years £'000
<b>2026</b>						
Trade and other payables	15,796	15,796	15,796	–	–	–
Borrowings	10,159	10,267	17	–	10,250	–
Lease liabilities	5,893	6,915	1,485	1,589	2,834	1,007
Deferred consideration on acquisitions	635	735	205	455	75	–
Accruals	7,489	7,489	7,489	–	–	–
	<b>39,972</b>	<b>41,202</b>	<b>24,992</b>	<b>2,044</b>	<b>13,159</b>	<b>1,007</b>

	Carrying amount £'000	Contractual cash flow £'000	12 months or less £'000	1–2 Years £'000	2–5 Years £'000	5+ Years £'000
<b>2025</b>						
Trade and other payables	17,882	17,882	17,882	–	–	–
Borrowings	10,569	11,143	9,101	1,374	668	–
Lease liabilities	6,003	7,259	1,466	1,295	3,573	925
Deferred consideration on acquisitions	342	388	194	194	–	–
Accruals	4,985	4,895	4,895	–	–	–
	<b>39,781</b>	<b>41,567</b>	<b>33,538</b>	<b>2,863</b>	<b>4,241</b>	<b>925</b>

Movement in deferred consideration on acquisitions	2026	2025	2026	2025
	£'000	£'000	£'000	£'000
	Q-PAR Antennas		Group	
1 April	342	–	342	–
Initial recognition	–	723	–	723
Increase in estimation	430	–	430	–
Settlement	(212)	(400)	(212)	(400)
Discounting charge	91	–	91	–
Foreign Exchange	(16)	19	(16)	19
31 March	<b>635</b>	<b>342</b>	<b>635</b>	<b>342</b>

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 £635k based on the discounted future forecasts for the CGU.

#### 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 GBP except for the following items, which are included in the financial statements at the GBP 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 risks:

<b>USD</b>	<b>2026</b>	<b>2025</b>
	<b>£'000</b>	<b>£'000</b>
Trade receivables	<b>8,002</b>	9,257
Cash and cash equivalents	<b>3,707</b>	1,870
Trade payables	<b>(4,660)</b>	(6,974)
	<b>7,049</b>	4,153

<b>EUR</b>	<b>2026</b>	<b>2025</b>
	<b>£'000</b>	<b>£'000</b>
Trade receivables	<b>17</b>	295
Cash and cash equivalents	<b>612</b>	393
Trade payables	<b>(295)</b>	(236)
	<b>334</b>	452

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 purchases agreements in place at 31 March 2026 (2025: £Nil) with £Nil net exposure (2025: £Nil).

The effect of a strengthening of 10% in the rate of exchange, in the currencies against GBP 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, £671k (2025: £419k). In addition, the effect of a weakening of 10% in the rate of exchange in the currencies against GBP 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, £820k (2025: £512k).

#### **Interest rate risk**

The Group financed its ongoing business in the year through a revolving credit facility as described in Note 19. During the year, the Group utilised the RCF facility at a floating rate of interest. The RCF facility 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. The fair value of the Group's borrowings is not materially different to the book value.

As the loans are all based on variable interest rates, 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 £200k (2025: £160k) higher, and if 1% lower throughout the year, the level of interest payable would have been lower by the same amount.

#### **Capital risk management**

The Group defines total capital as equity in the consolidated statement of financial position plus net debt or less net funds. Total capital at 31 March 2026 was £67,540k (2025: £68,894k).

The Group defines net (cash)/leverage as net (cash)/debt plus deferred consideration, which totals £4,226k (2025: £7,398k). In calculating net (cash)/debt, the Group has excluded the lease liabilities of £5,893k (2025: £6,003k) 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 2026, the gearing ratio was 6.3% (2025: 10.7%).

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 2026 is shown below:

	<b>2026</b>	<b>2025</b>
	<b>£'000</b>	<b>£'000</b>
Cash and cash equivalents	<b>(6,568)</b>	(3,513)

Borrowings / bank overdrafts	10,159	10,569
Deferred consideration	635	342
Net debt	4,226	7,398
Share capital	2,854	2,854
Share premium account	28,300	28,300
Retained earnings	35,600	33,147
Other reserves	(64)	(64)
Foreign exchange reserve	(2,876)	(2,203)
Shares held in Treasury	(500)	(538)
Equity	63,314	61,496
Gearing ratio (net leverage/ (equity + net leverage))	6.3%	10.7%

## 22. Net debt

Year ended 31 March 2026 (£'000)	At 1 April 2025	Cash flow	Other non-cash movement	At 31 March 2026
Bank borrowing due within one year	(8,634)	13,937	(5,320)	(17)
Bank borrowing due after one year	(1,935)	(13,425)	5,218	(10,142)
Total borrowings	(10,569)	512	(102)	(10,159)
Deferred consideration on acquisition of subsidiaries within one year	(181)	212	(396)	(365)
Deferred consideration on acquisition of subsidiaries after one year	(161)	–	(109)	(270)
Cash and cash equivalents	3,513	3,128	(73)	6,568
<b>Net debt</b>	<b>(7,398)</b>	<b>3,852</b>	<b>(680)</b>	<b>(4,226)</b>

	2026 £'000	2025 £'000
Increase /(decrease) in cash in the year	3,128	(4,908)
Increase in borrowings in the year	(13,425)	(894)
Repayment of borrowings in the year	13,937	3,408
Payment of deferred consideration on acquisitions	212	400
<b>Net movement resulting from cash flows</b>	<b>3,852</b>	<b>(1,994)</b>

	2026 £'000	2025 £'000
Net debt at 1 April 2025	(7,398)	(4,671)
Net movement resulting from cash flows	3,852	(1,994)
Deferred consideration recognised	(430)	(716)
Other non-cash movements	(250)	(17)
<b>Net debt at 31 March 2026</b>	<b>(4,226)</b>	<b>(7,398)</b>

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.

## 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:

	2026 £'000	2025 £'000
At 1 April	(90)	(1,374)
Deferred tax arising on acquisition of subsidiaries	–	(15)
(Expense)/credit for the year	(494)	737
Effect of changes to foreign exchange rates	(10)	43
(Debit)/credit to Other comprehensive income	(155)	43
Deferred tax adjustment in respect of prior periods	–	476
<b>Net deferred tax liability at 31 March</b>	<b>(749)</b>	<b>(90)</b>
Deferred tax (liabilities)/assets in relation to:		
Accelerated capital allowances on property, plant and equipment	(1,093)	(618)
Short-term timing differences on intangible assets	(691)	(791)
Share-based payments	213	540
Short-term timing differences	497	498
Losses carried forward	325	281
<b>Net deferred tax at 31 March</b>	<b>(749)</b>	<b>(90)</b>

Deferred tax assets	<b>1,035</b>	1,458
Deferred tax liabilities	<b>(1,784)</b>	(1,548)
<b>Net deferred tax at 31 March</b>	<b>(749)</b>	(90)

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	(618)	(791)	540	498	281	(90)
Recognised in income statement	(475)	110	(172)	(1)	44	(494)
Recognised in other comprehensive income	–	–	(155)	–	–	(155)
Effect of changes to foreign exchange rates	–	(10)	–	–	–	(10)
<b>At 31 March</b>	<b>(1,093)</b>	<b>(691)</b>	<b>213</b>	<b>497</b>	<b>325</b>	<b>(749)</b>

The UK corporation tax rate is 25% (2025: 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, £1.0m (2025: £0.8m) relating to the timing differences identified above and utilisation of losses.

A deferred tax asset of £54k (2025: £209k), 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 decrease in the deferred tax asset of £155k (2025: £43k increase), 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, £0.3m (2025: £0.3m). The associated deferred tax asset of, approximately, £69k (2025: £69k) has not been recognised due to the uncertainty over the recoverability. Trading losses of c. £2.7m (2025: £2.7m) with an associated deferred tax asset of £0.8M (2025: £0.8m) have not been recognised due to uncertainty over recoverability. There are no time restrictions to utilise tax losses.

## 24. Provisions

	2026 £'000	2025 £'000
At 1 April	1,288	969
Dilapidations acquired on acquisitions at fair value	–	87
Recognition of provisions	722	310
Provisions utilised during the year	(4)	(3)
Foreign exchange	3	–
Released to statement of comprehensive income	(10)	(75)
<b>Provisions at 31 March</b>	<b>1,999</b>	<b>1,288</b>

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 £1,014k (2025: £190k) and non-current £985k (2025: £1,098k).

## 25. Share capital

	2026 £'000	2025 £'000
Allotted issued and fully paid 57,081,720 (2025: 57,081,720) ordinary shares of 5p	2,854	2,854

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.

	2026		2025	
	Shares No.	Value £'000	Shares No.	Value £'000
Share capital at 1 April	57,081,720	2,854	11,376,644	569
Bonus share issue	–	–	45,506,576	2,275
Share options exercised	–	–	198,500	10
<b>Share capital at 31 March</b>	<b>57,081,720</b>	<b>2,854</b>	<b>57,081,720</b>	<b>2,854</b>

At 31 March 2026, the number of shares covered by option agreements amounted to 1,271,250 (2025: 2,390,750).

At the balance sheet date, there were 721,250 (2025: 813,250) share options which had vested and remained unexercised. 92,000 options were exercised in the current year (2025: 198,500).

## 26. Reserves

Full details of movements in reserves are set out in the consolidated statement of changes in equity.

The total value of transaction costs incurred that have been offset against the share premium account movement in the year total £Nil (2025: £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

## 27. Treasury shares

At 31 March 2026, the Group held 350,758 (2025: 419,121) shares in Treasury with a cost of £500k (2025: £538k).

	2026 No	2025 No
At 1 April	419,121	21,146
Purchase of shares into Treasury	113,637	383,141
Share option exercises	(92,000)	–
Issue of shares from Treasury	–	–
Bonus shares issued into Treasury	–	28,784
Transfer of shares to the All Employee Share Plan (“AESP”)	(90,000)	(13,950)
<b>At 31 March</b>	<b>350,758</b>	<b>419,121</b>

## 28. Share-based payments

The amount charged to the income statement in respect of share-based payments was £0.2m (2025: £0.4m credit).

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.

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.

No awards were made under the LTIP scheme in 2025/26 (2025: 284,000 on 8 November 2024) The assessed fair value at the grant date was 0p per option (2025: 2.05p). The fair value was determined using a Black-Scholes model and the principal assumptions are set out below. No LTIP options vested in the year (2025: 214,000) and none were exercised (2025: 53,500).

Principal assumptions	2026	2025
Weighted average share price at grant date in pence	–	213
Weighted average exercise price in pence	–	5
Weighted average vesting period (years)	–	3
Option life (years)	–	10
Weighted average expected life (years)	–	3
Weighted average expected volatility factor	–	37%
Weighted average risk-free rate	–	4.66%
Dividend yield	–	1.20%

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.

In the 2024/25 comparative period, 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 \$Nil (2025: \$1.65m) lapsed, leaving outstanding awards with a potential value of \$2.55m (2025: \$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.

#### Company Share Option Plan (“CSOP”):

Following the changes to the tax legislation, option awards of up to the HMRC tax-approved levels of £60,000 may be made to senior staff and Executive Directors. For all participants, awards will vest after three years in accordance with the performance conditions applicable to each grant. This scheme is now closed for new options to be issued.

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.

No awards were made under the CSOP scheme in 2025/26 (2025: 286,000 on 7 November 2024). The assessed fair value at grant date of options granted during the year was 0p per option (2025: 0.59p). The fair value was determined using a Black-Scholes model and the principal assumptions are set out in the table below. No CSOP options vested in the year and none were exercised.

Principal assumptions	2026	2025
Weighted average share price at grant date in pence	–	208
Weighted average exercise price in pence	–	208
Weighted average vesting period (years)	–	3
Option life (years)	–	10
Weighted average expected life (years)	–	3
Weighted average expected volatility factor	–	37%
Weighted average risk-free rate	–	4.66%
Dividend yield	–	1.2%

#### Movement in share options during the year

There are also bought forward executive EMI options, which have vested. 92,000 (2025: 145,000) were exercised in the year with an exercise price of 0.0002p and a weighted average share price of 170p, leaving 123,000 which remain unexercised at 31 March 2026.

	2026 Number of options	2026 Average exercise price in pence	2025 Number of options	2025 Average exercise price in pence
At 1 April	2,390,750	85	2,091,750	80
Granted	–	–	570,000	103
Exercised	(92,000)	0	(198,500)	(1)
Cancelled/lapsed	(1,027,500)	–	(72,500)	–
<b>At 31 March</b>	<b>1,271,250</b>	<b>78</b>	<b>2,390,750</b>	<b>85</b>

The weighted average exercise prices of options exercisable at the end of the period is 78p (2025: 85p). The weighted average remaining contractual life of share options outstanding at the end of the period is 6 years (2025: 7 years). A £0.2m charge was posted to the income statement in respect of share options (2025: £0.4m credit) 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 2026, the total number of long-term incentive awards and share options held by employees was 1,271,250 (2025: 2,390,750) as follows:

Option price pence/share	Option period ending	2026 Number of options	2025 Number of options
<0.1p	31 March 2027	123,000	215,000
5p – 118p	31 March 2030	226,750	226,750
5p – 210p (pre bonus issue: 5p - 1050p)	31 March 2031	371,500	371,500
5p – 251p (pre bonus issue: 5p - 1254p)	31 March 2032	–	508,625

5p – 237p (pre bonus issue: 5p - 1185p)	31 March 2033	–	518,875
5p – 208p	31 March 2034	<b>550,000</b>	545,000
<b>At 31 March</b>		<b>1,271,250</b>	2,385,750

### 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.

90,000 share options were awarded in the year to the employees under the AESP (2025: Nil). The share price at the date of award was 184p (2025: Nil). 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 £0.2m (2025: Nil) as part of the total share-based payments charge.

### 29. Capital commitments

At 31 March 2026, there were capital commitments of £465k (2025: £162k).

### 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

	2026 £'000	2025 £'000
<b>Revenue</b>	<b>154,144</b>	125,064
Gross profit	<b>51,616</b>	39,327
Adjustments to gross profit	-	-
<b>Adjusted gross profit</b>	<b>51,616</b>	39,327
Operating profit	<b>6,947</b>	1,334
Adjustments to operating profit	<b>2,663</b>	4,700
<b>Adjusted operating profit</b>	<b>9,610</b>	6,034
Operating margin percentage	<b>4.5%</b>	1.1%
Operating margin percentage impact of adjustments	<b>1.7%</b>	3.7%
<b>Adjusted operating margin percentage</b>	<b>6.2%</b>	4.8%
Profit before tax	<b>5,845</b>	320
Adjustments to profit before tax	<b>2,754</b>	4,718
<b>Adjusted profit before tax</b>	<b>8,599</b>	5,038
Profit after tax	<b>4,088</b>	512
Adjustments to profit after tax	<b>2,249</b>	3,051
<b>Adjusted profit after tax</b>	<b>6,337</b>	3,563
Reported total other comprehensive (loss)/ income	<b>3,260</b>	(133)
Adjustments to total other comprehensive income	<b>2,404</b>	3,008
<b>Adjusted total other comprehensive income</b>	<b>5,664</b>	2,875

	Systems division £'000	Power division £'000	Components division £'000	Head office £'000	Total £'000
<b>2026</b>					
Acquisition fair value adjustments, reorganisation and deal costs	25	-	221	430	<b>676</b>
Amortisation of acquisition intangibles	-	-	-	1,763	<b>1,763</b>
Share-based payments	-	-	-	224	<b>224</b>
Imputed interest on deferred consideration unwind	-	-	-	91	<b>91</b>
<b>Adjustment to profit before tax</b>	<b>25</b>	-	<b>221</b>	<b>2,508</b>	<b>2,754</b>
Current and deferred taxation effect	(6)	-	(55)	(444)	<b>(505)</b>
<b>Adjustments to profit after tax</b>	<b>19</b>	-	<b>166</b>	<b>2,064</b>	<b>2,249</b>

Movement of deferred tax asset re share price impact on options	-	-	-	155	155
<b>Adjustments to total other comprehensive income</b>	<b>19</b>	<b>-</b>	<b>166</b>	<b>2,219</b>	<b>2,404</b>

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 2026 in components and systems relate to termination costs. In head office the earn-out estimation on deferred consideration has increased.

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).

	Systems division £'000	Power division £'000	Components division £'000	Head office £'000	Total £'000
<b>2025</b>					
Acquisition fair value adjustments, reorganisation and deal costs	314	-	117	-	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
<b>Adjustment to profit before tax</b>	<b>332</b>	<b>-</b>	<b>117</b>	<b>4,269</b>	<b>4,718</b>
Current and deferred taxation effect	(79)	-	(29)	(1,195)	(1,303)
Non-recurring deferred tax credits in USA	-	-	(364)	-	(364)
<b>Adjustments to profit after tax</b>	<b>253</b>	<b>-</b>	<b>(276)</b>	<b>3,074</b>	<b>3,051</b>
Movement of deferred tax asset re share price impact on options	-	-	-	(43)	(43)
<b>Adjustments to total other comprehensive income</b>	<b>253</b>	<b>-</b>	<b>(276)</b>	<b>3,031</b>	<b>3,008</b>

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.

### 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, Active Silicon Limited, Active Silicon Inc., and Q-Par Antennas USA LLC. The Power division includes Custom Power LLC and eTech Developments Limited.

	Systems division £'000	Power division £'000	Components division £'000	Head office £'000	Total Group £'000
<b>Year ended 31 March 2026</b>					
External revenue	62,517	31,794	59,833	-	154,144
Operating profit/(loss)	8,900	1,677	2,173	(5,803)	6,947
Adjusted operating profit/ (loss)	8,924	1,677	2,395	(3,386)	9,610
Profit/(loss) before taxation	8,818	1,554	2,192	(6,719)	5,845
Taxation	(1,880)	(103)	266	(40)	(1,757)
Profit / (loss) after taxation	6,938	1,451	2,458	(6,759)	4,088
<b>Other</b>					
Capital expenditure:					
Intangible assets	952	131	166	-	1,249
Tangible fixed assets & Right of use assets	2,343	309	1,034	-	3,686
Depreciation and impairment – PPE	952	274	484	1	1,711
Depreciation – right-of-use assets	582	466	426	-	1,474
Amortisation	962	27	144	1,763	2,896
Share-based payments	-	224	-	-	224
Interest	82	122	(18)	916	1,102

One individual customer contributed more than 10% of the Group's revenue at £26.7m (17%) in the financial year ended 31 March 2026 (2025: no individual customer contributed more than 10% of Group's revenue).

The 2025 comparative table has been restated to reflect the split out of the Power division. The original values as disclosed are equal to Systems plus Power for each category.

<b>Year ended 31 March 2025 (restated)</b>	<b>Systems division £'000</b>	<b>Power division £'000</b>	<b>Components division £'000</b>	<b>Head office £'000</b>	<b>Total Group £'000</b>
External revenue	42,255	27,510	55,299	–	<b>125,064</b>
Operating profit/(loss)	5,185	275	2,124	(6,250)	<b>1,334</b>
Adjusted operating profit/ (loss)	5,499	275	2,241	(1,981)	<b>6,034</b>
Profit/(loss) before taxation	5,198	216	2,134	(7,228)	<b>320</b>
Taxation	(887)	739	220	120	<b>192</b>
Profit / (loss) after taxation	4,311	955	2,354	(7,108)	<b>512</b>
<b>Other</b>					
Capital expenditure:					
Intangible assets	971	175	56	–	<b>1,202</b>
Intangible assets - acquisitions	1	-	–	1,785	<b>1,786</b>
Tangible fixed assets	2,001	256	276	5	<b>2,538</b>
Tangible fixed assets - acquisitions	316	-	–	–	<b>316</b>
Right-of-use assets	2,957	-	529	–	<b>3,486</b>
Right-of-use assets - acquisitions	–	-	205	–	<b>205</b>
Depreciation and impairment – PPE	837	135	434	1	<b>1,407</b>
Depreciation – right-of-use assets	576	385	153	–	<b>1,114</b>
Amortisation	698	13	138	1,909	<b>2,758</b>
Impairment of intangibles	–	-	–	2,734	<b>2,734</b>
Share-based payments	–	-	–	(375)	<b>(375)</b>
Interest	58	(12)	(10)	978	<b>1,014</b>

	<b>External revenue by location of customer</b>		<b>Non-current assets by location of assets</b>		<b>Net capital expenditure by location of assets</b>	
	<b>2026 £'000</b>	<b>2025 £'000</b>	<b>2026 £'000</b>	<b>2025 £'000</b>	<b>2026 £'000</b>	<b>2025 £'000</b>
United Kingdom	<b>68,648</b>	75,071	<b>44,334</b>	45,949	<b>3,481</b>	3,322
Rest of Europe	<b>43,714</b>	14,719	-	–	-	–
Asia	<b>3,033</b>	3,538	-	–	-	–
North America	<b>35,523</b>	28,693	<b>2,226</b>	2,581	<b>470</b>	418
Other	<b>3,226</b>	3,043	-	–	-	–
	<b>154,144</b>	125,064	<b>46,560</b>	48,530	<b>3,951</b>	3,740

### 32. Related parties

During the period, the Group entered into a transaction with a fully-owned subsidiary of Filtronic PLC, an entity where Pete Magowan is also a NED. The transaction related to the sale of electronic components totalling £0.03m (2025: £0.0m). The Group also sold products totalling £0.02m to Evolve Dynamics Limited, an entity where Victor Chavez is also a NED. For both companies, at 31 March 2026 no receivables were outstanding (2025: no receivables were outstanding). The transaction was conducted on normal arm's length commercial terms.

There were no other related-party transactions during the current or prior period.

### 33. Post balance sheet events

The Group have extended the RCF facilities by 12 months, using one of two optional 12 months extensions available.

The Group awarded up to 730,000 share options on the 13 May 2026 to certain Executive Directors and PDMRs of the Company. The options are subject to a performance condition based on earnings per share ("EPS") for the financial year-ended 31 March 2028, such that no options will vest unless EPS reaches at least 11.5 pence per share. Above this threshold the minimum award of 282,000 will vest. The number of options that vest will increase on a straight-line basis up to a maximum level at EPS of 16.0 pence per share (the "vesting ceiling"). Any EPS in excess of the vesting ceiling will not result in any further options vesting above this level.