Delivering **more together**

Annual Report and Accounts 2026

Solid State Group
TECHNOLOGY FOR DEMANDING APPLICATIONS

Welcome to our 2026 Annual Report and Accounts

Solid State Group

A Group of leading electronics businesses, with the capability to deliver more together.

What we do

We deliver trusted technology for demanding applications with agility and innovation to solve our customers' unmet needs.

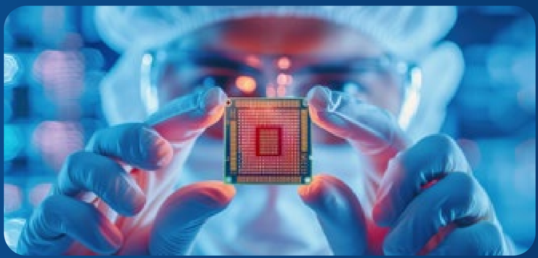
Via our three divisions of Systems, Power and Components we supply computing and communications systems, battery power solutions and component products.

We operate in regulated markets with high technical barriers to entry, including defence and security, medical and transportation.

We provide solutions where safety, performance, reliability and quality are critical.

This enables our customers to focus on their core business with confidence by using our technology.

We are trusted experts with the technical expertise to provide innovation at the pace required in today's complex geopolitical environment.



Our vision

Our vision is to unite our world-class operating companies into an agile, high-performing partnership, solving complex problems and delivering more together.

Our scale, customer base and experience provide a strong foundation for both repeatable revenue and larger programme opportunities.

We operate in over
60
countries

We service over
2,000
customers

Our culture

Our culture is built by **our people** and their **exceptional talent.**

From the design centre to the warehouse, we attract and support **the best.** We are a **people first** business. We value the depth of capability within each of our businesses, while increasingly working together to deliver more as a Group.

We are fostering our culture defined by:

Cooperation:

Working together across the Group

Collaboration:

Combining capabilities to deliver more

Communication:

Aligning knowledge, expertise and opportunity

This approach enables us to better coordinate our capabilities and unlock greater value across the Group

We have more than **470** employees across 13 locations

We have over **50 years** of innovation and strategic growth

Find us online at
solidstateplc.com

Group Highlights

Financial highlights

Revenue

£154.1m

2026 £154.1m
2025 **£125.1m**
2024 **£163.3m**
2023 **£126.5m**
2022 **£85.0m**

Adjusted operating profit margin

6.2%

2026 6.2%
2025 **4.8%**
2024 **10.4%**
2023 **9.2%**
2022 **8.7%**

Operating profit

£6.9m

2026 £6.9m
2025 **£1.3m**
2024 **£13.7m**
2023 **£9.4m**
2022 **£3.7m**

Profit before tax

£5.8m

2026 £5.8m
2025 **£0.3m**
2024 **£12.2m**
2023 **£8.4m**
2022 **£3.2m**

Adjusted fully diluted EPS

11.0p

2026 11.0p
2025 **6.2p**
2024 **20.1p**[1]
2023 **16.1p**[2]
2022 **14.1p**[2]

Cash flow from operations

£13.5m

2026 £13.5m
2025 **£10.4m**
2024 **£14.3m**
2023 **£9.4m**
2022 **£5.9m**

Dividend

2.8p

2026 2.8p
2025 **2.5p**
2024 **4.4p**[1]
2023 **4.0p**[1]
2022 **3.9p**[1]

ROCE[3]

14.0%

2026 14.0%
2025 **8.7%**
2024 **25.2%**
2023 **23.7%**
2022 **23.8%**

ROE[4]

6.5%

2026 6.5%
2025 **0.8%**
2024 **13.8%**
2023 **11.5%**
2022 **9.3%**

1 Restated for impact of bonus share issue in 2024.
2 EPS not fully recalculated. Originally disclosed figure is divided by 5 to give indicative impact of bonus share issue in 2024.
3 ROCE is defined as adjusted operating profit divided by average capital employed which is calculated as the average of the last two years' net assets less net debt.
4 ROE is defined as profit after tax divided by total equity.

Alternative/Adjusted Performance Measures ("APMs"), including "adjusted" and "underlying", are applied consistently throughout the 2026 Annual Report and Accounts. APMs are defined and reconciled in Note 30 to the reported GAAP measures, and also include a narrative disclosure of the basis of recognition of the APMs and the impact of the differences compared to the statutory measures.

ESG highlights

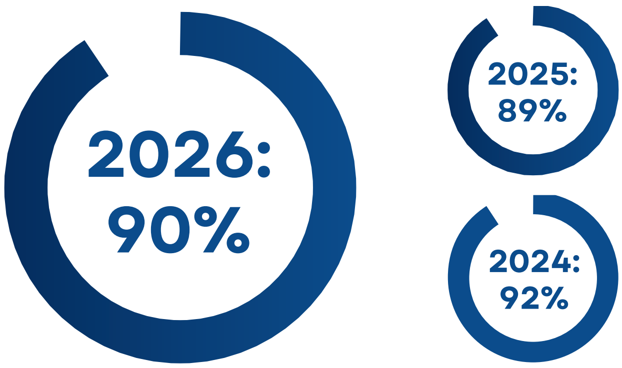
Environmental

Our overall baseline intensity ratio has continued to decrease from 20.9 tonnes in our base year in FY20 to 7.96 tonnes in FY26. This is driven by the overall reduction in CO_2e over the years despite several acquisitions over this period.

The targeted move to electrified vehicles and reduced gas consumption will make the Group a more environmentally efficient organisation.

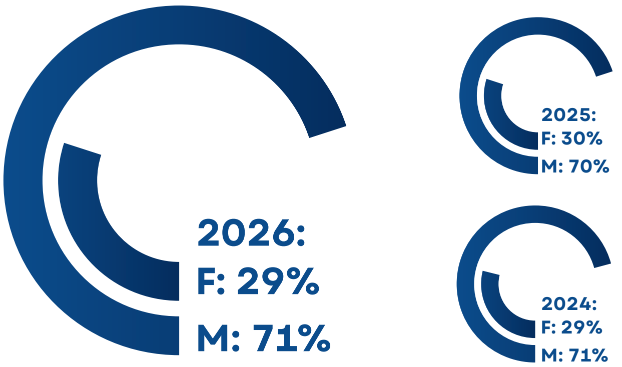
■ Read more about ESG on **pages 42 to 49**.

Operational highlights



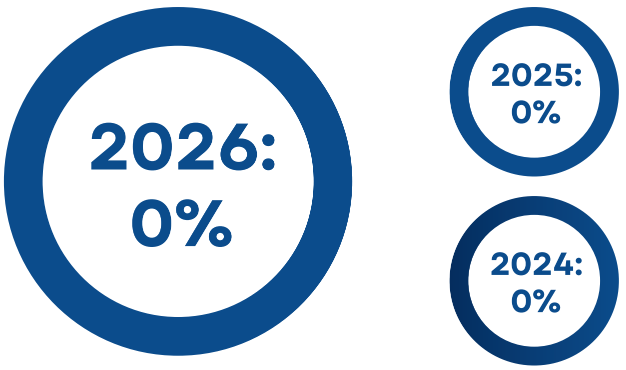
Employee retention

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



Gender diversity

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



Lost time incidents

The Board is actively advocating a culture that prioritises safety. We believe in prevention before cure. Employees complete regular workplace safety and compliance training. We track accidents and incidents on a monthly basis.

Social

Solid State recognises the value our people play in the Group's success. Key highlights this year include continued use of our learning platform (Eloomi), investing in development courses using the apprenticeship levy, as well as enhancing our community by supporting local charity events. Additionally, we are a proud signatory of the armed forces covenant to support military veterans working for our business. As part of this scheme we are proud to have received the 2026 employer recognition scheme silver award.

Governance

The Board has continued to evolve following the addition of Victor Chavez in January 2026. We have also continued to enhance our Group policies and procedures, driving continuous improvement and aligning with best practice governance in accordance with the updated 2023 QCA Code.

Gary Marsh
1966 - 2025

Solid State Group

Remembering Gary Marsh

It is with great sadness that we reflect on the passing of Gary Marsh, our CEO, colleague and friend, following a short illness.

Having dedicated nearly 40 years to Solid State, Gary played a defining role in shaping the Group – its direction, success and, importantly, its culture. For many within the Solid State team, he was far more than a CEO; he was a mentor, a role model and a trusted friend.

Gary led with characteristic humility and quiet confidence. Professionally, he was never flamboyant, believing that successful businesses are built not through noise or ego, but through sound judgement, discipline and trust.

Transforming a thriving family business into a successful AIM-listed company was no small achievement, requiring commercial acumen, credibility and the confidence of shareholders. Gary accomplished this with understatement and integrity, giving investors confidence in the Group's growth ambitions and reassurance to support the business through more challenging times.

During his leadership, Gary oversaw exceptional growth and geographical expansion, including 15 acquisitions that brought new skills, technologies and talented people into the Group, while opening opportunities in new markets.

Throughout, he remained guided by this well-known mantra: "Revenue is vanity, profit is sanity, but cash is reality." His disciplined approach, commercial pragmatism and long-term thinking helped create the strong and stable business we are today.

For Gary, however, leadership was always about more than financial performance. He believed deeply in people. He built talented teams and trusted them, giving many colleagues their first significant career opportunities and the confidence to grow. He was an approachable and thoughtful leader, always willing to offer guidance and advice, yet equally wise enough to give people the space and trust to succeed in their own way. He undertook his role with huge dedication, warmth and humour, and always with a smile.

Underlying all of this was a simple but deeply held value system. Gary treated people as he wished to be treated. He was true to his word, a good listener and someone whose values earned the respect of colleagues, customers, shareholders and partners alike. As the business grew, he remained determined that Solid State should retain its family feel, believing strongly that growth should never come at the expense of culture or values.

Gary's legacy can be seen throughout Solid State – in the strength and stability of the business, in the people he supported and developed, and in the values we continue to uphold: integrity, respect, hard work and an enduring sense of family.

He will be greatly missed by colleagues, shareholders, customers and friends alike. Our thoughts and deepest condolences remain with his family and loved ones.

Chair's Statement

Nigel Rogers
Non-Executive Chair

"Renewed trading momentum, alongside important structural and senior management evolution, positions the Group to capitalise on key market growth opportunities."

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 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 and medical, industrial automation and 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 has 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

26 June 2026

Group at a Glance

Solid State brings together a collection of specialist businesses with **deep expertise** across the electronics industry through its three divisions: Systems, Power and Components.

- **Individually, each business delivers high-quality solutions to demanding markets. Together, they provide the breadth of capability required to support customers across the lifecycle of complex systems.**

These capabilities exist across the Group today, delivered through a portfolio of specialist teams serving long-standing customer relationships.

Complementary capabilities across the Group

We support a broad cross-section of blue-chip customers across our key markets, reflecting the strength and depth of our specialist capabilities.

Our capabilities span the design, supply and integration of critical technologies for high-reliability applications:

Embedded & Integrated Systems

Ruggedised computing, high-performance antennas, integrated computers, imaging products and communication solutions.

Power & Energy Solutions

Design and manufacture of reliable power systems, including battery packs, and charging power management solutions for demanding environments.

Distribution of Specialist Components

Supply of high-performance electronic components with assured availability across long lifecycle applications.

These capabilities can be deployed independently or combined to support more complex, integrated solutions.

Our global reach

Our customers operate on a global scale to meet demand across international markets.

Our businesses have traditionally operated independently, delivering products and projects to a broad customer base.

Global advancements are being driven by the adoption of AI and autonomous technologies, considered key strategic growth drivers where our technologies are critical to deliver the real-world solutions.

Today, we are increasingly bringing these capabilities together internationally to work as a unified group to address more complex opportunities.

Many of our UK customers serve as a central purchasing hub, meaning revenue attributed to the UK below may in fact reflect international activity.

North America

23%

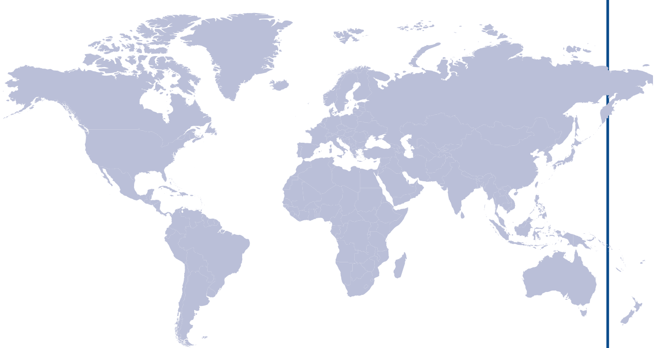
United Kingdom

45%

Europe

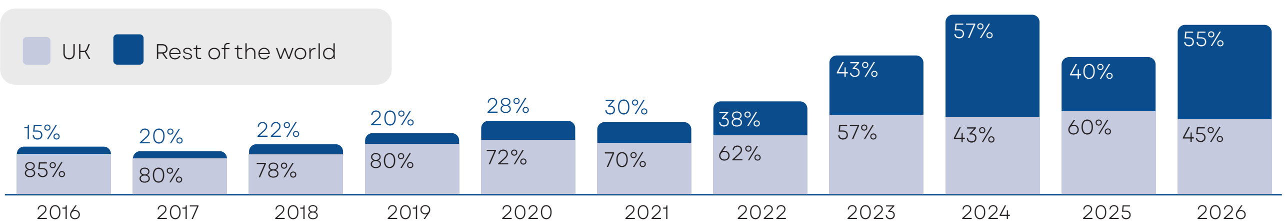
28%

Rest of the world



4%

Overall percentage of revenue from UK over the years



Why Invest in Solid State?

A resilient and agile model delivering **long-term value.**

Solid State operates in specialist, high-reliability markets where engineering expertise, technical knowledge, long-standing relationships and proven delivery capability create meaningful barriers to entry. We adapt and evolve to keep pace with fast moving market demand.

Our model combines specialist capabilities, deep customer integration and disciplined execution to deliver sustainable growth and attractive returns.

1 Strong positions in specialist markets

We focus on markets where performance is **critical and failure is not an option**, including industrial, medical, transport and defence.

These sectors demand **high-reliability solutions, long product lifecycles** and **deep technical expertise**, supporting resilient demand and long-term customer relationships.

2 Trusted relationships with high-quality customers

We work with leading prime contractors and end users across our core markets, often embedded within **critical platforms and applications**.

These relationships are built over time and strengthened through **technical expertise, delivery performance** and **lifecycle support**, creating repeat revenue and high switching costs.

3 Attractive financial characteristics

Our model supports:

High-quality revenue from long lifecycle products and services **improving visibility** through programme-led engagements, **strong margins** driven by specialist expertise and value-added capability.

This is building a more predictable and **resilient forward order book**.

Solid State is well positioned to deliver sustainable, long-term growth through world-class technology, specialist capability, deep customer relationships and an increasing focus on programme-led delivery.

Q&A with Chief Executive Officer

John Macmichael

How would you describe Solid State today?

Solid State is a group of world-class companies operating in the electronics sector. Each company offers specialisms to solve customer problems in harsh or highly regulated markets. We are a people first business that combines talent, engineering and design aptitude to solve complex technical problems.

Where do you see the biggest opportunities for growth?

The push for autonomy is presenting opportunities to support systems requiring sensors, cameras, power and communications while the surge in AI data centres has led to increasing demand for Durakool contactors. These prospects are all underpinned by our sovereign capability to design, manufacture and support customised solutions.

Our antenna solutions for signal intelligence and communications are in particularly high demand. Likewise, our innovative computing solutions meet and can exceed the demands of military customers, while still delivering on price expectations and delivery. Advances in medical technology continue to drive a high CAGR, benefitting our Weymouth manufacturing facility and the wider group.

Clearly ongoing global unrest and uncertainty means defence needs are likely to dominate growth in the medium-term and provide opportunity for larger, longer contract engagements.

What do you mean by 'delivering more together'?

Our focus on developing each business's specialist skills and capabilities has positioned many of them at the forefront of their industries. However, it's clear Solid State can enhance customer value by bringing those strengths together to provide more complete solutions. We're now collaborating frequently across our divisions, business units, markets and technologies to deliver greater value. We've implemented specific initiatives to work at a group level to address larger sub-system opportunities. By investment in agentic AI tools, including a group-wide CRM tool, we're leveraging our blue-chip relationships to provide added value to customers.

These initiatives drive higher-value programme-based contracts that will give better long-term visibility of the order book and future performance. This provides confidence for future investment whilst simultaneously driving growth. Working together across the group evolves our traditional project-based business to move us up the value chain into customer partnerships. We've developed a dedicated team, led by our exceptionally capable CRO, Matthew Richards, that brings the businesses together to utilise specialist capabilities to bid on programme-based work.

How does this approach change the shape of the business?

Minimal structural change has been required. At the top talent tier we've formalised C-suite roles to enable the leadership team to better co-ordinate activities. Common standards, enterprise-wide software and AI solutions will bring the group closer while keeping each unit's specialism. The bigger change is in our mindset to ensure we don't turn away challenging prospects that, as a group, we can win and execute on.

We aim to remain responsive and agile, aligning with industry disruptors and innovators, blending our decades of experience with the vision to support our customers of today and tomorrow. Our 3Cs model will take us from a project-centric operation today to a product and partner focused business tomorrow.

What should stakeholders expect going forward?

The management team have an ambitious vision to see us well into the 2030s. By collaborating across our individual world-class businesses and using the exceptional talent we have in both the UK and USA, we plan to move up the value chain to capture longer-term higher-value business.

Expect to see us grow our base business using the 3Ps strategy, increasing the number of standard products to develop a predictable, stable platform for project work. In short, expect greater stability combined with improved order book visibility and more recurring revenue. We will continue to regularly engage with all our stakeholders to update them on any exciting developments and our progress on achieving our strategy.

Strategic Report

“The Board’s confidence continues to strengthen as the pipeline of significant opportunities is building”

John Macmichael

Chief Executive Officer

Our Strategy

From capability to **coordinated delivery.**

Solid State is built on a strong foundation of specialist businesses, each with deep expertise and established customer relationships.

Our 2030 ambition is to double adjusted EPS to 20p based on sustainable performance. This is supported by a shared ambition across the Board and leadership team to realise untapped potential.

Our strategy is to achieve a force multiplier effect from collaborative working using clearly measured objectives. We will leverage our project expertise to develop a wider product portfolio, opening new markets.

The opportunity is to operate collaboratively and actively bring these capabilities together across the Group.

Historically, our businesses have delivered value independently, resulting in a model weighted towards project-based work with shorter-term revenue visibility.

We are evolving this model by coordinating our capabilities to win and deliver more complex, higher-value programmes.

This enables us to move beyond individual transactions and position Solid State as a coordinated delivery partner for mission-critical applications.

Customers and Target Markets

- Deliver multi-capability programmes at scale
- Build long-term revenue visibility
- Expand our product portfolio with discipline
- Actively promote Group capabilities

Expanding customer relationships to unlock greater value

We engage customers with a range of requirements from supplying **specialist products and services** to delivering complex, **integrated solutions.**

Our strategy is to expand these relationships over time, increasing our participation across the full breadth of Group capabilities.

The strategic progression we are driving is to realise products from our projects, and to translate combined project, product and service activity into programme partner relationships with our most important customers.

Project CAIN with the British Army, the integrated systems work at Ashchurch and the antenna scaling activity at Leominster are practical examples of this development. As Programme Partner content grows the visibility, cadence and quality of earnings materially improve.

Overview

Strategic

Governance

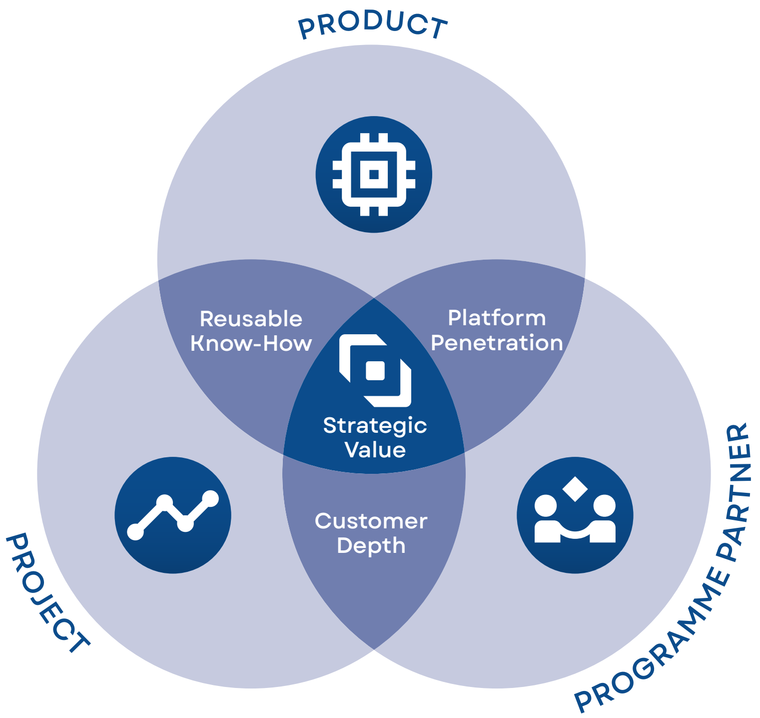
Financials

How we go to market

Project
Tailored solutions built to a single customer's specification, with a defined scope and timeline. This is where Solid State's specialist engineering value-add is most visible and is often the entry point to a customer relationship.

Product
Proprietary products are developed once and then sold across multiple customers, with owned IP and repeatable revenue. Products give us margin leverage and operational gearing to convert specialist know-how into a scalable asset.

Programme Partner
A long-term technology partner providing integrated systems with through-life support, upgrade and sustainment. Programme Partner is the relationship the Group is increasingly being engaged for and where our quality of earnings is highest.



The capability to deliver more together

Delivering at scale requires more than individual capability. It depends on us **operating as a unified Group.**

The Group has historically operated as a series of strong, independent business units, each with its own customer base, brand and commercial cadence. That model built genuine specialist depth and made our businesses class-leading in their fields. The next stage of value creation requires those units to work together as one Group when it matters for the customer.

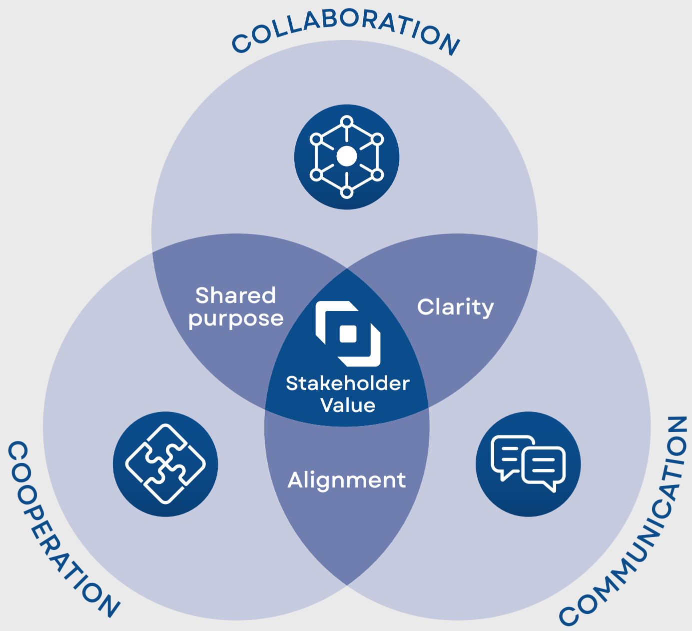
We describe how we do that as the 3Cs: Cooperation, Communication, Collaboration.

By combining ways of working, we are able to apply multiple capabilities to a single customer requirement, expanding our role from individual transactions to integrated, long-term solutions.

This enables us to increase exposure to multi-year programmes, improving forward order visibility and creating more predictable, higher-quality revenue.

We are prioritising customers where we have strong relationships but untapped potential, expanding engagement across the Group to unlock greater value.

The shared purpose, clarity and alignment that the 3Cs deliver are what enable the Group to be more than the sum of its parts. The benefits are showing in the quality of our largest customer conversations, in the cross-divisional content of our biggest opportunities and in the responsiveness of our sales and engineering teams to Tier-1 requirements.



How we work together

Cooperation
We operate as one company. Resources, knowledge and capability move freely across every subsidiary and function.

Communication
We say what we mean, share what we know and listen to what comes back. Transparency is the standard, not the exception.

Collaboration
We build on each other. Cross-functional teams take on shared challenges and create solutions no single site could deliver alone.

Key Strategic Focus

The four strategic priorities strengthen our ability to deliver **greater visibility and opportunity**. **Our people are the foundation** to delivery, making talent retention and attraction vital.

Deliver multi-capability programmes at scale

We are focused on increasing our exposure to larger, more complex programme contracts that combine capabilities across the Group.

By coordinating our specialist businesses, we are able to deliver integrated, end-to-end solutions for mission-critical applications.

This enables deeper customer relationships and supports long-term, sustainable growth.

Objective: Align business processes to facilitate combined customer delivery.

Progress made: Business plans by site including detailed systems road maps to support the delivery of multiple programmes at scale.

Build long-term revenue visibility

We are enhancing the quality and visibility of our revenue by increasing our exposure to long lifecycle products and programmes.

By embedding our solutions into customer platforms, we are building a more stable and predictable forward order book supporting disciplined, long-term growth.

Objective: Increase order book length and value.

Progress made: Proportion of the order book as at 31 March relating to periods beyond the next financial year increased by 7% as a share of total orders compared to 31 March 2025.

Expand our product portfolio with discipline

We will pursue targeted acquisitions that enhance our ability to deliver programmes and strengthen our core capabilities.

Our approach is disciplined and focused on filling capability gaps, enabling growth opportunities while maximising the significant organic potential already within the Group.

Objective: Expand production capacity, product portfolio and capabilities to meet customer demand.

Progress made: All business units have been targeted with the design and manufacture of own-brand products.

Actively promote Group capabilities

Our strength lies in the breadth of capabilities across our businesses. By fostering a culture of cooperation, collaboration and communication, we are increasingly bringing these capabilities together.

Through closer alignment of our teams, we can pursue larger opportunities, combine specialist expertise and deliver solutions that extend beyond the scope of any single business.

Objective: Cross-Group value-added solutions and systems.

Progress made: Implemented a vertical sales structure in the USA for two core markets. Created the group CTO and CRO roles to drive the 3Cs.

From capability to coordinated execution

Our ability to deliver complex sub-systems is rooted in the core skills of our specialist businesses and how we bring them together.

This example illustrates how Solid State combines Product, Project and Programme capabilities to deliver a multi-year, mission-critical solution via internal collaboration.

Delivering complex programmes through coordinated capability

Challenge

A major defence customer requires an integrated power and computing solution for a next-generation platform operating in demanding environments.

The programme requires:

- High-reliability power systems
- Embedded computing and control
- Connected communications architecture
- Specialist components with long lifecycle support
- Integration across multiple subsystems
- Delivery over a 10+ year production cycle
- Vision systems and image capture technology

The scale and complexity of the requirement means no single supplier can deliver the full solution in isolation.

Solution

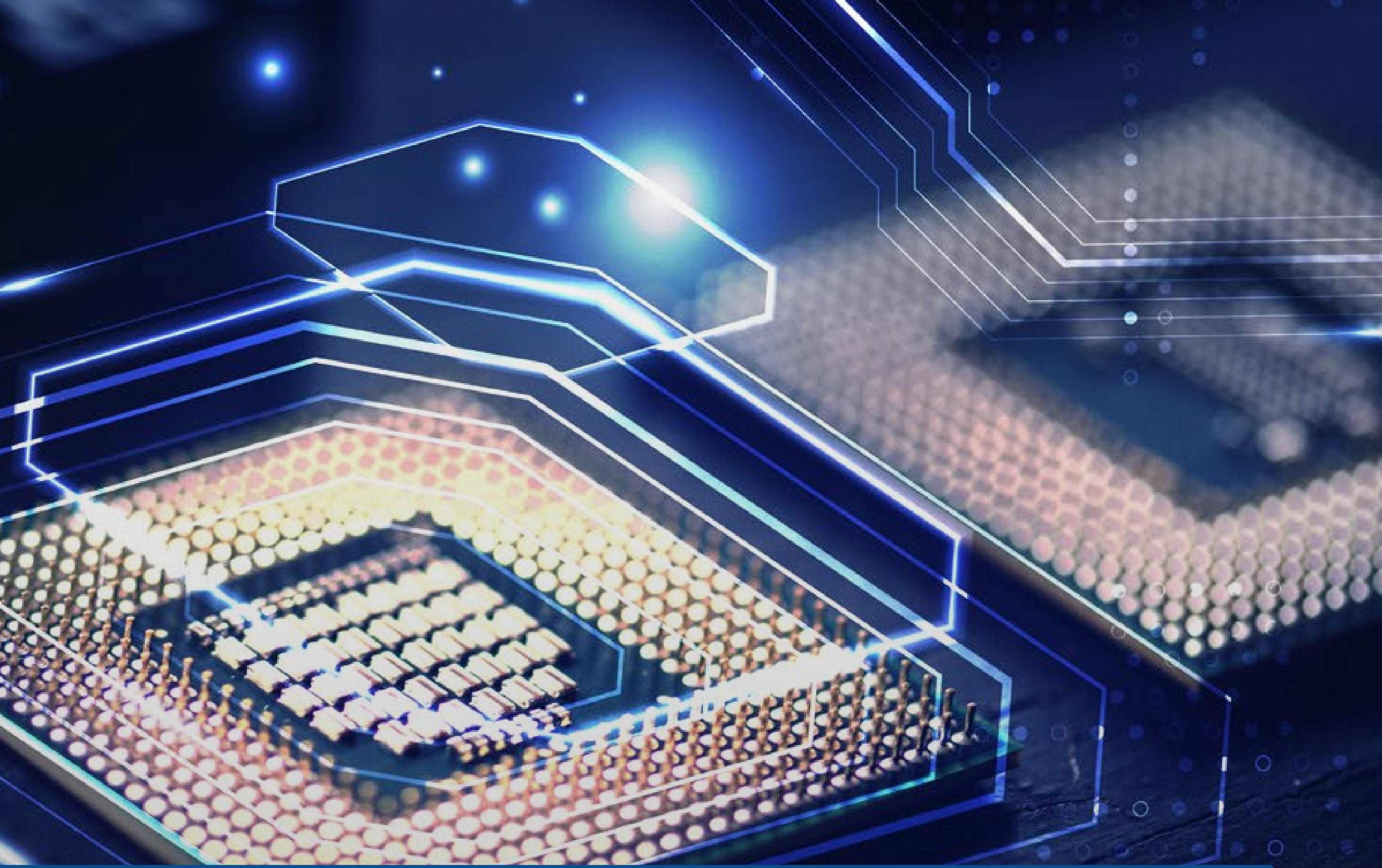
By working as a coordinated group, Solid State brings together its specialist businesses to deliver a complete, integrated solution.

These capabilities are combined across three complementary delivery levels:

- **Product:** specialist components and embedded solutions providing a reliable, repeatable foundation
- **Project:** tailored system design and integration to meet specific platform requirements
- **Programme:** coordinated delivery across the lifecycle, supporting long-term production and performance

Together, this approach aligns specialist expertise into a cohesive, tested and deployable solution.

The majority of the solution is delivered within the Group, complemented by targeted external partnerships where required.



How we deliver

This programme is delivered through close collaboration across the Group, supported by dedicated commercial and technical teams focused on programme delivery.

By engaging at a strategic level with the customer, Solid State acts as a long-term partner capable of delivering complex, multidisciplinary solutions.

The Commercial Project Office ("CPO") and Central Technical Office ("CTO") bring together the relevant site teams to provide the expertise required to provide a seamless customer solution.

Outcome

This coordinated model delivers clear benefits:

- Long-term revenue visibility through multi-year production cycles
- Stronger customer relationships through deep integration into critical platforms
- Higher-value contracts enabled by integrated solution delivery
- Repeatable opportunities across similar platforms and customers

Our Business Model

Our business model is built on specialist capabilities, long-standing relationships and the ability to deliver solutions across the full lifecycle of complex systems.

Our foundations

Our people

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

Our technology

Specialist components, sub-assemblies, embedded systems, power solutions, communication platform technology and complex antennas through to complete integrated electronic solutions.

Domain knowledge

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

Our relationships

Our supply chain and technology partners ensure that we can reliably provide technology components and systems at times of need and shortage to meet customer demand.

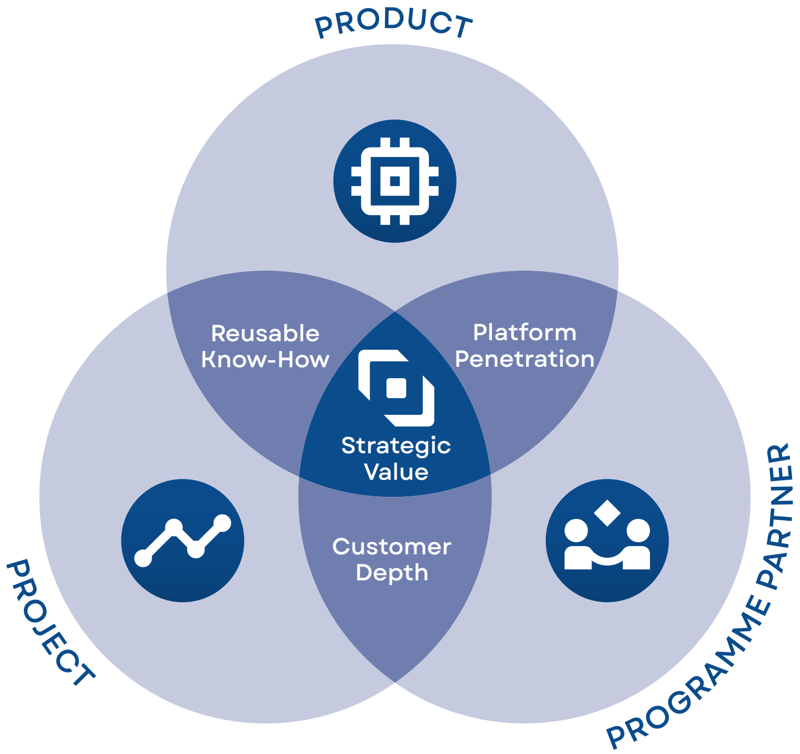
Our culture

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

How we deliver value

What we do

Our specialist businesses deliver value both independently and in combination. By coordinating capabilities across the Group, we are able to deliver more complex, higher-value solutions.



By combining our capabilities across the Group, we create value through repeatable product revenues and integrated programme delivery.

Outputs

Individual customers
The Group has the facility to service individual customer requirements, and it can do that through its individual businesses, divisions and via existing customer relationships.

Project-based work
Each specialist business has the capability to service large-scale projects across our tier-one customer base. These are still largely specific to individual businesses and divisions, although the size of project is typically larger than individual product sets.

Group-wide collaboration delivering large programmes
Our Group has the breadth and capability to deliver large, multi-discipline programmes over many years. Each of our businesses brings specialist expertise to large-scale contracts, while our partnership network helps fill any remaining gaps.

How we do it

- Understand customer requirements
- Design and develop solutions
- Supply components and products
- Integrate systems and solutions
- Deliver and support over lifecycle
- Expand and deepen relationships

Acquisitions
We make targeted acquisitions where it is lower risk than organic investments, to broaden our Group's capabilities and strengthen our ability to meet customer needs both now and in the future.

Customers
We leverage our team's technology know-how, product expertise and system performance to deliver innovation and value-added solutions.

Employees
We are committed to delivering high-quality rewarding employment opportunities, maintaining a high level of employee engagement.

Suppliers
We work in partnership with our suppliers to drive innovation and development, designing-in the best technology to deliver the required performance.

Communities and environment
We recognise our role as a local employer, and the importance of our environmental commitments to our local community.

Shareholders
We are committed to delivering long-term sustainable growth in total shareholder returns through a combination of capital growth and dividend income.

Our Capabilities in Action

Systems as a sovereign force

Our Systems' capabilities meet existing and fast evolving demand for the design, manufacture, supply and through-life support of high-performance systems for demanding applications. Products designed at pace, manufactured to endure and supported for life.

Sovereign – Proven – Trusted

Antenna systems

Signal intelligence, advanced sensors high-performance communication antennas and threat emitters operating in the radio spectrums.

Integrated computing systems

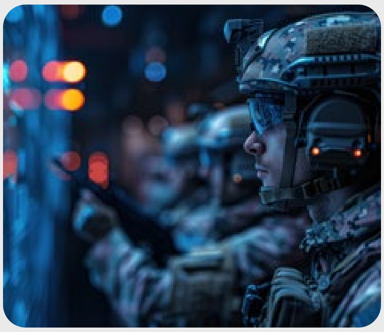
Computer platforms, cooling technologies switching, sub systems enabling high-speed information processing, camera solutions, image capture and vision systems.

Communications systems

Distributed self-healing network connectivity, IP gateways, situational awareness software and through-life support.

Steatite – Integrated Computer Systems

Trusted Agile Innovative



We brought together the computing design and manufacturing experience of our Redditch facility with our optical and electronic technologies developed by our Active Silicon team with the production, integration and support capabilities of our Ashchurch operation to provide true "tier two" sub systems. We are supporting some of the nation's most critical strategic defensive capabilities.

We are responding to a growing demand in the defence environment for information processing computer platforms that are required at pace with innovative, cost-effective and scalable capabilities. We leveraged many years of experience in developing industrial solutions with our skills in creating robust architecture to produce a range of disruptive and highly cost-competitive computer products under the Ndura brand. With the increasing demand for computing performance, including AI data centres, transportation, medical and defence applications, there is a corresponding need to manage heat dissipation. We are working with our internal team and industry partners to bring novel and cost effective power management and cooling technologies to the Steatite products.

Our computing solutions encompass the design and manufacture of large consoles and cabinets, Keyboard-Video-Mouse ("KVM") switching and, notably, Positing Navigation and Timing ("PNT") technologies, addressing the increasing demands to operate in denied GPS environments.

Our Frame grabbing image processing technologies serve a wide spectrum of applications, from sport and medical to industrial use. Meanwhile, our integrated camera solutions combine optimised size, weight and power with advanced signal processing, ease of use and reliability, meeting the growing demand of the rapidly expanding drone markets.

We remain a trusted partner to our long-standing blue-chip clients, who consistently return to Steatite for our field-proven products, services and sovereign support. We are also responding to a new generation of industry disruptors, offering AI-enabled remote and autonomous platforms across the air, land, sea and subsea domains.

Trusted
- Subject experts
- Experienced
- Field proven

Agile
- Responsive
- Sovereign supply
- Entrepreneurial

Innovative
- Disruptive thinking
- Novel architecture
- Tier two capable

Steatite Antennas

Investing Innovating Industrialising

Our teams are responding to unprecedented levels of demand for our sovereign sensor and threat emitter solutions within our UK antenna business and our Q-Par USA sales channel.

Our antennas team excel when presented with the toughest technical challenges. Challenges include operation at higher powers, wider bandwidth and/or higher levels of gain while considering the requirement to be lighter, stronger and more enduring than our competitors' products. Our customers are seeking novel sensors that will facilitate position location, signal and communications analysis and classification. We are developing threat emitter solutions with industry partners that support the training of fast jet pilots and have valuable secondary functions in theatre.

Investments in new testing and production capacity coupled with the recruitment of talent to work alongside our existing amazing team position our business well to respond to pent-up demand. Our Active Silicon electronic design and software teams collaborated with our Leominster colleagues to develop state-of-the-art spinning

antennas with the associated positioning and control systems.

We are observing customers sourcing product from the wider Solid State Group to integrate into advanced uncrewed platforms as the concepts of the hybrid navy on sea and subsea in addition to "loyal wingman in the air" become a reality. Our antennas, cameras, computers and radios support those missions.

World class
- Sovereign
- Global
- Tried and tested

Investing
- Talent
- Testing capabilities
- Production capacity

Disruptive
- Novel and innovative
- Lateral thinking
- Optimised size, weight and power

Steatite – Network Communications

Scalable Capable Supported

Following adoption by the UK Royal Marines, we now provide advanced meshed communications solutions to the British Army under project CAIN.

As well as this novel mobile ad hoc self-healing network solution, we offer situational awareness software and radio over IP gateways. Our field-proven subject matter experts provide through-life support and training packages to the growing customer base, including other UK Government and European customers.

In collaboration with computing, power and antenna colleagues, we are developing spiral upgrades and a wider product offering that includes mobile command systems, high performance antennas, autonomous telemetry products and battery solutions.

We are embedding a Secure by Design (SbD) ethos across the business, aligning with UK Ministry of Defence (MOD) practices to ensure security and cyber resilience are integrated from the design outset and maintained throughout the product lifecycle. SbD builds on existing guidelines for continuous risk management, resilient architecture and shared security responsibility.

We are growing sovereign capabilities to address modern warfare that will see adoption of our products into autonomous swarm systems on land, sea and air. The need for integrated command control combined with edge processing falls well within our Communications team competencies and those of the wider Group.

Proven
- In service
- Growing adoption
- Supported for life

Qualified
- Experienced people
- Customer extension
- Sovereign supply

Interoperable
- Meshed networks
- Situational awareness
- Spiral upgrades

Our capabilities in action continued

Our Components capabilities cover the supply of electronic, opto-electronic and electro-mechanical components, supported by sourcing and lifecycle services.

We provide own-brand and franchised components, alongside value-added capabilities that support design-in, availability and long-term performance across complex applications.

Franchised and own-brand components

With over 50 years as a technical franchised distributor, Solsta has a rich history in the highly innovative electronic market. Customers view us as an extension of their design team, a trusted advisor that helps them solve the technical problems that they cannot solve alone. Solsta also provides a wide range of solutions designed to add value to our customers. Solsta's engineering-driven team supply complementary leading technologies from processing and communications to sensors and opto-electronics. Solsta is held in very high regard due to the breadth and depth of our technical knowledge, which is shared in a consultative way with our customers. Our long-standing supplier partnerships are with world-class electronic component industry manufacturers, who recognise the benefits of working with such a highly regarded design-in distributor.

Solsta provides value-added services including device programming, firmware version control, sourcing of hard to find or obsolete components and advanced RMA processes ensuring customers view their relationship with Solsta as a trusted partnership, not just a supplier. To enhance the product offering further, Solsta also offers a range of own-brand components and design services. These design services can incorporate analogue and digital electronic circuit design, mechanical design and a full range of "design for manufacture" services. Products designed and manufactured are highly diverse, spanning Laser Range Finding solutions, including full laser alignment and optical set up, through to ISO13485 accreditation-compliant medical products. Many of these products require assembly and testing in our state-of-the-art level 7 clean

room, based in the 5,000 sq. ft Solsta manufacturing centre in Weymouth. This facility also benefits from full ESD flooring, a plasma cleaner and both nitrogen purge and storage enclosures.

Solsta Embedded

A specialist provider of IoT communications, embedded displays and embedded computing platforms, delivering integrated, best-in-class engineered solutions that go far beyond logistical distribution. Engineering sits at the core of what we do. Through our consultative approach and by combining premium-grade technologies with custom hardware design, firmware optimisation and in-house assembly, we create purpose-built solutions engineered to perform reliably in demanding real-world applications. Solsta Embedded guides customers in defining exactly what they need, offering everything from basic distribution to modified solutions backed up with expert advice, all the way through to full design and build capabilities for integrated systems.

Our Power capabilities cover the design and manufacture of advanced battery and power solutions for demanding environments.

We deliver custom battery packs, power management and energy storage systems supporting reliable performance across long lifecycle applications.

Custom Power – Custom Design and Build

With over 30 years of experience, Custom Power is one of the few international custom battery manufacturers providing sovereign capability in both the EU and US markets. The business provides end-to-end design and development of advanced battery systems and power solutions, supporting customers from concept through to production.

We design and manufacture custom battery packs for critical applications in markets where size, weight, power and reliability are essential. Our engineering teams combine electrical, mechanical, thermal and systems expertise with practical manufacturing knowledge to deliver reliable, scalable solutions.

From feasibility studies and architecture development to prototyping, validation and production support, we help customers accelerate development, reduce risk and achieve production readiness. Through comprehensive testing and a strong focus on design for manufacture, we ensure solutions are optimised for performance, quality, supply chain resilience and scalable production.

Our expertise spans rechargeable and primary battery technologies, enabling us to develop fully bespoke solutions tailored to customer requirements. Battery systems can incorporate MIL-STD and industrial connectors, power conversion, custom cabling, multi-battery configurations and custom modules.

Sovereign – **Reliable** – **Bespoke**

Custom Power – Power Products

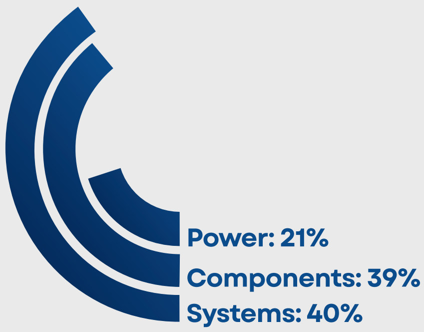
Alongside our custom solutions, we offer a broad range of standard battery products, many developed in-house and available with short lead times. These products can be readily adapted to meet specific application requirements.

Manufactured in the UK and US using high-quality components and advanced production processes, our portfolio includes lithium-ion, lithium polymer, primary lithium, nickel-metal hydride (“NiMH”), nickel-cadmium (“NiCd”) and alkaline technologies. We also provide high-temperature and ATEX battery systems, battery chargers, battery management systems and our APTIX range of standard battery packs.

Together, our design, engineering and manufacturing capabilities enable us to deliver complete power solutions, from initial concept through to volume production, for customers operating in some of the world’s most demanding environments.

Our Marketplace

We focus on markets characterised by **high barriers to entry, long product lifecycles** and **demanding technical requirements.**



These markets require specialist expertise, established customer relationships and proven capability – allowing us to differentiate our offering and deliver long-term value.

Industrial automation and AI

AI adoption is a near-term commercial driver across all three divisions. Data centre growth, edge computing and the broader industrial automation cycle are translating into design wins, particularly in Components, where our recent franchise wins in AI-capable processing modules and own-brand power switching give us a relevant proposition for customers new to AI. In Systems, AI applications require ruggedised computers at the edge, where our integrated systems capability is well placed. In Power, autonomous applications are a primary growth driver and energy storage demand from AI data centres is an emerging adjacent opportunity.

Medical

Demand in our medical end markets continues to be robust, with strong design-in activity and a growing pipeline of opportunities. AI adoption in clinical settings, the move to portable and cordless device formats, and customer focus on improving clinical outcomes and reducing the cost of care are aligning closely with our ruggedised computing, battery, imaging and opto-electronics capabilities. The ISO 13485 accreditation at Weymouth is supporting medical engagement, and we are progressing further accreditation across Power facilities to broaden the addressable opportunity.

Defence and security

Defence remains the strongest demand environment we see across the Group, and our positioning is increasingly relevant. Governments on both sides of the Atlantic are prioritising spend with a growing emphasis on sovereign capabilities. The UK Strategic Defence Review confirmed priorities aligned with our communications, antenna, computing and power capabilities, and NATO commitments support a multi-year demand outlook. Near-term growth is being driven by tech-relevant demand across drones, autonomous platforms, communications and electronic intelligence. The longer-term opportunity sits in design-in to multi-year programmes, where our Project to Programme Partner transition is most directly relevant. We note that the publication of the UK Defence Investment Plan continues to be delayed, which is slowing the pace at which committed defence spend is contracted and converted into orders.

Transportation

Demand for technologies in the transport sector that deliver enhanced safety, autonomy, IoT computing and portable power are areas in which the Group has the skills, experience and technical knowledge to add value to our customers.

Key markets

Solid State operates in specialist technology markets where reliability, performance, and engineering expertise are critical. The Company serves regulated markets with high technical barriers to entry.

Customers typically require highly engineered technologies for mission-critical applications where failure is not acceptable. Purchasing decisions are driven by technical capability, proven performance, regulatory compliance and trusted engineering partnerships.

Solid State's core markets include:

Defence and security – Mission critical technologies for demanding environments from a sovereign base.

Medical – precision solutions with strict quality and regulatory requirements.

Transport – reliable, efficient technologies for resilient operations.

Industrial – specialist technologies focused on reliability and longevity.

These markets are supported by long-term customer relationships, rigorous qualification processes, and high expectations for performance and lifecycle supports.

Market performance

Solid State saw strong demand across defence and security, AI data centre infrastructure, industrial IoT and medical markets during the year, driven by the need for high-performance specialist technology solutions. Domestic transport markets were more mixed.

Supply chain conditions were favourable early in the year, but rising semiconductor demand linked to global AI infrastructure investment has seen lead times lengthen and some components entering shortages as we start the new year.

Solid State continued to meet customer demand effectively across its core markets through its engineering expertise and specialist capabilities, which has delivered strong organic growth and improved performance.

The defence and security market will continue to underpin strong business performance. The shift towards all forms of uncrewed systems continues to accelerate and Solid State is well placed to secure its share of related work.

Market opportunities

Solid State continues to see significant market opportunities across its core markets, supported by sustained long-term demand drivers and increasing requirements for trusted, high-performance technologies.

The Group's continued investment in scaling its capabilities in both the UK and the US strengthens its ability to provide sovereign capability and deliver trusted technology solutions to customers operating in critical applications and regulated environments.

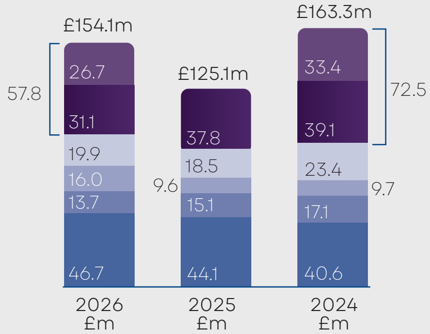
This strategic positioning enables Solid State to serve our customers with secure, reliable and locally supported technologies across its key markets.

The Group's engineering expertise, established market presence and long-standing customer relationships provide a strong platform for exciting growth.

Market data

Key

- Defence & Security
- of which: Nato
- Industrial
- Medical
- Transportation
- Other



Chief Executive Officer's Review

John Macmichael
Chief Executive Officer

> "FY25/26 has been a year of focus and pace, with the Group delivering ahead of expectations, while building the cohesion and momentum to support sustainable growth."

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 Programmes 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 uncrewed 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

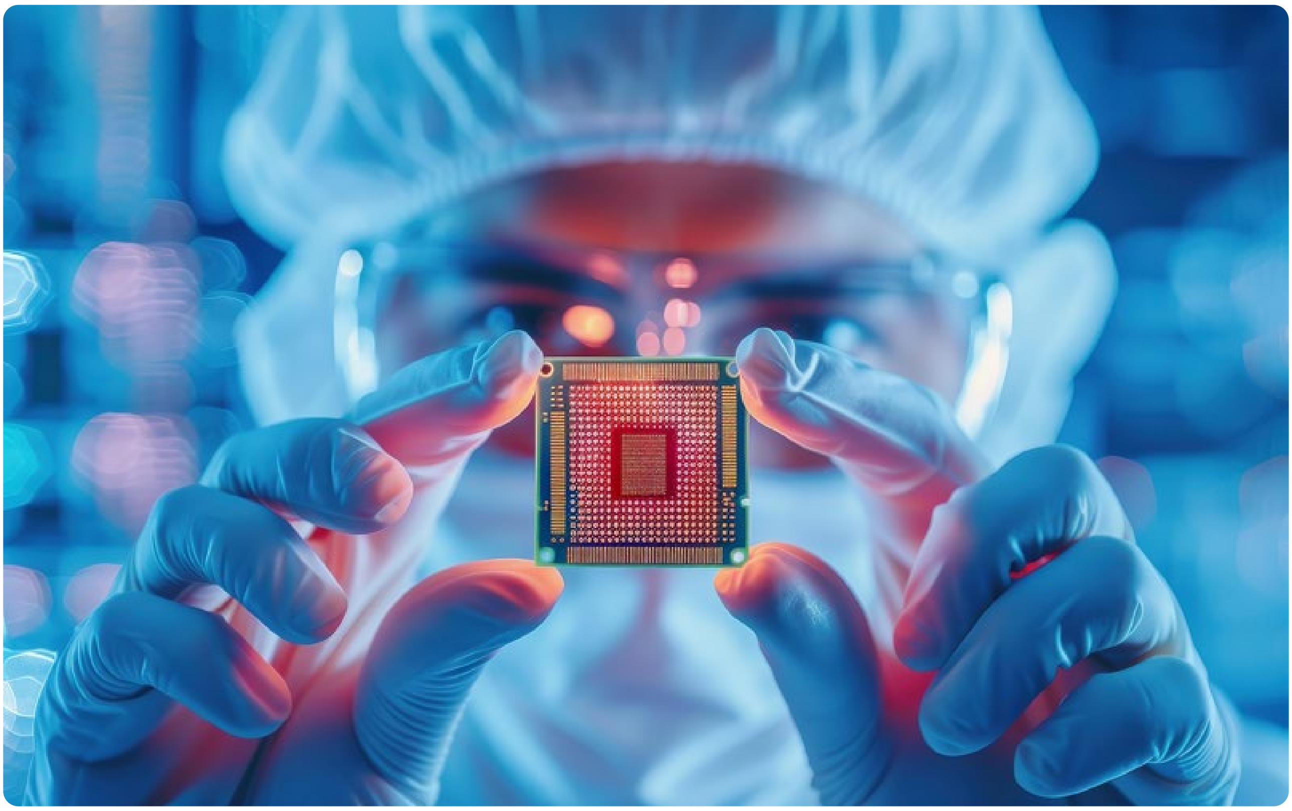
We have had a strong start to the year with the initial shipment of project CAIN completed in Q1, such that current trading is in line with the Board's expectations.

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

26 June 2026



Chief Financial Officer's Review

Peter James
Group Finance Director

> Solid State's strong foundations and financial discipline underpin a significantly improved performance, supporting continued progress towards our 2030 ambition of at least 20p sustainable Adjusted EPS."

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.

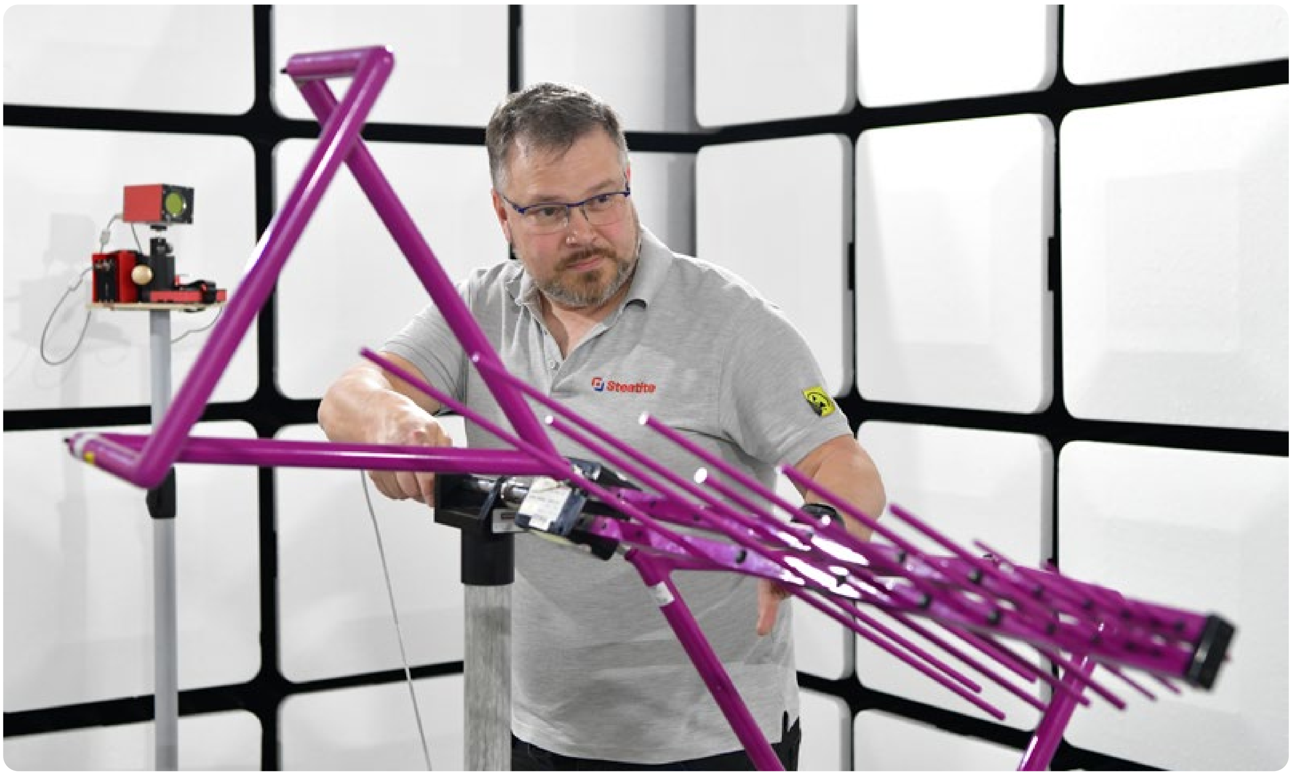
The Power division delivered revenue growth of 15.6% to £31.8m (FY24/25: £27.5m), reflecting both significant programme wins and improving market conditions. This performance demonstrates the benefits of the investments made over recent years to strengthen divisional leadership and operational expertise 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 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: 31.7%), 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 Ashchurch. 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.

Adjusted operating profit margin

6.2%

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 on page 5.

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, benefiting from the availability of tax deductions associated with the amortisation of locally recognised goodwill.

Adjusted operating cash conversion

141%

Investing activities

During the year, the Group invested £2.7m (FY24/25: £2.5m) 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 on page 5.

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

26 June 2026

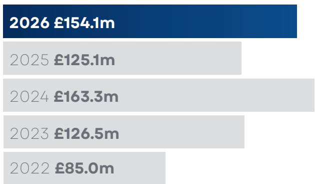
Key Performance Indicators

Financial KPIs

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

Revenue

£154.1m



Definition

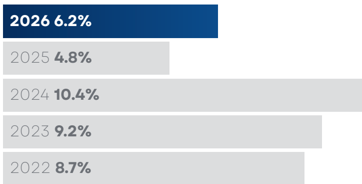
Revenue is measured as the value, net of sales taxes, of goods sold and services provided to customers.

Reason for choice

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

Adjusted operating profit margin

6.2%



Definition

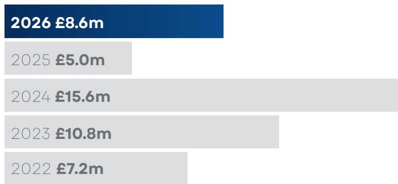
Earnings before interest, tax, amortisation of acquired intangibles, acquisition costs and other adjustments for one-off non-recurring items divided by revenue.

Reason for choice

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

Adjusted profit before tax

£8.6m



Definition

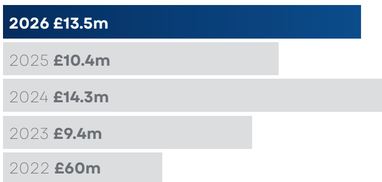
Profit before taxation, amortisation of acquired intangibles, acquisition-related costs and charges, share-based payments and other adjustments for one-off non-recurring items.

Reason for choice

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

Cash flow from operations

£13.5m



Definition

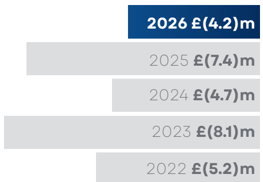
Cash flow for operating activities, excluding investing and financing activities.

Reason for choice

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

Net debt

£(4.2)m



Definition

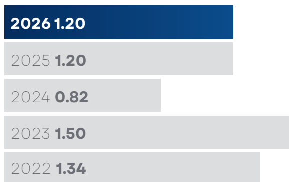
Cash less borrowings less deferred and contingent consideration obligations, excluding rights-of-use lease obligations.

Reason for choice

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

Book to bill (rolling 12M)

1.2



Definition

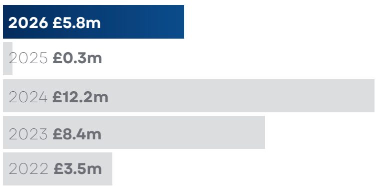
Last Twelve Months ("LTM") order intake divided by LTM revenue.

Reason for choice

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

Profit before tax

£5.8m



Definition

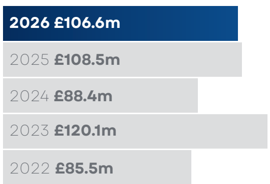
Profit before taxation.

Reason for choice

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

Open order book

£106.6m



Definition

Firm scheduled orders.

Reason for choice

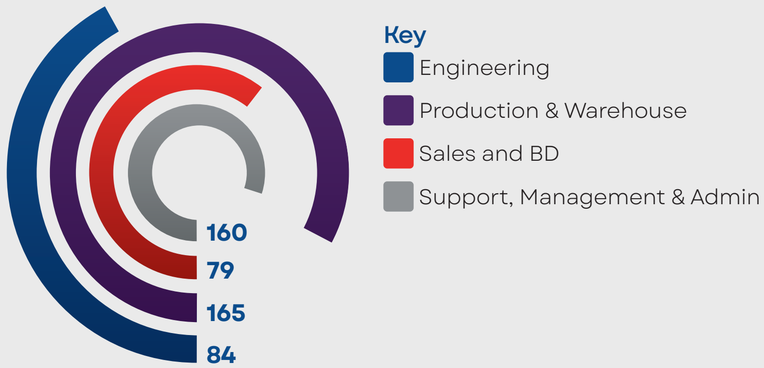
The open order book provides the leading indicator of the business we have to deliver in the coming periods.

Non-financial KPIs

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

Employee numbers

488



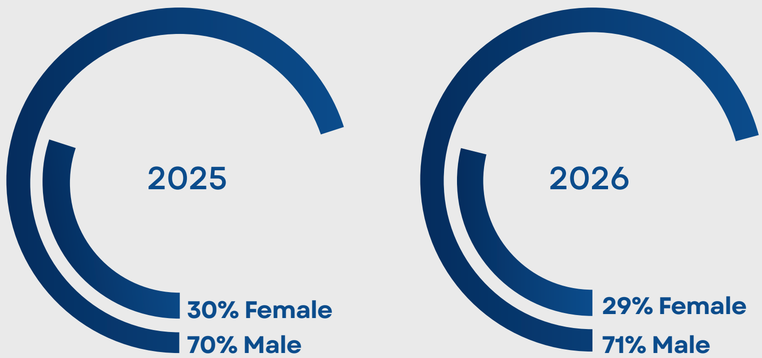
Definition

Employee headcount split.

Reason for choice

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

Year on year gender diversity



Definition

Gender diversity split.

Reason for choice

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

Our engagement with stakeholders

S172 Statement

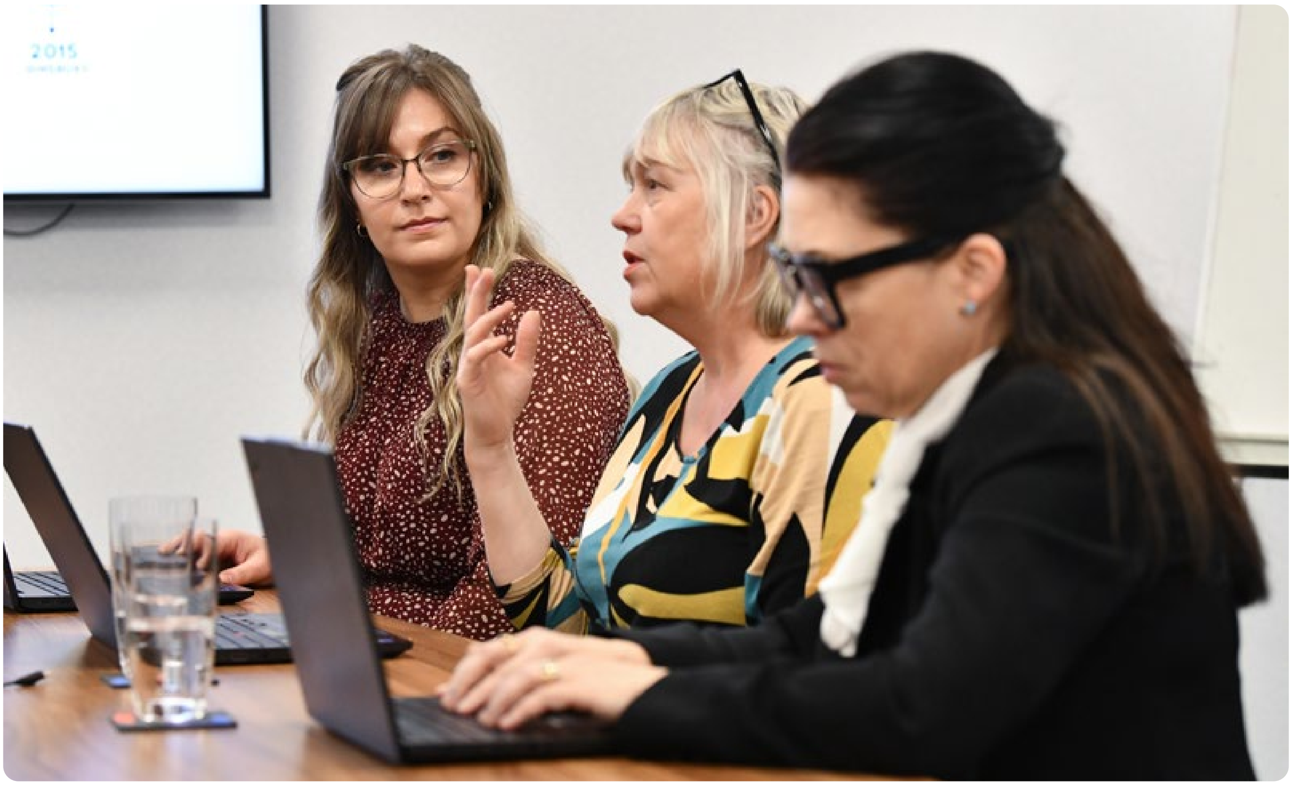
The disclosure that follows details how the Directors have acted in a manner that they believe, in good faith, would best advance the Company's success for the benefit of all of its members, taking into account (amongst other things) the elements listed in Section 172(1).

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

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

	Why we engage	How we engage	Outcomes
Investors and shareholders	The Board proactively nurtures a strong relationship with our shareholders and seeks to develop a group of investors who are committed to the Company for the long term. With clear understanding of: • Our goals and strategic plan • Financial performance • Commitments and practices related to Environmental, Social, and Governance ("ESG") standards • Culture, ethics and values In its decision-making, the Board prioritises enhancing shareholder value, striving to maintain a balance between growth investments and optimising longer-term returns for investors.	We maintain prompt and consistent communication with our investors and shareholders through • Year-end and half-year results, press releases and stock exchange announcements • AGM for shareholders • Company website, videos and presentations • Investor roadshows, capital markets day and Investor Meet Company platform investor presentations • Investor open days/ site visits • Regular meetings with corporate brokers, major shareholders, analysts and lenders	This year has seen the Power division split out from the Systems division giving greater focus oversight and visibility of this business. We have commenced operations at our new integrated systems facility in Ashchurch. We have consolidated the activities of our vision systems business Active Silicon in to one site in Langley. We have continued to develop and mature the Board and Group leadership team to ensure we maintain our robust succession planning.

	Why we engage	How we engage	Outcomes
Employees	Our team is essential to realising our strategic objectives. We take pride in our "Solid State" culture and understand that maintaining a knowledgeable and skilled workforce is vital for our business's growth. We focus on ensuring we are actively engaging to optimise: • Safety and wellbeing • Diversity and inclusion • Development and training • Recognition and reward • ESG commitments and practices Our employees are critical to our success. As such, we collaborate closely with our team to create an engaging and safe work environment.	We engage with our employees through several channels: • Regular leadership meetings to provide the opportunity to engage and receive feedback • Q&A sessions during site visits by the Executive team • New employee induction and ongoing feedback and surveys • Employee training and policies	**Leadership and talent development:** Extended and continued investment in leadership development or professional qualification courses Invested in a "Year in Industry" student in finance Further utilisation of the Eloomi learning and development platform **Communication:** Leadership site visits and town hall meetings Employee newsletters Financial results and performance updates Employee roadshows **Reward:** Continued enhancement of employee benefits and access to pensions guidance Implemented the profit share scheme Options awarded to employees under the AESP share plan



Our engagement with stakeholders continued

	Why we engage	How we engage	Outcomes
Customers and industrial partners	Our knowledge and cooperative approach with clients and industry partners allow us to provide advanced and innovative solutions. The Group collaborates closely to understand the distinct needs of our customers, enabling us to design, supply and manufacture to the highest quality standards. As a technology partner providing programmes, product or components we aim to deliver to our customers: • High-quality, safe products and systems delivering value • Programme management, meeting supply requirements and contract service and support • Value-added relationships with our direct and reseller sales network • ESG commitments and practices • The highest levels of customer satisfaction	Our commercial engagement is built upon: • Customer engagement providing a technology partner relationship for customers • Proactive in designing our current solutions out to deliver technology innovation and performance adding value to our customers • Exhibitions and roadshows to showcase our products • Actively engaging with and receiving customer feedback	Building relationships with new and existing customers and industrial partners across the Group. Investment in the new integrated systems site at Ashchurch. Delivering our ESG strategy. Bringing the Group's full capabilities to bare for customers securing longer-term high-value added programmes. Supply chain diversification and enhancement, to improve the communication of the timeline of deliveries.

	Why we engage	How we engage	Outcomes
Suppliers	The organisation's strong network of supply chain relationships with component manufacturers and technology partners is essential for ensuring it meets the technical requirements of customers for their specific applications. Our supplier relations enable us to: • Manage supply chain expectations • Gain insight on market demand • Receive feedback on quality and reliability • Engage in value-added working relationships • Provide fair commercial terms and payment for products and services • Implement ESG commitments and practices	Long-term supplier partnerships are established through: • New supplier due diligence and provision of Group policies • Continuous and open communication between our team and key suppliers • Regularly engaging with the Group's suppliers on critical issues and visibility of demand • Engagement on quality, performance, price and how to improve the supply chain relationship • Supply chain diversification and enhancement, to improve the communication of the timeline of deliveries • Internationalising our commercial supplier partnerships to cover additional territories • Ongoing supplier diligence to ensure robust and reliable supply	Our continued supplier engagement has delivered: • Continued supply chain diversification and enhancement, to improve the communication of the timeline of deliveries • Internationalisation of our commercial supplier partnerships to cover additional territories • Paying to established credit terms to drive a fair relationship • Ongoing supplier diligence to ensure robust and reliable supply
Community	Solid State PLC is dedicated to responsibly interacting with the communities where we operate and recognises the importance of our role as a local employer in these regions. • Positive influence on local communities • ESG commitments and practices • Engagement to enhance the partnership • Investment in job creation	We strive to make a positive contribution in the communities we operate in by: • Participating in local community sponsorship and charitable events • Food bank contributions See further details in the ESG section on pages 42 and 43.	Continued involvement in activities within the community. See pages 46 and 47 for further details. The expansion of our antenna facility and our new integrated systems site at Ashchurch adding new skilled employment opportunities within the local community in the West of England.

ESG – Overview

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

Our focus on ESG is a core part of our strategy and is integrated in all areas of our business. The Group is focused on ensuring we operate in an ethically, socially, and environmentally responsible way "Doing the right things the right way".

Environmental

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

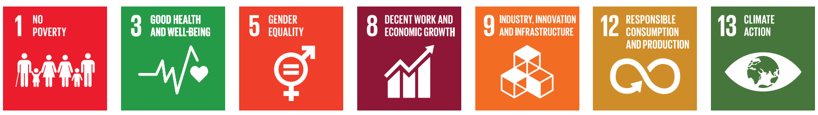
Social

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

Governance

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

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



UN SDG	Link to Solid State PLC	Relevance to Solid State PLC	Progress so far
1 NO POVERTY	**Supporting local communities**	The Group continually works with and for the communities in which we operate, recognising our role as a local employer.	The business supports local food banks with the aim to reduce food poverty in our communities and we sponsor a room at local the local YMCA all year round. From sponsoring grass roots community sports teams, charitable events, to our incredible employees who choose to raise money for many great causes. We are in the process of formalising our support for our employees to take time off to support local charities and community engagement.
3 GOOD HEALTH AND WELL-BEING	**Health and safety**	The Board continues to actively promote a safety-first culture. We track accidents and incidents and have a global target to reduce our incident rate to zero.	The health and wellbeing of our employees is critical to us and throughout the year we provide training and share resources with them on how to look after their mental and physical wellbeing. This includes access to a wellbeing at work support programme for employees and their families. All employees are encouraged to take an active role in ensuring that our working environment is a welcoming, inclusive and safe place to work and visit by actively reporting all safety observations and incidents, being involved in safety audits, risk assessments and regular awareness training sessions.
5 GENDER EQUALITY	**Our people**	We are committed to maintaining a high level of employee engagement across all sites and providing an environment of equality where all employees can fulfil their potential.	The Board is proud of the Solid State culture which is welcoming, friendly and supportive of all members of the team. We provide formal and informal training as part our internal “on the job” training as well as externally provided courses and training to promote progression. We have established a working group with the aim to motivate, empower and support all employees. This is in addition to an active focus on reviewing and updating the appropriate policies within the businesses, such as flexible working, promoting equality and diversity, and equal pay.
8 DECENT WORK AND ECONOMIC GROWTH	**Economic growth**	The Group’s strategy continues to focus on economic growth for all our stakeholders through acquisition and organic growth.	The Group has been successful in achieving our five-year strategic goals providing our shareholders with total shareholder return in excess of 20%. Our acquisitions and organic growth have allowed us to increase our headcount to over 470 people and drive improved margins and increased added value contribution for all our stakeholders. Our growth provides employees with opportunities to develop and progress in their roles as well as recruiting new talent into the team.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	**Sustainable innovative products**	The Board is committed to providing our customers with sustainable products and encourages sustainable innovation during the design process of our products.	The nature of our products, systems and solutions mean we are starting from a strong position based on our technology, products and systems being designed and engineered to be high quality, often upgradable with long life to meet demanding customer requirements. By seeking to differentiate our premium products and systems based on quality performance and sustainability, we aim to ensure we deliver secondary benefits for our customers as our products and technology strive to be more sustainable than incumbent technology solutions.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	**Sustainable sourcing and products**	The Group’s environmental objectives are to reduce consumption and to reduce waste.	The products we supply and manufacture are typically long-life, high-performance, high-quality premium products. We do not typically operate in consumer or commodity markets. As a result we design-in products that are typically designed to deliver value through reduced consumption or reduced waste for our customers.
13 CLIMATE ACTION	**Climate change**	Solid State PLC is committed to achieving net zero by 2050 in Scope 3.	As the Group uses relatively little energy, the goal of Scope 1 and Scope 2 reduction for 2050 is to further cut our energy use, with a particular emphasis on lowering carbon emissions from gas use. The Group manages its waste in accordance with the WEEE Directive and WBAR 2009, and very little of its waste ends up in landfills as we look to adopt waste for energy collection options when it cannot be recycled. The business is switching to electric or low-carbon hybrid vehicles and we will employ more sea freight rather than air freight.

Environmental

Overview

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

Solid State PLC's emission plan

	Reduce consumption and reduce waste	How we monitor and manage the risk
Scope	**Scope 1 and Scope 2**	**Scope 3 – indirect emissions with our value chain**
How it impacts Solid State PLC	Direct greenhouse ("GHG") emissions occur from sources that are controlled or owned by Solid State PLC. Indirect GHG emissions associated with the purchase of electricity, steam, heat and cooling.	All the emissions associated, but not wholly owned by the Company itself, but that the organisation has a shared responsibility for up and down its value chain.
Our targets	The UK and US Governments have committed to the respective grids being green by 2035. Providing the UK and US Governments meet their commitments, our strategy will result in our Scope 1 and 2 emissions being eliminated by 2050.	Solid State is committed to working with its supply chain partners to ensure they are able to achieve net zero in Scope 1 and 2 by 2050, which will eliminate our Scope 3 emissions.
How we will achieve our strategy	**Near term** Our short-term (immediate) strategy is reduce consumption and reduce waste. Consistent with this approach we will: • Minimise CO_2e from electricity use by: – Switching to electricity suppliers providing 100% renewable energy. – Switching electrical equipment off when there is no business benefit to leaving it on. – Considering the environmental impact of new electrical equipment unless there are other compelling business reasons not to do so. – Considering whether solar panels can be installed in any of the business unit • Minimise CO_2e from gas use by ensuring that the temperature in our workplaces is adequate but not excessive, and any warm-up times are reasonable. • Minimise CO_2e from use of company vehicles by: – Reducing average CO_2e emissions of the fleet. – Reducing the amount of company miles travelled by considering other alternatives to travel where feasible. – Minimise CO_2e from processing of waste by applying the waste hierarchy. **Medium term** All replacement company vehicles will be battery powered unless operational constraints make this unworkable. This will ensure that emissions from company vehicles will be zero from 2035. If there is no low carbon alternative for gas for heating by 2035, we will change to electric heat-pump heating in all business units.	**Near term** One of our biggest sources of emissions is freighting. Solid State PLC is dedicated to reducing CO_2 emissions from air freight by working with our customers to move from air freight to sea freight where lead- times / other operational constraints allow or purchase closer to the business unit where there are viable options. **Applying waste hierarchy to reduce waste** To make sure our carbon footprint in these areas is as small as possible, we are examining the green credentials of the external data storage providers we employ and the website hosting platforms we utilise. To cut down on the amount of data we store, we are assessing and implementing smart practices including stricter information housekeeping and more effective data archiving. **Long term** Currently, one of our biggest emissions is expected to come from freighting commodities. There is still a lot of uncertainty in this area, despite the fact that major freight carriers like DHL are making significant progress in decarbonising their operations. Although there is not a clear route to achieve net zero by 2050 we will continue to use our influence on our freight carriers to expedite their CO_2e reduction plans. We intend to collaborate with all of our partners to lower carbon emissions and diversify our supply chain to create new opportunities. In order to achieve our goal of net zero by 2050, we will continue to be open-minded and consider new solutions, such as the use of carbon offsets, when they become available. At present, our private vehicle business mileage footprint is minimal. Currently, a very small percentage of our total emissions come from waste processing. We will work with all of our partners to decrease the amount of waste in our supply chain and diversify it to create new opportunities. Currently, the great majority of our staff members drive to work. As more vehicles become electric and accessible, the Group has adopted incentives to promote the switch to electric cars such as providing charging posts at our sites, and tax efficient car leasing schemes through Octopus Energy.
Challenges	Data collation has proved to be a challenge faced by the group due to the amount of information required from various sources. Achieving net zero from freighting goods is likely to be our biggest challenge.	We are working on new methods for collating the carbon data to produce a comprehensive and ratified Scope 1, 2 and 3 data. This is with the help of external consultants. We plan to use the consultants to help develop further carbon reduction plans, especially in relation to freighting goods.

Scope 1 and Scope 2 emissions

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

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

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

Added value is used as the intensity ratio (CO_2e/£m added value). The Group defined "added value" as the "gross margin" as it is believed that this best represents business output.

	FY22		FY23[1]		FY24[2]		FY25[3]		FY26	
	UK and offshore	Global (excl. UK and offshore)	UK and offshore	Global (excl. UK and offshore)	UK and offshore	Global (excl. UK and offshore)	UK and offshore	Global (excl. UK and offshore)	UK and offshore	Global (excl. UK and offshore)
Total Scope 1 emissions (tCO_2e)	145.95	71.52	135.50	60.60	129.76	79.28	**119.00**	**36.72**	**97.47**	**53.23**
Total Scope 2 emissions (tCO_2e)	128.01	130.32	111.17	276.40	123.69	285.07	**144.43**	**120.56**	**142.86**	**117.81**
Total Scope 1 and 2 emissions (tCO_2e)	273.96	201.84	246 .67	337.00	253.45	364.35	**263.43**	**157.28**	**240.33**	**171.03**
Energy consumption (kWh) resulting in the above reported emissions	1,332,277	999,865	1,246,293	1,132,338	1,261,764	1,269,977	**1,428,829**	**646,023**	**1,306,125**	**795,214**
Intensity ratio (tCO_2e per £m of added value)	17.18		14.68		11.93		**10.71**		**7.96**	

1 Includes Active Silicon, Willow and AEC.
2 Includes Active Silicon, Willow, AEC and Custom Power.
3 Includes Gateway Electronics Components

Environmental strategic highlights

We are pleased to report that our overall baseline intensity ratio has continued to decrease from 20.9 tonnes in our base year (FY20) to 7.96 tonnes in FY26. We are actively working to include Scope 3 emissions reporting in line with CRD and SRS requirements for FY27, using specialist software and consultants to identify further areas for carbon reduction. This is an important step in reducing the Group's carbon footprint and working towards achieving our net zero target.

The progress to our environmental strategy includes minimising CO_2e from:

- Switching to electricity suppliers providing 100% renewable energy.
- Electricity use – by switching electrical equipment off when there is no business benefit to leaving it on.
- Gas use – by continuing to focus on our mid-term investment to convert gas heating solutions to electric heating solutions aligned with the government's commitment to the grid being green by 2035.
- Air freight – by working with our customers to move from air freight to sea freight where lead times/other operational constraints allow or purchase closer to the business unit where possible. Working with our carrier partners to adopt reduced carbon logistics options as they become available.
- Use of company vehicles – by replacing company vehicles with fully electric and hybrid models to reduce or eliminate CO_2e emissions of the fleet, and minimising company miles travelled by considering other alternatives to travel where appropriate.
- Use of private vehicles – by incentivising our employees that commute to work to switch to electric vehicles through a tax efficient lease scheme (Octopus EV) and on-site charging posts. Therefore reducing our Scope 3 emissions ahead of formally reporting them.

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

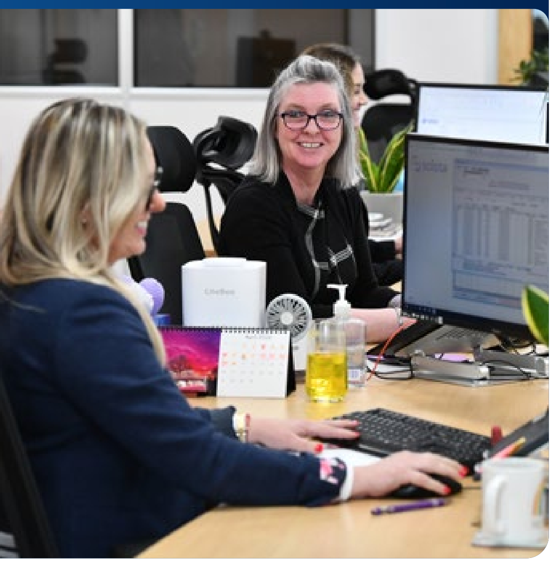
Currently, the requirement to report on TCFD matters is obligatory for all premium-listed companies; Solid State PLC is not premium listed and, therefore, this is not a requirement for us.

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

Social

Key highlights

- Maintained our commitment to the Armed Forces Covenant, supporting veterans in employment. We achieved the Silver award in 2026.
- Continued investment in our online learning platform, Eloomi, to support employee development.
- Ongoing commitment to our "year in industry" finance programme.
- Introduced a Group-wide profit share scheme.
- Increased use of the apprenticeship levy for employee development.
- Continued support for local communities through charity and volunteering initiatives.
- Introduced a structured charity and employee welfare calendar and Volunteering Policy.
- Piloted a Professional Development Review ("PDR") process for structured goal setting and feedback.
- Expanded employee benefits through mortgage advice and pension webinars.



Solid State recognises that its people are central to the Group's success.

We promote a culture of integrity, respect, openness and continuous improvement, underpinned by our core value of treating others as we would wish to be treated.

We are committed to maintaining a workplace where employees feel valued, respected and empowered to contribute, fostering collaboration and creating an environment recognised as a great place to work.

Employee engagement

The Board is committed to ensuring employees feel connected, engaged and able to achieve their full potential.

Senior leadership maintains regular communication through site visits, town halls and Group-wide webinars, ensuring employees are informed and able to share feedback.

We continue to invest in employee development through Eloomi, apprenticeships, professional training and our year-in-industry programme. Feedback channels, including safety culture reporting and wellbeing surveys, provide employees with opportunities to suggest improvements across health, safety, wellbeing and workplace culture.

Recognition and reward

The Group takes a holistic approach to reward, combining personal development with financial and non-financial benefits.

In FY25/26, we introduced a Group-wide profit share scheme to provide greater clarity and transparency in performance-related reward.

Employee benefits include:

- EV salary sacrifice scheme (UK)
- Life assurance
- Additional holiday purchase options
- Mortgage advice services
- Pension webinars

Diversity and inclusion

We are committed to equal opportunities and building a diverse and inclusive workforce.

While our sector presents challenges in broadening diversity, we remain focused on creating an inclusive culture and attracting varied talent. One-third of our Senior Leadership Team is female, and we remain committed to further progress.

Armed Forces Covenant

We are proud to have been awarded the Silver status in the Defence employer recognition scheme during June 2026. This recognises our continued commitment and support as a proud signatory to the Armed Forces Covenant, supporting veterans in employment.

Health, wellbeing and safety

We maintain a strong health, safety, wellbeing, and mental health-focused culture, ensuring safe and supportive environments for employees, contractors and visitors.

We continue to invest in wellbeing resources, mental health initiatives, training and support programmes. Compliance with relevant legislation remains a priority, supported by audits, risk assessments and regular training.

Our Wellbeing Committee supports employee health via webinars, awareness campaigns and wellbeing initiatives. Flexible and hybrid working arrangements also support work-life balance where appropriate. We have approved 95% of flexible working requests during the financial year and 8% of our workforce are part-time.

Local community engagement

We are committed to supporting the communities in which we operate and encourage employee participation in community initiatives.

Across the Group, we support local charities through fundraising events, food bank donations and volunteering opportunities. Employees are entitled to one paid volunteering day each year.

In the US, we support Child Creativity Lab, Caterina's Club and local toy donation initiatives.

In the UK, we continue to support local food banks, the YMCA the Herefordshire Armed Forces Drop in Centre and the Worcestershire Local Skills Improvement Plan.

We have also increased employee participation in apprenticeship-funded development programmes.

Governance

Key highlights

- Our website located at: **www.solidstateplc.com/downloads** contains a comprehensive set of all our policies.
- These guidelines are applicable to every aspect of our business, and we provide training to our employees to ensure they understand and follow them.
- The Board has examined its governance to ensure we are in compliance with the 2023 revision of the QCA Policy.
- The ESG Committee's goal for 2026/27 is to standardise the flow of governance information, policies and processes across the Group, breaking down the silos between our subsidiaries and building the foundation for a unified, globally aligned organisation.

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

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

Our Corporate Code of Conduct outlines the fundamental principles and standards that guide our actions and behaviours. This sets forth the standards and behaviours expected of every individual at Solid State. We flow down our expectations of best practice to our supply chain through an Integrity and Corporate Responsibility Charter which is agreed by all partners and suppliers.

As our business continues to grow internationally, we aim to standardise the flow of governance information, policies and processes across the Group, breaking down the silos between our subsidiaries and building the foundation for a unified, globally aligned organisation.

More detailed information about our policies can be found on our website, which includes:

Human rights and modern slavery

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

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

Anti-bribery and corruption act

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

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

Confidentiality

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

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

In our dealings with customers

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

Strategy

The ESG Committee is in the process of establishing our climate-related risks and the potential impact of these risks. Scenario analysis is being performed across plausible climate pathway and to ensure the Group's business model is resilient to climate-related risks.

Four pillars climate-related financial disclosures

The requirement to report TCFD matters is obligatory for all premium-listed companies. Solid State is not premium listed and therefore, this is not a current requirement. We are however, working on the Group's approach to climate-related disclosures to ensure we remain compliant with climate-related financial disclosure requirements.

Metrics and targets

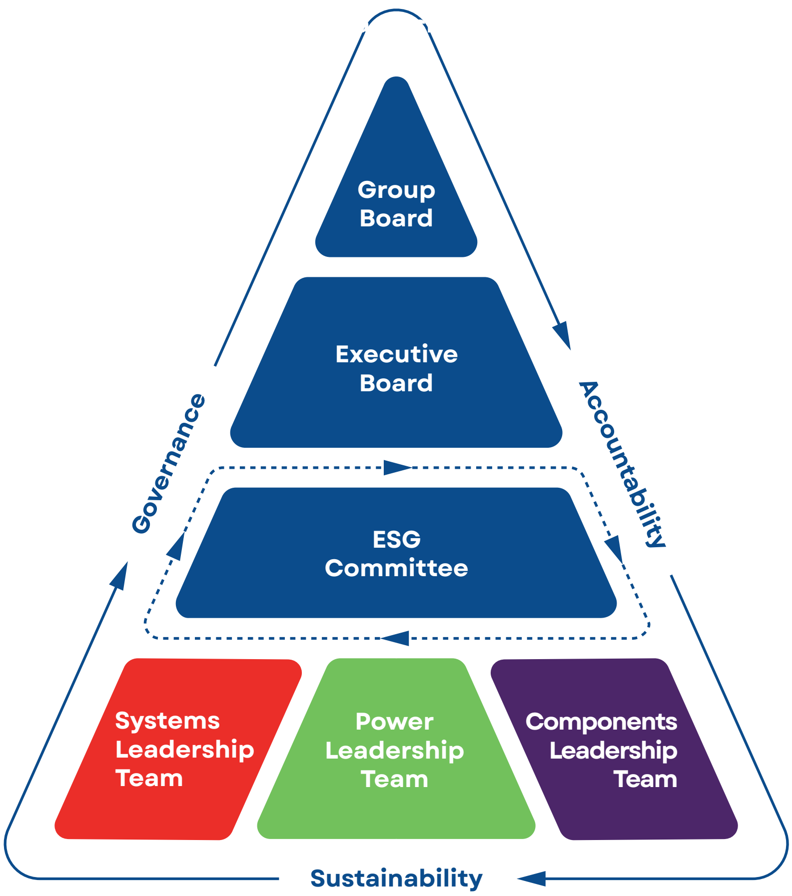
Please see the Environmental section of this report on page 45. This section covers our emission reduction targets. These targets are set and monitored by the ESG Committee with review from the Group Board.

Risk management

Please see the Principal Risks and Uncertainties section of this report on page 50, risk number 9 discusses the Group's climate-related risks. The ESG Committee is made up of a wide variety of stakeholders who have a detailed understanding of our industry as well as climate-related financial risks.

Governance

Climate-related risks and opportunities will be monitored by the ESG Committee who reports to the Group Board. The ESG Committee is chaired by the Group Compliance Officer Matthew Ashton and contains Group Board member Peter James as well as other senior employees. The ESG Committee meets monthly and will consider, review and address climate-related risks and opportunities. This process is further overseen by the Group Board.



Principal Risks and Uncertainties

The Board has an overall responsibility to ensure that there is a robust and effective framework in place for the Group's risk management activities.

The Board is supported by the Audit Committee, Group functional heads and the leadership team in managing and mitigating risk. The Audit Committee has responsibility for reviewing the effectiveness of the risk management framework and internal controls to ensure that the Group complies with relevant laws and regulations.

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

The Board's role in risk management includes:

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

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

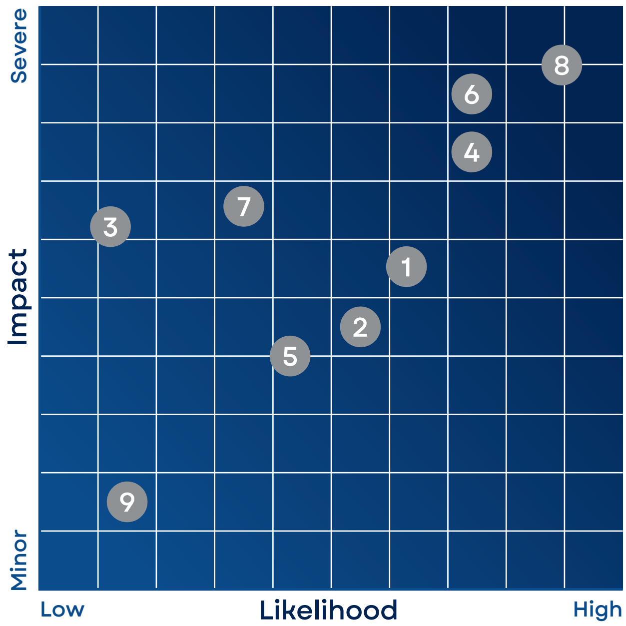
In identifying the business risks, the Group analyses risks across four key areas:

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

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

The assessment of key risks is an ongoing process, which is under constant review. The assessment of the likelihood and significance of the impact of the risks has been updated from the prior year's Annual Report. The assessment of key risks identified as applicable for FY26/27 is set out alongside.

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



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

Key:

Risk change: Increase Decrease No change

Potential impact: High Medium Low

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

Acquisition risk	• Loss of key customers.
	• Loss of key employees.
	• Loss of key suppliers.
	• Erosion of intellectual property base.
	• Failure to identify and complete profitable acquisitions.
	• Failure to mitigate FX risk arising due to international acquisitions.
	• Failure to integrate management reporting structures and control disciplines.
		Solid State PLC made no acquisitions this financial year, with two minor acquisitions in FY24/25. The business actively researches potential targets and when a target is agreed the process includes:
		• Rigorous due diligence to ensure that acquisitions can be effectively integrated, and all the relevant stakeholders are engaged, supportive and aligned.
		• Proactive and early engagement with:
		  • key customers and suppliers; and
		  • employees through the on-site presence of Solid State PLC management.
		• Preparation and execution of a cross-functional integration plan.
		• Continued investment in development of technology in acquirees.
		• Integration into existing internal control frameworks, processes and reporting systems.
			Effect: Integration of acquired business is not effective

Legislative environment and compliance	• Continued complexity in the international legislative and trading environment in which the Group operates.
	• Overseas competitors are favoured in their domestic markets.
	• Failure to comply with applicable legislation, to include but not limited to:
	  – Export Control and International Traffic in Arms Regulations (“ITAR”);
	  – Bribery Act;
	  – General Data Protection Regulation (“GDPR”);
	  – Economic Crime and Corporate Transparency Act;
	  – Employment and company legislation; and
	  – Tariff changes.
		• Growing Group international exposure continues to increase the administrative burden. The Board is satisfied that the Group’s scale and diversified structure, with increased investment in central compliance management, gives resilience and resources to address the regulatory demand.
		• Regular reporting of export/ITAR compliance, and detailed internal control processes and procedures.
		• Continuing education of the Group’s employees on legislative developments and requirements.
		• Internal reviews and external audits.
		• Adopt suitable software systems where appropriate to aid export control procedures and assist with other compliance adoption.
		• Individual operating companies maintain standard operating procedures and are certified to internationally recognised standards, e.g. ISO 9001-2015, AS9100, AS9120, SC21.
			Effect: Trading may be disrupted/ restricted, reduced sales volumes and profitability

Principal Risks and Uncertainties continued

Principal risks	Potential impact	How we monitor and manage the risk	Trend
Financial risk			
Forecasting and financial liquidity	• The business does not maintain sufficient funding and liquidity to meet its obligations as they fall due. • The business commits to a materially significant loss-making contract.	• The re-finance with Lloyds and Comerica during FY25/26 provides medium-term debt support for working capital timing differences, currency demand and critical investment funding. The Group prepares financial forecasts to evaluate the level of funding required for the foreseeable future. The Board reviews and approves these forecasts. • Based on these forecasts, appropriate funding and liquidity solutions are put in place to ensure that adequate headroom is maintained. • The Group has defined delegation of authority matrices to business unit level and a contract risk register. • The Group ensures sufficient funding is in place prior to completion of acquisitions. • Extensive disclosure has been provided in respect of going concern and longer-term viability (see pages 67, 68 and 94).	**Effect:** Going concern/ financial loss and reputational damage
Commercial risks			
Competition risk	• Loss of distribution supplier franchise agreement may result in significant loss of product lines and customers. • Change in political or government policy which changes programme timing or funding. • Loss of a major contract, customer or business to a competitor. • Price or margin erosion due to predatory pricing from a competitor.	• Setting a commercial strategy to gain share by: – a focus on quality, value and customer service; – developing and maintaining close relationships with suppliers and customers to become the "partner of choice"; – as a trusted partner providing product solutions from design through to pilot and volume production; and – winning additional business from existing customers and capturing new customers and revenue streams. • Continue to invest in product development to ensure competitive advantage. • Continued investment in the recruitment of high-quality personnel.	**Effect:** Loss of market share, reduced sales volumes and profitability

Key:

Risk change: Increase Decrease No change

Potential impact: High Medium Low

Principal risks	Potential impact	How we monitor and manage the risk	Trend
Product/ technology change	• Failure to maintain the Group's leading technical capabilities and knowledge which allows us to develop electronic solutions in partnership with customers. • Failure to manufacture solutions that meet the agreed specification. • Failure of key distribution franchises to innovate and introduce new products.	• Continued investment in technical training and development of sales, engineering and operations teams, building their capabilities. • Investment in joint R&D programmes with key partners to ensure the Group is at the forefront of technical electronic solutions. • Maintain rigorous quality and engineering control processes to ensure that the Group's products meet required specifications. • Perform all necessary detailed testing to ensure that products are fit for purpose. • Continuously seek new franchises, suppliers and partners at the forefront of electronics technology.	**Effect:** Sales volumes and profitability
Operational risk			
Supply chain interruption, customer de-stocking and cost inflation	• Dependency on significant suppliers or dependency on a qualified supplier within a controlled supply chain. • Risk demand falling due to customer de-stocking as a consequence of reducing inventories, over ordering, inability to obtain other necessary components and subsequent cancellation or rescheduling. • Risk of suppliers increasing component costs as a prerequisite to deliver, placing margins at risk. • Risk of supply chain interruption increasing lead times for products.	In the latter part of FY25/26 and into FY26/27, lead times and pricing for certain components, initially memory products, began to increase. Significant price increases on certain components could make certain programmes unviable in the short term, with the Group pro-actively addressing customer concerns to review alternatives. • Maintain close relationships with key suppliers to be aware of potential supply issues. • Place scheduled orders and hold buffer stock to minimise the effects of extended lead times. • Require customers to place orders on non-cancellable terms, and in some cases requiring cash deposits in advance providing milestone payments. • Close monitoring of gross margins and supply chain cost escalation, with back-to-back pricing adjustments with customers. • Active programme to maintain cross-qualified second sources of supply. • Rigorous supplier quality management processes.	**Effect:** Quality issues, costs, sales volumes and profitability

Principal Risks and Uncertainties continued

Principal risks	Potential impact	How we monitor and manage the risk	Trend
Retention and recruitment of key employees	• Loss of key people and critical skills. • Insufficient skilled employees. • Poor engagement and morale.	• Retention, development and recruitment of talent is critical to the long-term success of the Group. • Reviewing and refining contracts of employment and conditions for best practice. • Investment in the culture means we have been able to maintain low staff turnover with many employees having been with the Group for over ten years. • The Group encourages and invests in CPD or training in core skills and competencies as appropriate. • The Group proactively looks to develop its own talent and is making further use of government apprenticeship schemes. • The Group proactively communicates with its employees. • The Group reviews and benchmarks rewards to ensure the Group is fairly rewarding its employees. • Active review of succession planning. • Investigation and sourcing of upgraded HR system to streamline people management processes.	**Effect:** Quality and / or service level issues rise, and costs increase
Failure of, or malicious damage to IT systems	• The inability to access business-critical data. • The inability to efficiently run the operating companies.	• The existing systems are reliable and functional with diversification of systems also mitigating the risk. • The Group continues to upgrade and standardise systems where appropriate providing improved functionality and supporting the growth of the business. • Certified as meeting the "Cyber Essentials" standards and in the year part of our Systems division achieved "Cyber Essentials Plus" status. Also considering "IASME" where appropriate. • Where businesses are acquired, the Group implements the "Cyber Essentials" standards as a key priority if they do not already meet this standard. • Automated daily back-ups of all business critical data and operate off-site storage of business critical data. • Documented and tested disaster recovery plans. Penetration testing is also performed with employee training and education on cyber risks.	**Effect:** Costs, sales, profitability and reputational damage

Key:

Risk change: Increase Decrease No change

Potential impact: High Medium Low

Principal risks	Potential impact	How we monitor and manage the risk	Trend
Environmental risk	• Changing customer behaviour driven by environmental concerns. • Increased cost of energy and raw materials.	• The Group has a dedicated ESG Committee who will identify, assess and manage climate-related risks. The Committee meets monthly and will consider, review and address climate-related risks and opportunities. – The Group works with its customers to understand their requirements and ESG is considered paramount to the Group's future success. – The Group looks to minimise energy usage with practical methods described in the Environmental Report on page 44. • Management is aware that the planned growth in FY26/27 will drive enhanced ESG reporting requirements in future periods and is focusing efforts on strengthening data capture and reporting capabilities.	**Effect:** Trading may be disrupted, reduced sales volumes and profitability

Nigel Rogers
Non-Executive Chair

26 June 2026

Governance Report

> As the business grows we continue to refine our strong governance processes, procedures and resources."
>
> Nigel Rogers
>
> Non-Executive Chair

Chair's Introduction to Governance

Nigel Rogers
Non-Executive Chair

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

I am delighted to share the Group's Corporate Governance Report for the year ending 31 March 2026. This report outlines our existing governance framework and practices, as well as how we fulfil our governance responsibilities.

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

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

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

Furthermore, on 1 January 2026, the Board appointed Victor Chavez as Non-Executive Deputy Chair with the intention he succeeds me in the role of Non-Executive Chair from 27 June 2026. This appointment enhances the balance of skills in the independent Non-Executive Directors ("NEDs"), ensuring sufficient independent oversight and challenge. Victor's market experience in defence and security, and track record of growing complex businesses will support the Group through its next stage of growth. I have agreed to remain on the Board to the end of the year to ensure a smooth transition.

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

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

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

Nigel Rogers
Non-Executive Chair

26 June 2026

Aligning with the QCA Code

QCA Principle	How we comply	
Establish a purpose, strategy and business model that promotes long-term value for shareholders	The Board is tasked with providing leadership and overseeing the management of the Group. This involves developing the Group's long-term strategy for Board approval, followed by the execution of the approved strategy via the Executive team. The Group's strategy and business operations are outlined in the 2026 Strategic Report.	Read more on pages 14 to 16
Promote a corporate culture that is based on ethical values and behaviours	The Board expects all Directors and employees to maintain high ethical and moral standards. Employees are required to take responsibility for their actions and comply with the Group's code of conduct and the Company handbook.	Read more on pages 46 to 47
Seek to understand and meet shareholder needs and expectations	The Board consistently shares our strategy, business model and performance with shareholders. Throughout the year, the Board holds regular meetings including investor roadshows, presentations and capital markets days. It also welcomes communication from private investors and typically encourages their engagement through the Investor Meet Company platform, site visits and participation at the Annual General Meeting ("AGM").	Read more on pages 14 to 21
Take into account wider stakeholder interests, including social and environmental responsibilities, and their implications for long-term success	Directors and the management team take a comprehensive approach to decision-making, carefully considering the effects of their business activities on all key stakeholder groups. The Group is aware of its corporate social responsibilities, and fostering strong relationships with all stakeholder groups is a fundamental principle and value.	Read more on pages 38 to 41
Embed effective risk management, internal controls and assurance activities, considering both opportunities and threats, throughout the organisation	The Group has a well-established system of internal controls designed to protect the business and identify potential risks. Controls over key areas are evaluated in the annual external audit process to confirm they are appropriate, sufficient and rigorous. Additionally, there is a continuous process for identifying, assessing and managing the Group's significant risks, which is regularly reviewed by the Board. The Board routinely examines management accounts, cash flows and other important strategic and compliance matters to ensure the protection of the Group's assets and the reliability of financial information and accounting records.	Read more on pages 50 to 55
Establish and maintain the board as a well-functioning, balanced team led by the Chair	The Board is tasked with making the key significant strategic decisions. Additionally, it assesses the Group's risk profile and ensures that a robust system of internal controls is established to manage risk. After evaluating its composition, skills and compliance, the Board has determined that the inclusion of the independent Non-Executive Directors ("NEDs") offers a strong balance of skills and experience as well as providing suitable independent oversight and challenge.	Read more on pages 62 to 63
Maintain appropriate governance structures and ensure that individually and collectively the directors have the necessary up-to-date experience, skills and capabilities	The Board views corporate governance as a top priority and ensures the adoption of suitable practices. The roles and responsibilities of each Director, including their Committee memberships, are clearly outlined. The Board completed an internal assessment of Board skills and experience which has confirmed that the balance of skills and experience is appropriate and up to date. During FY25/26 the Board evaluation and succession plans identified the need to find a Deputy Chair to succeed the Chair and also to respond to the passing of the CEO. The strength and depth of the Board and the planning meant we were able to successfully deliver on both requirements with minimal disruption.	Read more on pages 60 to 61
Evaluate board performance based on clear and relevant objectives, seeking continuous improvement	The Chair conducts an internal performance evaluation annually. During the year, the Chair promotes self-assessment, feedback and content review of the Board meetings. The Board will continue to assess whether a more formal independent review may be necessary in the future.	Read more on pages 58 to 79
Establish a remuneration policy which is supportive of long-term value creation and the company's purpose, strategy and culture	The Board has established clear processes for determining remuneration that aligns with the Company's strategy and is suitable for the nature and size of the business. The Board's compensation structure is transparent and easy to comprehend, aiming to reassure external stakeholders that performance, pay and interests are in alignment.	Read more on pages 71 to 76
Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other key stakeholders	Regular face-to-face meetings with shareholders as well as online platforms are used to communicate with our key stakeholders. We engage in regular dialogues to allow specific opportunity for raising any concerns related to corporate governance.	Read more on pages 64 to 65

Solid State Senior Leadership Team

Board

Nigel Rogers

Non-Executive Chair

G N A R

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

Victor Chavez CBE

Non-Executive Deputy Chair

G N A R

Victor has over 30 years of experience in the defence and security sectors. His early career focused on telecommunications and software before joining Thales UK in 1999. Victor was appointed Chief Executive of Thales UK in 2011, retiring in 2020 having successfully integrated and grown the business during this period. He is currently a NED at Avon Technologies Plc and OSL Group Ltd as well as the Non-Executive Chair for Evolve Dynamics Ltd.

John Macmichael

Chief Executive Officer

G S

Following graduation, John worked as a development engineer for GEC Telecommunications before moving into applications engineering and ultimately, sales and sales management. John spent several years in the USA as International Sales Manager for a fabless semiconductor company before returning to the UK to establish their European operations. John joined the Solid State Group in 2006 and was appointed Managing Director of the Components division in 2010. John was appointed as Interim CEO in November 2025 and confirmed as CEO in March 2026.

Peter James

Chief Financial Officer

G S

Peter was appointed to the Board of Solid State PLC in February 2017. Before joining Solid State PLC, Peter was Group Financial Controller at IQE PLC, having qualified as a Chartered Accountant with PWC where he worked for 13 years gaining a wide range of experience in audit and financial due diligence, working with and advising a broad range of companies in a variety of sectors, including multinational, main market and AIM-listed companies. Peter has built up a wealth of experience in business leadership, financial management, International M&A, and international debt and equity fundraising.

Key to committee

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

Matthew Richards

Director

G S

Matthew was appointed to the Solid State Group Board in 2016. He now leads the Systems division and holds a group-wide mandate in his new role as CRO. He has a track record of success in the defence electronics sector for over four decades.

Pete Magowan

Non-Executive Director

G N A R

Pete joined the Board as an Independent NED and Chair of the Remuneration Committee in January 2021. He was appointed Senior Independent Director in 2021, a position he also holds at Filtronic Plc. Pete built his executive career at ARM Holdings Plc and Fidelity International.

Sam Smith

Non-Executive Director

G N A R

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

David Crossman

Managing Director – Custom Power

S

David joined Custom Power in 2024 as General Manager of the UK site and was subsequently promoted to Managing Director of the Power division in 2026. He is a proven business leader with a strong track record in driving sustainable growth through strategic insight, commercial discipline, and effective leadership.

Lyenka Haffner

Group HR Director

S

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

Jon Baxter

Managing Director, Components Division

S

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

Lyn Davidson

Group Financial Controller and Company Secretary

S

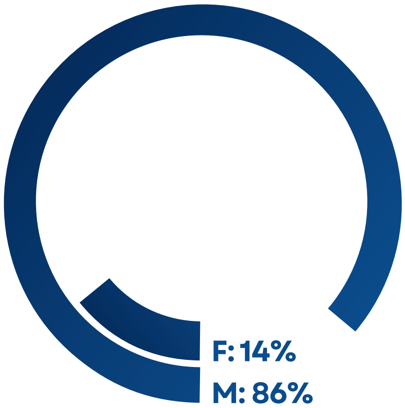
Lyn joined the Group with the Active Silicon acquisition in 2021 and was subsequently promoted to Group Financial Controller and Company Secretary. She qualified as a Chartered Accountant with KPMG in 2007 and has experience across a wide range of sectors.

Governance at a Glance

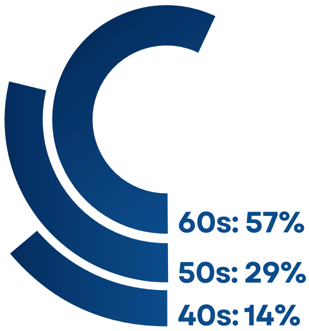
Our senior leadership team

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

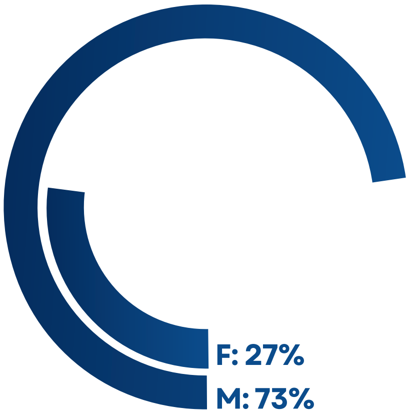
Board gender diversity



Board members - Age

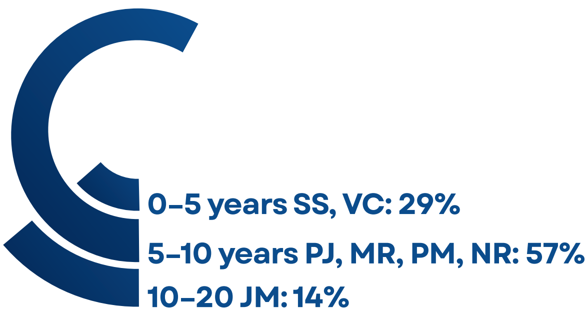


Senior Leadership Gender Diversity



Board independence

Board tenure



Skills matrix

	Non-Executive Director	Financial Expert	Governance and Risk Expert	Industry Expertise
Nigel Rogers	■	■	■	■
Victor Chavez	■	■	■	■
Pete Magowan	■	■	■	■
Sam Smith	■	■	■	■
Peter James		■	■	■
John Macmichael			■	■
Matthew Richards			■	■

Board and Committee attendance

The structure and composition of the Board was strengthened by the appointment of Victor Chavez as Non-Executive Deputy Chair on 1 January 2026 as part of a planned succession process to replace Nigel Rogers as the Chair in FY26/27. The progression-active management of NED succession ensures the balance of skills, robust independent oversight and effective challenge is maintained.

The table below outlines the number of meetings held and related committee member attendance, excluding any attendees by invitation.

	Board	Audit	Remuneration	Nomination
Number of meetings	9	3	4	3
Nigel Rogers	9	3	4	3
Victor Chavez[1]	2	–	1	1
Pete Magowan	9	2	4	3
Sam Smith	9	3	4	3
Gary Marsh[2]	5	–	–	–
Peter James	9	–	–	–
John Macmichael	9	–	–	–
Matthew Richards	9	–	–	–

1 Joined on 1 January 2026.
2 Resigned 11 November 2025.

Governance Key Highlights

- The Group's CEO, Gary Marsh very sadly passed away after a short illness in 2025. It is a testament to his clear succession plan and cultural legacy that the business was able to continue smoothly with minimal disruption.
- John Macmichael was appointed Chief Executive on 26 March 2026, having held the role on an interim basis following Gary's passing.
- Appointed Victor Chavez as Non-Executive Deputy Chair on 1 January 2026. Victor brings more than 35 years of leadership and governance experience across the defence, aerospace and security sectors.
- Nigel Rogers announced his intention to step down from the Chair on 30 June 2026, transitioning that role to Victor. However, he will remain on the Board as a Non-Executive through an agreed handover period until the end of the calendar year.
- Sam Smith took on the Audit Committee Chair position from FY25/26.

Committee highlights

Audit Committee

Key responsibilities:

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

Remuneration Committee

Key responsibilities:

- Structure the remuneration packages of the Executive Board and senior management.
- Review and approve the Executive Directors' performance against financial and non-financial objectives.
- Review and approve the annual bonus structure for the Board and ensure alignment of other Group compensation plans.
- Award any grants and shares eligible under the LTIP plan.

Nomination Committee

Key responsibilities:

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

ESG Committee

Key responsibilities:

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

Governance structure

Group Board

Audit Committee

Areas of focus:

- Sam Smith took on role of Audit Committee Chair for FY25/26.
- Work closely with audit partner to ensure that the audit is of high quality.
- Meet with finance leaders in the Group to review control environment and key risks.
- Review and challenge key accounting judgement areas.
- Appoint Victor Chavez to Committee.

Priorities for 2026–27

- Continue to review and implement continuous improvement controls for the Group in a timely manner.
- Ensure ERP upgrades and implementations are rigorously planned and the control environment is maintained.
- Review the impact assessment and implementation plan for IFRS 18 given FY26/27 is the comparative period.

■ Read more on pages 66 to 69

Remuneration Committee

Areas of focus:

- Set objectives at beginning of the year and review the performance of the FY25/26 year.
- Review of salary and reward for the Executive Group, leadership team and employees.
- Award of LTIP.
- Appointment of Victor Chavez to Committee.

Priorities for 2026–27

- Set objectives for FY26/27 for salary, reward and other incentives.
- Monitor performance of the Group to ensure that objectives are achievable.

■ Read more on pages 71 to 76

Nomination Committee

Areas of focus:

- Review of the existing Board structure and mix of skills and balance needed between Executive Directors and Non-Executive Directors.
- Appointment of John Macmichael as CEO.
- Appointment of Victor Chavez as Non-Executive Deputy Chair.

Priorities for 2026–27

- Transition of Victor Chavez to Chair of Board.
- Develop diversity within the broader leadership team.

■ Read more on page 70

Executive Board

Systems Leadership Team

Power Leadership Team

Components Leadership Team

ESG Committee

Audit Committee Report

Sam Smith
Non-Executive

Other members:

- Nigel Rogers
- Pete Magowan
- Victor Chavez

Meetings held:

3

By invitation

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

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

FY26 Key achievements:

- Sam Smith took over as Audit Committee Chair from April 2025
- Reviewed and approved the interim and final year-end reporting to ensure the reporting was relevant, fair and balanced with the judgements within the accounts considered appropriate

Areas of focus in FY27:

- Ensure ERP upgrades and implementations are rigorously planned and the control environment is maintained
- Adoption of IFRS 18, given FY26/27 is the comparative period

The Audit Committee has been chaired by Sam Smith this financial year starting on 1 April 2025.

Primary responsibilities of the Audit Committee

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

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

Financial reporting

The Audit Committee reviewed the appropriateness of the following significant financial reporting judgements made by management during the preparation of the interim and full-year financial statements. The focus areas set out below were considered the key judgements and areas of risk for FY25/26. As a result, there was extensive discussion, challenge and review between the auditors, management, and the Audit Committee:

Review of the judgemental working capital provisions for receivables and inventories

Following review of reports from management, two areas of more significant estimation are:

1. Provisions for credit defaults based on the expected loss rate in accordance with IFRS 9; and
2. Provisions for obsolete inventories.

In the year under review the debtor book ageing has improved, with no significant write-offs in the period. Despite a low level of bad debt, there remain uncertain market trading conditions and a concentration of larger customers. As a result, management and the Committee believe that the credit default risk remains high and the retained debtor provision of £0.5m (2024/25: £0.6m) remains appropriate.

Despite the customer destocking risk reducing, the rapidly increasing pricing and lead times on certain components require investment in inventory holdings. Given market indications that these conditions will prevail in the FY27 year, the risk of excess and obsolete inventories continues to be high. The level of inventory provision for this financial year is consistent at £5.3m (2025/26: £5.2m), however gross inventory will need to be carefully managed during FY26/27 to mitigate the inventory risks.

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

Review of revenue recognition and deferred income

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

The key judgements considered were:

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

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

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

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

The Committee will be reviewing the amendments to FY26/27 reporting due to the required adoption of IFRS 18, which will impact the presentation of the Income Statement, however, there is expected to be a minimal impact to adjusted performance measures as the Group already sets out the key calculations on a consistent basis.

Accounting for Research & development ("R&D") tax credits

Reports from management and correspondence with the Group's' R&D tax advisors set out the following judgemental items:

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

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

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

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

The Committee reviewed and challenged the key assumptions, judgements and sensitivities in the report from management. Furthermore, the Committee reviewed the associated disclosures which set out the impact of sensitivities to the key assumptions, primarily expected sales growth and appropriate discount rates.

In the prior period, the USA Power CGU had a challenging year that concluded a $3.5m (£2.7m) impairment should be recognised against the carrying value of goodwill booked.

During FY25/26, the Power division, including the USA, had a strong year for order intake, revenue, margin and cost control. Steps taken to change the management structure have transformed the outlook, with the March open order book improving circa 13% year on year, in line with the prior year growth forecasts. A strong pipeline of opportunities provides further confidence in achieving the growth profile modelled for the impairment review, despite uncertainty remaining over the profile of the growth and the timing of the cash inflow in the model.

The Committee agreed with management's assessment that there were no concerns over the carrying value of any other CGUs.

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 had cash balances of £6.6m, drawn RCF of £10.2m and £4.8m of undrawn RCF.

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

- The bank facilities can be used to finance working capital, capital expenditure or acquisitions. The facilities are subject to leverage and interest cover financial covenants.

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

External auditors

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

The audit scope for the year ended 31 March 2026 relates to the audit of the Consolidated Group Accounts and that of the parent company. In addition to the dormant non-trading companies, the UK trading subsidiaries have adopted the exemption from the requirements to file audited financial statements by virtue of Section 479A of the Companies Act 2006. In adopting the exemption Solid State PLC has provided a statutory guarantee to these subsidiaries in accordance with Section 479C of the Companies Act 2006 (see Note 14).

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

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

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

The Committee has reviewed the audit services provided for FY26 and was satisfied with the audit quality and concludes that there had been appropriate focus and challenge on the primary areas of risk.

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

RSM UK audit LLP (Group auditors)	31 March 2026	31 March 2025
Fees payable to Company's auditors for the audit of the parent company accounts and consolidated financial statements	**308**	295
	308	295

Non-audit services

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

There were no non-audit services provided in the financial year.

Internal audit

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

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

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

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

Further information on how the Group deals with its risk activities can be found in more detail in the Strategic Report on pages 50 to 55.

Internal controls

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

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

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

Nomination Committee Report

Nigel Rogers
Non-Executive Chair

Other members:

- Sam Smith
- Pete Magowan
- Victor Chavez

Meetings held:

3

FY26 Key achievements:

- Appointment of John Macmichael as CEO
- Appointment of Victor Chavez as Non-Executive Deputy Chair
- Sam Smith appointed Chair of the Audit Committee

Areas of focus in FY27:

- Transition of Victor Chavez to Chair of Board and Nomination Committee

I am pleased to present the Nomination Committee Report for this financial year.

A key consideration for the Committee during the year was the sad passing of Gary Marsh, our long-term CEO. The existing work performed to generate a clear succession planning process in the Group allowed the swift appointment of John Macmichael as Interim CEO. This appointment was formally confirmed on 26 March 2026, with the Committee noting the smooth transition in a difficult period.

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

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

The addition of Victor Chavez in January 2026 as Non-Executive Deputy Chair provides depth and experience in the defence and security market to support the future growth opportunities identified for the Group in that area. The active management of NED succession ensures the balance of skills, robust independent oversight and effective challenge is maintained.

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

Key responsibilities

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

Areas of focus in FY27

- We will continue the review of succession and leadership continuity planning, to ensure we have appropriate plans. This is after the circumstantial necessity to implement senior succession plans in the year, which was considered effective.
- There are no near-term rotation requirements, however, Nigel Rogers has announced his intention to transfer the Board and Nomination Committee Chair roles to Victor Chavez on 27 June 2026.

Remuneration Committee Report

Pete Magowan
Non-Executive Chair

Other members:

- Nigel Rogers
- Sam Smith
- Victor Chavez

Meetings held:

4

FY26 Key achievements:

- Salary reviews for the Executive Directors
- Review of 2026 performance and decision to pay bonuses for FY25/26

Areas of focus in FY27:

- Approve the issue of LTIP awards and related performance conditions
- Update and refresh the review of succession planning, with a focus on the next generation of Executive management
- Review the remuneration policy to ensure that it remains aligned with best practice and the strategic goals and meets the objectives set out in the Committee terms of reference. (available on the website: **solidstateplc.com/downloads/policies**)

On behalf of the Board, I am pleased to present our Remuneration Committee Report for the year ended 31 March 2026.

This report comprises:

- The Annual Statement, which summarises the Committee and its work, remuneration outcomes in respect of the year just ended and how the remuneration policy will be operated for the forthcoming year.
- The Directors' Remuneration Policy Report, which summarises the Group's remuneration policy.
- The Annual Report on remuneration, which discloses how our policy was implemented in the year ended 31 March 2026 in detail.

Annual statement

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

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

The Committee has considered the following factors when determining the remuneration packages and decision to pay bonuses for the Executive Directors:

- Revenue growth in all three divisions
- Increasing the Adjusted Diluted EPS from 6.2p to 11.0p
- The delivery of the delayed Communications order in Q1
- The Power division order book improvement to support the progress against growth targets

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

Performance outcome

The Committee has reviewed the performance against targets established at the outset of the 2026 year. Based on this the Committee awarded an annual bonus pool for the Executive Directors which was equivalent to 77% of the Executives' total basic salary. This is driven by the view of the Committee that the current year performance has been exceptionally strong.

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

Remuneration policy

Element and purpose	Operation	Opportunity	Performance metrics
Base salary To attract and retain quality Executives with the provision of a competitive total package.	Base salaries are normally reviewed on an annual basis with any changes effective from 1 April.	Any percentage increases will ordinarily be in line with those across the wider workforce. However, salary increases may be higher in exceptional circumstances, such as the need to retain a critical Executive, or an increase in the scope of the Executive's role.	Base salary levels and corresponding increases are based on individual experience, skills and business performance along with competitiveness against similar companies.
Benefits To help retain employees and remain competitive in the marketplace.	Directors receive an electric or hybrid company car or car allowance, life assurance and medical insurance.	Insurance cover based on market rates.	Not performance-related.
Pension To facilitate long-term savings provisions.	Contributions to a Director's pension as appropriate. This may include a contribution to the Company's defined contribution scheme or payment of a cash allowance as appropriate.	Aligned to the pension available to the Group's UK workforce.	Not performance-related.
Annual performance-related bonus Rewards the achievement of annual financial and strategic business targets.	Targets (financial and non-financial) are set and reviewed by the Committee annually. Actual bonus payable is determined by the Committee after the financial year end, based on performance against these targets. Subject to malus and clawback provisions.	Typically up to 100% of salary payable for significant over-achievement of financial and non-financial bonus objectives.	Performance is assessed annually against financial and personal / strategic objectives set at the start of each year.
Long Term Incentive Plan ("LTIP") To motivate Executive leadership to deliver shareholder value over the longer term.	Awards of conditional shares through nil-cost options with vesting dependent on the achievement of performance conditions over the following three years. Net of sales to settle tax obligations vested awards are subject to a two-year holding period, in aggregate a five-year period from award. Dividend equivalents will be paid on vested awards. Malus and clawback provisions.	Average awards over a rolling three-year term of up to 125% of salary.	Performance conditions are based on Group financial performance, which may include (but not be limited to) Group earnings or returns over the performance period.
Shareholding guidelines To align Executive Directors with shareholder interests.	Shareholding guidelines require a minimum shareholding interest (normally within five years).	150% of salary.	Not performance-related.

Policy on fees paid to the Non-Executive Directors

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

Notes to the remuneration policy and performance conditions and target setting

The Committee is responsible for determining the weightings, performance metrics and targets as well as timing of grants and payments for the annual bonus and LTIP plans. The existing CSOP plan will have no further share option issues made, with employees in the scheme allocated to the refreshed LTIP plan or bonus schemes as applicable. The Committee will consider numerous factors to reach their conclusion and view. These include, but are not limited to, the strategic priorities for the Company over the mid/long term, shareholder feedback, the risk profile of the business and the macroeconomic climate.

Target setting

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

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

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

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

Remuneration Committee Report continued

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

The Committee will report any adjustments or discretions exercised to shareholders and will consult with major shareholders if the discretion is material and upwards. No such discretion was exercised during FY25/26.

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

All historical awards that have been granted before the date this policy came into effect and remain outstanding (including those detailed on page 76 of this report) remain eligible to vest based on their original award terms.

Recruitment policy

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

Adoption of the refined policy for 2026/27

In addition to reviewing and refining the policy to incorporate best practice, the Committee has reviewed the remuneration policy for the coming year and concluded that there are no material changes needed, however, we have refined the bonus performance metrics.

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

Single figure table for Executive Directors

	Gary Marsh		Peter James		John Macmichael		Matthew Richards	
	2026 £'000	**2025 £'000**	**2026 £'000**	**2025 £'000**	**2026 £'000**	**2025 £'000**	**2026 £'000**	**2025 £'000**
Base Salary	**147**	248	**220**	216	**218**	196	**200**	196
Benefits	**6**	4	**24**	23	**18**	12	**10**	6
Pension	**6**	10	**9**	9	**9**	8	**8**	8
Annual bonus[1]	**–**	–	**163**	–	**163**	–	**163**	–
LTIP[2]	**–**	215	**67**	98	**-**	93	**87**	61
Total	**159**	477	**483**	346	**408**	309	**468**	271
Of which:								
Fixed remuneration	**159**	262	**253**	248	**245**	216	**218**	210
Variable remuneration	**–**	215	**230**	98	**163**	93	**250**	61

1 FY25/26 bonuses have been accrued based on the Group's performance and individual Director objectives. No bonuses were accrued for the comparative FY24/25 financial year. Matthew Richards and Peter James have a requirement to use a specified proportion of the annual bonus to exercise options or purchase shares within an agreed time period.

2 No LTIP options vested during the period (2025: 282,000). Two Directors exercised a total of 92,000 options in FY25/26 (2025: 198,500).

FY27 Director salaries

	From 1 April 2026	**1 April 2025 to 31 March 2026**
J L Macmichael[1]	**261**	200
P O James	**227**	220
M T Richards	**206**	200

1 J L Macmichael salary increase is to reflect his new role as CEO from the 1st of April 2026.

Single figure table for Non-executive Directors

	Nigel Rogers			Pete Magowan			Sam Smith			Victor Chavez[1]		
	From 1 Apr 2026	**2026**	**2025**	**From 1 Apr 2026**	**2026**	**2025**	**From 1 Apr 2026**	**2026**	**2025**	**From 1 Apr 2026**	**2026**	**2025**
Fees	**76**	74	73	**43**	42	41	**43**	42	41	**43**	11	–

1 Victor Chavez was appointed during 2026.

Directors' interests in shares

	26-June-26			31-Mar-26			31-Mar-25		
	Shareholding	Vested but unexercised options	Total Interest in shares of the Company	Shareholding	Vested but unexercised options	Total Interest in shares of the Company	Shareholding	Vested but unexercised options	Total Interest in shares of the Company
J L Macmichael	546,207	107,000	653,207	546,207	107,000	653,207	545,932	107,000	652,932
M T Richards	148,517	190,000	338,517	148,517	190,000	338,517	96,242	242,000	338,242
P O James	155,404	147,000	302,404	155,404	147,000	302,404	114,365	187,000	301,365
N Rogers	39,655	–	39,655	39,655	–	39,655	39,655	–	39,655
V M Chavez	12,500	–	12,500	12,500	–	12,500	–	–	–
P J Magowan	42,212	–	42,212	42,212	–	42,212	42,212	–	42,212
S Smith	17,200	–	17,200	17,200	–	17,200	17,200	–	17,200

Shareholding guidelines

	Total Interest in ordinary shares	Shareholding guidelines	Shareholding guidelines met
P O James	302,404	150%	Yes
M T Richards	338,517	150%	Yes
J L Macmichael	653,207	150%	Yes

Directors' interest in long-term incentive awards

	Peter James	Matthew Richards	John Macmichael
Options held at 31.03.24	368,000	408,000	288,000
Granted	71,000	71,000	71,000
Exercised	(40,000)	(25,000)	(40,000)
Options held at 31.03.25	399,000	454,000	319,000
Granted*	–	–	–
Exercised	(40,000)	(52,000)	–
Lapsed	(141,000)	(141,000)	(141,000)
Options held at 31.03.26	218,000	261,000	178,000
Granted May 26 (maximum number)	225,000	–	225,000
Lapsed	(71,000)	(71,000)	(71,000)
Options held at 30 June 2026	372,000	190,000	332,000

* No options were granted during the year ended 31 March 2026. Subsequent to year end on 13 May 2026 the Board granted an award of between 71,000 and 225,000 shares to each of the Executive Directors which, subject to the performance criteria between the relevant thresholds, will be eligible to vest in 2029.

Directors' Report

The Directors present their report together with the audited financial statements of the Group in respect of the year ended 31 March 2026.

Principal activities, review of the business and future developments

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

The key performance indicators recognised by management are set out in the KPI section of the Strategic Report (pages 36 and 37).

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

Directors

The Directors of the Company during the year were:

N F Rogers

V M Chavez CBE (appointed 1 January 2026)

G S Marsh (resigned 11 November 2025)

P O James, BSc FCA

J L Macmichael

M T Richards

P Magowan

S Smith, FCA

Details of the interests of Directors in the shares of the Company and Directors' service contracts are stated in the Remuneration Committee Report on pages 71 to 76.

Corporate governance

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

The Corporate Governance Report, pages 58 to 63, details the Group's adoption of the QCA Code (updated 2023) and corporate governance principles.

Internal control

The Corporate Governance Report, pages 64 to 65, provides specifics on how the Board has put its internal control framework and procedures into practice.

Board of Directors

The structure and operation of the Board of Directors is set out in the Corporate Governance Report on pages 60 to 61.

Principal risks and uncertainties

Details of the principal risks and uncertainties of the Group are set out in the Strategic Report on pages 50 to 55.

Financial Instruments

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

Purchase of own shares

At the year end the Company had in place authority to purchase up to 15% of the issued ordinary shares under authority given by a resolution at the Annual General Meeting on 11 September 2025. This authority expires on 11 March 2027. During January 2026 the Company repurchased a total of 113,637 ordinary shares ranging at a price between 1.65p and 1.74p with a total nominal value of £6k and market value of £196k into treasury shares which are used for the employee share schemes.

Dividends

Details of the dividends are disclosed in Note 9 and in the Chair's Statement on page 5.

Post balance sheet events

Details of post balance sheet events are included in note 33.

Research and development

During the year the Group has continued to invest in research and development in partnership with some of its customers to develop technical electronic solutions to address the demand of our customers in their core markets of electronic communications, mobile battery power and rugged and industrial computing. During the year we invested in excess of £3.1m (2025: £2.9m) in research and development. The Company continues to claim R&D tax credits where eligible.

Share options award

During the year no additional options were granted to the senior leadership team or the Executive Directors under the Company's LTIP and CSOP. Further details are provided in the Remuneration Report on pages 72 to 76 and Note 28.

Employee engagement and consultation

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

Further details are set out in the Section 172 Statement on pages 38 to 41 and within the Social Report on pages 46 to 47.

Disabled persons

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

Insurance

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

Business relationships

Further details are set out in section 172 Statement on pages 38 to 41.

Going Concern

Further details are set out in Note 1 of the financial statements and Audit Committee Report on pages 66 to 69.

Carbon reporting

Details on the Group's Scope 1 and 2 carbon reporting emissions can be found in the Environmental report on pages 42 to 45.

Renewal of authority to purchase the Company's shares

Last year, a resolution was passed at the Annual General Meeting to give the Company the authority to purchase its own ordinary shares on the Stock Exchange. This authority would expire after a period of 18 months from the passing of the resolution. In order to avoid this authority expiring during the next year and the need to call an extraordinary general meeting to renew the authority, a resolution to renew the authority is set out in the notice of the Annual General Meeting.

Under the terms of the resolution to be proposed at the Annual General Meeting, the maximum number of shares that may be purchased is 15% of the issued ordinary share capital of the Company. The minimum price payable by the Company for its ordinary shares will be 5p and the maximum price will be determined by reference to current market prices. The authority will automatically expire after a period of 18 months from the passing of the resolution unless renewed.

It is the Directors' current intention to purchase a small number of shares to fund the All Employee Share Scheme. Beyond that, the Director's have no current intention to exercise the power to purchase the Company's Ordinary shares, but they believe that under certain circumstances it would be in the Company's best interests to do so.

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

Statement of Directors' responsibilities

In compliance with relevant laws and regulations, the Directors are in charge of creating the Annual Report, Strategic Report, Directors' Report, and financial statements for the Group and parent in accordance with applicable law and regulation. Every fiscal year, the Directors are required by company law to prepare financial statements for the parent company and the Group. Under company law, and the AIM rules of the London Stock Exchange, the Directors have chosen to prepare the parent company's financial statements in line with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), and they are mandated by the London Stock Exchange's AIM Rules to prepare the Group's financial statements in line with UK-adopted international accounting standards.

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

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

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

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

Auditors

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

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

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

By order of the Board

Lyn Davidson
Secretary

26 June 2026

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

Financials

> The Board is excited about the prospects for the Group through delivery of the disciplined growth strategy”

John Macmichael

Chief Executive Officer

Independent Auditor's Report

to the members of Solid State Plc

Opinion

We have audited the financial statements of Solid State plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2026 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows, Company Statement of Financial Position, Company Statement of Changes in Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK-adopted International Accounting Standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2026 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Summary of our audit approach

Key audit matters	**Group** • Revenue recognition • Inventory provisioning • Goodwill impairment **Parent Company** • No key audit matters
Materiality	**Group** • Overall materiality: £1,500,000 (2025: £1,150,000) • Performance materiality: £1,120,000 (2025: £866,000) **Parent Company** • Overall materiality: £1,630,000 (2025: £1,460,000) • Performance materiality: £1,222,500 (2025: £1,095,000)
Scope	Our audit procedures covered 86% of revenue, 90% of total assets and 93% of adjusted profit before tax

Key audit matters

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

Revenue recognition	
Key audit matter description	Refer to accounting policies in note 1 and critical accounting estimates and judgements in note 2. The group's revenue comprises sales of electronic equipment to its customers. There is a significant amount of revenue recognised around the year end and are also certain contracts where obligations are satisfied over time. Revenue underpins the key performance measures of the group. There is a risk that revenue may be misstated around the year end through: • Inappropriate application of the group's revenue recognition policies; • Recognition of revenue in the wrong period; or • Inappropriate judgements are made with respect to contracts where revenue is recognised over time including where revenue is recognised on a percentage of completion basis and an estimate for costs to complete is required.
How the matter was addressed in the audit	We assessed whether revenue was recognised in line with the group's revenue recognition policies and the requirements of IFRS 15. We analysed the revenue recognised by week pre and post year end in each of the full scope components to identify unusual trends and to select a sample of items to confirm that revenue was recognised in accordance with underlying contractual terms and in the correct accounting period. We critically assessed the revenue recognition for specific contracts where revenue is recognised over the course of the agreement. This included: • confirming the IFRS 15 criteria for recognition over time were met based on the terms of the contract; • confirming an appropriate measurement basis had been applied in determining the revenue recognition; and • recalculating the revenue recognised based on the costs incurred and assessing the reasonableness of the estimates of costs to complete; and • obtaining evidence to confirm, and evaluating judgements relating to, whether performance obligations had been satisfied at the period end.

Inventory provisioning	
Key audit matter description	Refer to accounting policies in note 1 and critical accounting estimates and judgements in note 2 as well as note 15. The valuation of inventory, which by its nature is specialist, involves judgement relating to the potential obsolescence of inventory to determine the net realisable value (NRV). The provision is determined using a two-stage process. Firstly, a mechanical calculation is prepared based on inventory ageing. Secondly, management review and revise the provisions based on their knowledge and experience. Accordingly, there is a high degree of estimation uncertainty and the amounts involved are material to the group.
How the matter was addressed in the audit	We reviewed and understood the group's accounting policy and how this satisfied the requirements of IAS2 'Inventories'. We challenged management's methodology by recalculating the provision based on the historic usage of items in inventory at the year end as well performing a retrospective analysis of the prior year provision. We also performed testing to ensure that the valuation of inventory was stated at the lower of cost or net realisable value by selecting a sample of inventory items and comparing the post year end sales value of the products to their actual cost.

Goodwill impairment	
Key audit matter description	Refer to accounting policies in note 1 and critical accounting estimates and judgements in note 2 as well as note 13. The gross goodwill balance of £26.5m is allocated across 3 Cash Generating Units (CGUs). There is a risk that CGUs may not achieve the anticipated business performance to support the carrying value of these assets. There is one CGU, Power USA, which was identified to be at higher risk of impairment based on its historical trading performance and the ongoing geopolitical uncertainty. In the prior year management impaired the Power USA CGU by £2.7m. As part of our risk assessment, we determined that the impairment assessment has a high degree of estimation uncertainty as it is sensitive to forecast cashflow assumptions and the discount rate.
How the matter was addressed in the audit	We examined management's methodology as detailed in Note 13 of the consolidated financial statements. We obtained the models for assessing the valuation of goodwill and intangible asset balances and understood the composition of management's future cash flow forecasts as well as the process undertaken to prepare them. In respect of the Power USA CGU we performed procedures to critically challenge and corroborate the key inputs of the forecast cash flows including: • Re-performing the calculations in the model to test the mathematical integrity; • Utilising our valuation specialists to assess the discount rate used by benchmarking it against comparable organisations and market data; and • Assessing the forecast growth rates and margins based on historical trading and forecasting accuracy, post year end trading and order book data. We audited the disclosures in respect of goodwill and intangibles with reference to the requirements of IAS 36 and assessed their consistency with the audited impairment models.

Our application of materiality

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

	Group	Parent company
Overall materiality	£1,500,000 (2025: £1,150,000)	£1,630,000 (2025: £1,460,000)
Basis for determining overall materiality	1% of Revenue	4.4% of Net assets
Rationale for benchmark applied	Revenue is the primary driver of performance	Net assets is considered to be the most appropriate benchmark for the holding company
Performance materiality	£1,120,00 (2025: £866,000)	£1,222,500 (2025: £1,095,000)
Basis for determining performance materiality	75% of overall materiality	75% of overall materiality
Reporting of misstatements to the Audit Committee	Misstatements in excess of £75,000 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.	Misstatements in excess of £81,500 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

The group consists of 23 components, located in the United Kingdom, USA and Ireland

The coverage achieved by our audit procedures was:

	Number of components	Revenue	Total assets	Adjusted PBT
Full scope audit	4	86%	90%	93%
Risk assessment / specific scope procedures*	19	14%	10%	7%
Total	23	100%	100%	100%

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

Independent Auditor's Report continued

Conclusions relating to going concern

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

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

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 78 and 79, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

The most significant laws and regulations were determined as follows:

Legislation / Regulation	Additional audit procedures performed by the Group audit engagement team included:
IFRS/UK-adopted IAS, FRS102 and Companies Act 2006	Review of the financial statement disclosures and testing to supporting documentation; and Completion of disclosure checklists to identify areas of non-compliance.
Tax compliance regulations	Review of tax workings and inspection of any correspondence with local tax authorities where any has been received.

Independent Auditor's Report continued

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

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

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

Use of our report

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

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

Chartered Accountants
103 Colmore Row
Birmingham
B3 3AG

26 June 2026

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)
Gross profit		**51,616**	39,327
Sales, general and administration expenses		**(44,669)**	(37,993)
Operating profit	4	**6,947**	1,334
Finance costs	6	**(1,102)**	(1,014)
Profit before taxation		**5,845**	320
Tax (expense)/ credit	7	**(1,757)**	192
Adjusted profit after taxation		**6,337**	3,563
Adjustments to profit after taxation	30	**(2,249)**	(3,051)
Profit after taxation		**4,088**	512
Items that may be reclassified to profit and loss			
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)
Total comprehensive income / (loss) for the year		**3,260**	(133)

Earnings per share		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.

The Notes on pages 94 to 131 form part of these financial statements.

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

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
Balance at 31 March 2024	**569**	**30,581**	**(1,515)**	**(64)**	**35,086**	**(37)**	**64,620**
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)**
Transactions with owners in their capacity as owners	2,285	(2,281)	–	–	(2,494)	–	**(2,490)**
Result for the year ended 31 March 2025	–	–	–	–	512	–	**512**
Taxation via OCI					43		**43**
Foreign exchange via OCI	–	–	(688)	–	–	–	**(688)**
Total comprehensive income	**–**	**–**	**(688)**	**–**	**555**	**–**	**(133)**
Purchase of Treasury shares	–	–	–	–	–	(501)	**(501)**
Balance at 31 March 2025	**2,854**	**28,300**	**(2,203)**	**(64)**	**33,147**	**(538)**	**61,496**

The notes on pages 94 to 131 form part of these financial statements.

Consolidated statement of financial position

As at 31 March 2026

	Note	2026 £'000	2025 £'000
Assets			
Non-current assets			
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
Total non-current assets		**47,595**	49,988
Current assets			
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
Total current assets		**59,619**	54,354
Total assets		**107,214**	104,342
Liabilities			
Current liabilities			
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)
Total current liabilities		**(26,048)**	(33,503)
Non-current liabilities			
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)
Total non-current liabilities		**(17,852)**	(9,343)
Total liabilities		**(43,900)**	(42,846)
Total net assets		**63,314**	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)
Total equity		**63,314**	61,496

The financial statements were approved by the Board of Directors and authorised for issue on 26 June2026 and were signed on its behalf by:

J L Macmichael
Director

P O James
Director

The Notes on pages 94 to 131 form part of these financial statements.

Consolidated statement of cash flows

For the year ended 31 March 2026

		2026		2025	
	Note	£'000	£'000	£'000	£'000
Operating activities					
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
Investing activities					
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)
Financing activities					
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)

The Notes on pages 94 to 131 form part of these financial statements.

	2026 £'000	2025 £'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

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

	2026 £'000	2025 £'000
Cash available on demand	**6,568**	3,513
Net cash and cash equivalents	**6,568**	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, which have been disclosed on pages 50 to 55.

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.

1. Accounting policies continued

Changes in accounting policy and disclosures

New standards, amendments and interpretations adopted in the year

The following new standards, amendments and interpretations have been adopted by the Group for the first time for the financial year 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.

1. Accounting policies continued

Business combinations (continued)

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.

1. Accounting policies continued

Intangible assets (continued)

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 order book, 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.

1. Accounting policies continued

Leases

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

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

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

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

Right-of-use assets

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

Right-of-use lease liabilities

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

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

Inventories

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

Financial instruments

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

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

Trade and other receivables

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

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

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

Cash and cash equivalents

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

1. Accounting policies continued

Impairment of financial assets

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

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

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

Impairment of trade receivables

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

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

Impairment of other receivables

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

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

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

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

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

Financial liabilities and equity

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

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

Financial liabilities are classified as either:

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

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

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

1. Accounting policies continued

Trade payables

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

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

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

Contract liabilities

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

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

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

Borrowings

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

Equity instruments and share capital

Ordinary shares are classified as equity.

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

Treasury shares

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

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

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

Dividends

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

Adjusted performance metrics and non-recurring charges/credits

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

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

1. Accounting policies continued

Foreign currency

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

Revenue

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

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

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

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

Where performance obligations have not 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.

1. Accounting policies continued

Government grants

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

Pensions

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

Current and deferred taxation

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

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

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

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

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

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

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

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

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

Share-based payment

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

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

2. Critical accounting estimates and judgements

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

Carrying value of goodwill (estimation and judgement)

Goodwill arising from the acquisition of subsidiaries is assessed for impairment for each identified CGU and is reviewed for impairment at least annually. For the 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.

2. Critical accounting estimates and judgements continued

Level of R&D expenditure that is eligible for R&D tax credits (judgement)

Uncertainties exist in relation to the interpretation of complex tax legislation, changes in tax laws and the amount and timing of future taxable income. This could necessitate future adjustments to taxable income and expense already recorded (Note 7).

At the year-end date, tax liabilities and assets reflect management's judgements in respect of the application of the tax regulations, in particular the R&D tax. In assessing our year-end corporation tax liability, we have made a provisional assessment as to the likely amount of development expenditure that will be eligible under the R&D tax credit scheme as the detailed tax computations have not been finalised. The assumption reflects that the level of R&D spend is comparable with the prior year'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
Geography		
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
Total revenue	**154,144**	125,064
Product		
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
	154,144	125,064

£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)
Total staff costs	**33,099**	26,502

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
	476	429

As the Group grows, we continue to invest in and develop the senior leadership team, who are considered to be the key management personnel. Detailed disclosures in relation to Non-Executive and Executive remuneration can be found in the Remuneration Report on pages 71 to 76.

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 4 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)
Total finance costs	**1,102**	1,014

7. Tax expense

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

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 2026 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
Cost					
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)
31 March 2026	**466**	**4,144**	**1,253**	**9,183**	**15,046**
Depreciation and impairment					
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)
31 March 2026	**466**	**2,042**	**613**	**5,571**	**8,692**
Net book value					
31 March 2026	**–**	**2,102**	**640**	**3,612**	**6,354**

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

11. Right-of-use lease assets

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

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

12. Intangible assets

Year ended 31 March 2026	Development costs £'000	Computer software £'000	Patents and Trademarks £'000	Goodwill £'000	Acquisition intangible assets £'000	Total £'000
Cost						
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)
31 March 2026	**3,197**	**1,471**	**208**	**29,107**	**16,244**	**50,227**
Amortisation & impairment						
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)
31 March 2026	**1,535**	**1,033**	**4**	**2,651**	**10,361**	**15,584**
Net book value						
31 March 2026	**1,662**	**438**	**204**	**26,456**	**5,883**	**34,643**

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.

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

12. Intangible assets continued

	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
31 March 2026	**16,244**	**5,883**

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
Total	**26,456**	26,832

The recoverable amounts of the above groups of CGUs have been determined from a review of the current and anticipated performance of these units at a total division and country specific basis 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[1]	USA	100%	Battery systems and energy solutions supplier
Solsta Holdings Inc	USA	100%	Holding company
Solid State US, Inc	USA	100%	Holding company
Steatite Systems Holdings Inc[1]	USA	100%	Holding company
Pacer Technologies Limited	UK	100%	Non-trading entity
Pacer Components Limited[1]	UK	100%	Supply of opto-electronic components
Pacer USA LLC[1]	USA	100%	Supply of opto-electronic components
Willow Technologies Limited	UK	100%	Supply of opto-electronic components
American Electronic Components, Inc.[1]	USA	100%	Supply of opto-electronic components
Active Silicon Limited	UK	100%	Digital image design and manufacturing
Active Silicon, Inc.[1]	USA	100%	Manufacturing sales facility
Solid State Supplies Electronics Limited	Ireland	100%	Sales office
eTech Developments Limited	UK	100%	Engineering consultation
Q-PAR Antennas USA, LLC[1]	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

1 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.

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
Total inventories	**30,502**	28,239

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
	20,157	21,616

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
		17,372	17,201

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 larger programmes drives the remaining balance retained in deferred income.

19. Bank borrowings and facilities

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

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

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
Total lease liabilities	**5,893**	6,003

	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
Total lease liabilities	**5,893**	6,003

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
Lease liabilities at 1 April	**6,003**	3,572
Additions	**984**	3,486
Acquisitions	**–**	205
Payments made	**(1,406)**	(1,327)
Discounting charge	**309**	113
Disposals	**(30)**	–
Foreign exchange	**33**	(46)
Lease liabilities at 31 March	**5,893**	6,003

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.

21. Financial instruments continued

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 Board, the risk of borrowing at excessive interest rates is reduced. The Board considers that the rates being paid are in line with the most competitive rates it is possible for the Group to achieve. The Group does not currently hedge interest rates on financing but monitors the impact of rising interest rates and will put an instrument in place if considered an effective risk mitigation.

Credit risk

The carrying amount of financial assets represents the maximum credit exposure. The Group maintains its cash reserves at reputable banks. The maximum exposure to credit risk at the reporting date was:

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

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

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

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.

21. Financial instruments continued

Trade receivables ageing by geographical segment

Geographical area	Total £'000	Current £'000	30 days past due £'000	60 days past due £'000	90 days past due £'000
2026					
UK	9,294	8,718	122	68	386
Non-UK	8,314	7,839	253	21	201
Total trade receivables	**17,608**	**16,557**	**375**	**89**	**587**
UK	307	40	5	11	251
Non-UK	211	-	5	20	186
Total provisions	**518**	**40**	**10**	**31**	**437**
Total	**17,090**	**16,517**	**365**	**58**	**150**
IFRS9					
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
2025					
UK	10,847	10,542	189	84	32
Non-UK	8,106	7,175	615	4	312
Total trade receivables	18,953	17,717	804	88	344
UK	113	45	–	41	27
Non-UK	479	133	59	4	283
Total provisions	592	178	59	45	310
Total	18,361	17,539	745	43	34
IFRS9					
UK expected loss rate	1.04%	0.43%	0.00%	48.8%	84.4%
Non-UK expected loss rate	5.91%	1.85%	9.59%	100.0%	90.7%

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)
Closing balance	**518**	592

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).

21. Financial instruments continued

Liquidity risk

2026	Carrying amount £'000	Contractual cash flow £'000	12 months or less £'000	1–2 years £'000	2–5 years £'000	5+ years £'000
Trade and other payables	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		–	–
	39,972	**41,202**	**24,992**	**2,044**	**13,159**	**1,007**

2025	Carrying amount £'000	Contractual cash flow £'000	12 months or less £'000	1–2 years £'000	2–5 years £'000	5+ years £'000
Trade and other payables	17,882	17,882	17,882	–	–	–
Borrowings	10,569	11,143	9,101	1,374	668	–
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	–	–	–
	39,781	**41,567**	**33,538**	**2,863**	**4,241**	**925**

Movement in deferred consideration on acquisitions	2026 £'000	2025 £'000	2026 £'000	2025 £'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	**635**	342	**635**	342

The fair value hierarchy of financial instrument is considered as follows:

Level 1: The fair value of financial instruments traded in active markets (such as publicly-traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (e.g. over-the-counter derivatives) is determined using valuation techniques that maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

All the Group's financial instruments as disclosed are considered to fall under Level 1, except for the contingent consideration due on the 2025 acquisition of Q-PAR Antennas USA classed as a Level 3 instrument. The Fair value at the balance sheet date has been assessed as £635k based on the discounted future forecasts for the CGU.

21. Financial instruments continued

Foreign currency risk

The Group's main foreign currency risk is the short-term risk associated with accounts receivable and payable denominated in currencies that are not the subsidiaries' functional currency. The risk arises on the difference in the exchange rate between the time invoices are raised/received and the time invoices are settled/paid. For sales denominated in foreign currencies, the Group will try, as far as practical, to ensure that the purchases associated with the sale will be in the same currency.

All monetary assets and liabilities of the Group were denominated in 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:

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

EUR	2026 £'000	2025 £'000
Trade receivables	**17**	295
Cash and cash equivalents	**612**	393
Trade payables	**(295)**	(236)
	334	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.

21. Financial instruments continued

Capital risk management

The Group defines total capital as equity in the consolidated statement of financial position plus net debt or less net funds plus deferred consideration. Total capital at 31 March 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 6.1% (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:

	2026 £'000	2025 £'000
Cash and cash equivalents	**(6,568)**	(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**
Net debt	(7,398)	3,852	(680)	**(4,226)**

	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
Net movement resulting from cash flows	**3,852**	(1,994)

	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)
Net debt at 31 March 2026	**(4,226)**	(7,398)

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
Net deferred tax liability at 31 March	**(749)**	(90)
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
Net deferred tax at 31 March	**(749)**	(90)
Deferred tax assets	**1,035**	1,458
Deferred tax liabilities	**(1,784)**	(1,548)
Net deferred tax at 31 March	**(749)**	(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)
At 31 March	**(1,093)**	**(691)**	**213**	**497**	**325**	**(749)**

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)
Provisions at 31 March	**1,999**	1,288

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
Share capital at 31 March	**57,081,720**	**2,854**	57,081,720	2,854

Details of options granted are set out in the Remuneration Committee Report on pages 71 to 76. 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 on page 90. 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)
At 31 March	**350,758**	419,121

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, as outlined in the policy table of the Remuneration Report on page 72.

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.

28. Share-based payments continued

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)	–
At 31 March	**1,271,250**	**78**	2,390,750	85

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:

28. Share-based payments continued

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	**550,000**	545,000
At 31 March		**1,271,250**	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

30. Adjustments to profit continued

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

2026	Systems £'000	Power £'000	Components £'000	Head office £'000	Total £'000
Acquisition fair value adjustments, reorganisation and deal costs	25	–	221	430	**676**
Amortisation of acquisition intangibles	–	–	–	1,763	**1,763**
Share-based payments	–	–	–	224	**224**
Imputed interest on deferred consideration unwind	–	–	–	91	**91**
Adjustment to profit before tax	**25**	**–**	**221**	**2,508**	**2,754**
Current and deferred taxation effect	(6)	–	(55)	(444)	**(505)**
Adjustments to profit after tax	**19**	**–**	**166**	**2,064**	**2,249**
Movement of deferred tax asset re share price impact on options	–	–	–	155	**155**
Adjustments to total other comprehensive income	**19**	**–**	**166**	**2,219**	**2,404**

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).

30. Adjustments to profit continued

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

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.

Year ended 31 March 2026	Systems division £'000	Power division £'000	Components division £'000	Head office £'000	Total Group £'000
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**
Other					
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.

31. Segment information continued

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

	External revenue by location of customer		Non-current assets by location of assets		Net capital expenditure by location of assets	
	2026 £'000	**2025 £'000**	**2026 £'000**	**2025 £'000**	**2026 £'000**	**2025 £'000**
United Kingdom	**68,648**	75,071	**44,334**	45,949	**3,481**	3,322
Rest of Europe	**43,714**	14,719	**–**	–	**–**	–
Asia	**3,033**	3,538	**–**	–	**–**	–
North America	**35,523**	28,693	**2,226**	2,581	**470**	418
Other	**3,226**	3,043	**–**	–	**–**	–
	154,144	125,064	**46,560**	48,530	**3,951**	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 on 31 March 2026 no receivables were outstanding (2025: no receivables were outstanding). The transactions were 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.

Company statement of financial position

At 31 March 2026

	Note	2026 £'000	2025 £'000
Assets			
Non-current assets			
Investments	4	**60,700**	61,671
Property, plant and equipment		**3**	5
Deferred tax asset		**213**	542
Total non-current assets		**60,916**	62,218
Current assets			
Trade and other receivables	5	**4,525**	5,928
Cash and cash equivalents – available on demand		**169**	214
Total current assets		**4,694**	6,142
Total assets		**65,610**	68,360
Current liabilities			
Creditors: Amounts falling due within one year	6	**(18,554)**	(30,633)
Net current liabilities		**(13,860)**	(24,491)
Non-current liabilities			
Non-current borrowings	7	**(10,142)**	(1,935)
Non-current deferred consideration on acquisitions		**(270)**	(161)
Total liabilities		**(28,966)**	(32,729)
Net assets		**36,644**	35,631
Share capital	8	**2,854**	2,854
Share premium reserve	9	**28,300**	28,300
Capital redemption reserve	9	**5**	5
Retained earnings	9	**5,985**	5,010
Shares held in Treasury	10	**(500)**	(538)
Total equity		**36,644**	35,631

The Company made a profit after tax of £2,610k (2025: £1,347k loss), and an Other Comprehensive Loss of £155k (2025: £43k profit). Total comprehensive profit for the period was £2,455k (2025: £1,304k loss).

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

Solid State PLC
Company registration number: 00771335

The notes on pages 134 to 135 form part of these financial statements.

Company statement of changes in equity

For the year ended 31 March 2026

	Share capital £'000	Share premium reserve £'000	Capital redemption reserve £'000	Retained earnings £'000	Shares held in Treasury £'000	Total equity £'000
Balance at 31 March 2025	**2,854**	**28,300**	**5**	**5,010**	**(538)**	**35,631**
Dividends	–	–	–	(1,470)	–	**(1,470)**
Transfer of Treasury shares to AESP	–	–	–	(234)	234	–
Share-based payment debit	–	–	–	224	–	**224**
Transactions with owners in their capacity as owners	**–**	**–**	**–**	**(1,480)**	**234**	**(1,246)**
Result for the year ended 31 March 2026	–	–	–	2,610	–	**2,610**
Other comprehensive income	–	–	–	(155)	–	**(155)**
Total comprehensive income for the year ended 31 March 2026	**–**	**–**	**–**	**2,455**	**–**	**2,455**
Purchase of Treasury shares	–	–	–	–	(196)	**(196)**
Balance at 31 March 2026	**2,854**	**28,300**	**5**	**5,985**	**(500)**	**36,644**

	Share capital £'000	Share premium reserve £'000	Capital redemption reserve £'000	Retained earnings £'000	Shares held in Treasury £'000	Total equity £'000
Balance at 31 March 2024	**569**	**30,581**	**5**	**8,808**	**(37)**	**39,926**
Issue of new shares	2,285	(2,281)	–	–	–	**4**
Dividends	–	–	–	(2,119)	–	**(2,119)**
Share-based payment credit	–	–	–	(375)	–	**(375)**
Transactions with owners in their capacity as owners	**2,285**	**(2,281)**	**–**	**(2,494)**	**–**	**(2,490)**
Result for the year ended 31 March 2025	–	–	–	(1,347)	–	**(1,347)**
Other comprehensive income	–	–	–	43	–	**43**
Total comprehensive income for the year ended 31 March 2025	**–**	**–**	**–**	**(1,304)**	**–**	**(1,304)**
Purchase of Treasury shares	–	–	–	–	(501)	**(501)**
Balance at 31 March 2025	**2,854**	**28,300**	**5**	**5,010**	**(538)**	**35,631**

The notes on pages 134 to 137 form part of these financial statements.

Notes to the company financial statements

For the year ended 31 March 2026

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items that are considered material in relation to the Company's financial statements.

Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom Accounting standards, including Financial Reporting Standard 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") and with the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The financial statements are prepared in sterling rounded to the nearest thousand pounds (£'000).

The Company has taken advantage of the exemption from disclosing the following information in its Company-only accounts, as permitted by the reduced disclosure regime within FRS 102:

- Section 7 "Statement of Cash Flows" – Presentation of a Statement of Cash Flow and related notes and disclosures
- Paragraph 33.1A – Exemption from disclosing transactions between wholly-owned entities
- Section 26 "Share-based payment" qualifying disclosure exemptions

Profit and loss account

Under Section 408(4) of the Companies Act 2006, the Company is exempt from the requirement to present its own profit and loss account. The result for the year ended 31 March 2026 and the result for the year ended 31 March 2026 are disclosed in the statement of changes in equity.

Going concern

The going concern basis of accounting has been used in the preparation of these financial statements. The Solid State PLC entity statement of financial position reflects £13.9m net current liabilities due to balances owed by Group entities and short-term bank borrowings. Dividends totalling £7.0m were received from subsidiary companies in this financial year and subsidiary companies have the reserves available to pay dividends in the next financial year. The Directors have not identified any material uncertainties in this regard.

Foreign currencies

Foreign currency transactions are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rate of exchange ruling at the statement of financial position date. Any differences are taken to the statement of comprehensive income.

Investments in subsidiaries

Investments in subsidiaries are stated at cost less amounts provided for impairment. When the trade and assets of a subsidiary are consolidated/reorganised, the investment is reallocated based on the cost method where the commercial substance and economic reality is that the investment carrying value remains intact. The carrying value of the revised investments are evaluated for impairment in accordance with FRS102.

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

Where a distribution from a subsidiary is deemed to represent a return of the capital invested, the receipt is credited against the cost of investment with all other distributions, for example dividends, recorded in the statement of comprehensive income.

Receivables

Receivables are measured at transaction price, less any impairment. The carrying value of receivables is reviewed for potential impairment at least annually, or more frequently if events or circumstances indicate a potential impairment. Any impairment identified is immediately charged to the consolidated statement of comprehensive income.

Other financial liabilities

Other financial liabilities are accounted for on the same basis as in the consolidated accounts. See the accounting policy on pages 99 to 101 as there is no material difference between FRS102 and IFRS.

1. Accounting policies continued

Share-based payment

Share-based payments are accounted for on the same basis as in the consolidated accounts. See the accounting policy on page 102, as there is no material difference between FRS102 and IFRS.

Treasury shares

Treasury shares are accounted for on the same basis as in the consolidated accounts. See the accounting policy on page 100, as there is no material difference between FRS102 and IFRS.

Critical accounting estimates and judgements

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

The critical judgement / estimate impacting the entity accounts is in respect of the carrying value of the investments, with a cost value of £60.7m. Having completed a detailed impairment review, as disclosed in Note 13 to the Group accounts and using the same key inputs driving the value in use assessment, the carrying value of investments is considered appropriate. At a Company level there was no reversal of the prior year investment impairment as the value-in-use was equal to the carrying amount of the investment.

2. Staff costs

	2026 £'000	2025 £'000
Wages and salaries	1,518	870
Social security costs	144	240
Other pension costs	58	112
Share-based payment charges/ (credit)	224	(375)
Total staff costs	1,944	847

Staff costs amounted to £1,944k (2025: £847k) and comprised the share-based payment charge of £194k (2025: £325k credit) and recognition of the provision for employer's national insurance on exercise of share options of £30k expense (2025: £50k credit).

Included within the Company Staff costs are the salary and related costs in respect of G S Marsh, P O James, N F Rogers, S Smith, V Chavez, P Magowan and, from the date of his promotion to CEO, J L Macmichael. Details of the Directors whose emoluments were paid by other Group companies are given in the Remuneration Committee Report on pages 71 to 76.

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

	2026 £'000	2025 £'000
Management and administration	**11**	12
	11	12

3. Share-based payments

See Group share-based payments disclosures in Note 28 to the Group accounts.

Notes to the company financial statements continued

For the year ended 31 March 2026

4. Investments

Subsidiary undertakings	2026 Cost £'000	2026 NBV £'000	2025 Cost £'000	2025 NBV £'000
1 April	**69,821**	**61,671**	66,897	66,897
Additions	**–**	**–**	3,324	3,324
Disposals	**(971)**	**(971)**	(400)	(400)
Impairments	**–**	**–**	–	(8,150)
31 March	**68,850**	**60,700**	69,821	61,671

The disposal in the period relates to a return of capital invested from Custom Power Holdings Inc.

The additions in the prior period relate to the acquisitions of Gateway Electronic Components Limited and Solid State US Inc. The disposal in the prior period relates to the return of capital invested from Custom Power Holdings Inc. The impairment in the prior period is in respect of Custom Power Holdings Inc.

Subsidiary undertakings	2026 £'000	2025 £'000
Steatite Limited	**5,307**	5,307
Solid State Supplies Limited	**21,092**	21,092
Active Silicon Limited	**8,908**	8,908
Custom Power Holdings Inc	**21,630**	22,601
eTech Developments Limited	**300**	300
Gateway Electronic Components Limited	**2,181**	2,181
Solid State US, Inc[1]	**1,144**	1,144
Solsta Holdings Inc	**138**	138
Total investments at 31 March	**60,700**	61,671

1 Holds investment in Q-Par Antennas USA LLC.

See Group subsidiary undertakings disclosures in Note 14 to the Group accounts.

5. Debtors

Undertakings	2026 £'000	2025 £'000
Amounts owed by Group undertakings	**4,297**	5,877
Prepayments	**228**	51
	4,525	5,928

All amounts owed by Group undertakings are repayable on demand and not interest-bearing.

6. Creditors – Amounts falling due within one year

	2026 £’000	2025 £’000
Amounts owed to Group undertakings	**16,776**	22,017
Other taxes and social security costs	**162**	165
Trade and other creditors	**29**	38
Accruals	**1,205**	373
Short-term bank borrowings	**17**	7,859
Deferred consideration on acquisitions	**365**	181
	18,554	30,633

The Company has guaranteed bank borrowings of all its subsidiary undertakings, the main trading subsidiaries are Solid State Supplies Limited, Steatite Limited, Pacer Components Limited, Custom Power, LLC, Pacer USA, LLC, Gateway Electronic Components Limited and Active Silicon Limited. At the year-end, the liabilities covered by those guarantees amounted to £Nil (2025: £Nil). The Company accounts for guarantees provided to Group companies as financial guarantee, recognising a liability only to the extent that it is probable the guarantees will be called upon. See Note 19 to the Group accounts for borrowings disclosures.

The deferred consideration on acquisitions is in relation to Q-Par Antennas USA.

All amounts owed to Group undertakings are payable on demand and not interest-bearing.

7. Creditors – Amounts falling due after more than one year

	2026 £’000	2025 £’000
Bank borrowings	**10,142**	1,935
Deferred consideration on acquisitions	**270**	161
	10,412	2,096

See Note 19 to the Group accounts for borrowings disclosures.

8. Share capital

See Group share capital disclosures in Note 25 to the Group accounts.

9. Reserves

See Group reserves disclosures in Note 26 to the Group accounts.

10. Own shares held in Treasury

See Group treasury shares disclosures in Note 27 to the Group accounts.

11. Related parties

Transactions with wholly-owned subsidiaries of the Solid State PLC Group are not disclosed and there were no other related-party transactions identified that require disclosure.

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Consultancy, design and production by:
jonesandpalmer.co.uk

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