

# Solid State

**Industrials**
**6 November 2025**

## H1 update supports full year expectations

**Solid State has announced an encouraging first half assisted by its exposure to defence, while also benefiting from delayed sales from the previous financial year. With expected first half profit equivalent to 66% of full year consensus, along with recent contract awards announced, the group is well positioned to deliver on FY26 market expectations and further growth to meet management's longer-term targets.**

### Positive H1 performance

Management expects to announce H126 revenues of £85.0m (H125: £61.8m) and PBT of £4.75m (H125: £2.5m). Underlying revenues saw a mid-single digit increase (5–7%) after taking into account US dollar headwinds (c 5%) and £23.3m of revenue that had been delayed from delivery in the prior year. Adjusted operating margins are expected to be c 7.0% (H125: 5.1%), progressing towards the medium-term target of 10%. Overall, the group benefited from its diverse exposure, with a strong performance in defence and security more than offsetting a weaker performance from the industrial sector and disruption caused by tariff uncertainty in the US.

### Divisional review

From a divisional perspective, Components has seen further normalisation of the global electronics market with continued unwinding of overstocking and associated adjustment to shorter lead times. The Systems division's new integrated systems facility became fully operational in the period, providing greater technical capabilities and enabling the delivery of more complex integrated products. The benefits were highlighted by two significant contract announcements. The Power division is benefiting from a strategic shift towards higher-value activities and a systems approach with orders for battery systems from key Tier 1 customers in the robotics, drone and naval sonar buoy sectors.

### H1 performance and order book support full year

The group has started H2 with a solid opening order book of £87.3m, with more than 60% expected to be delivered in H2, which supports market expectations for H2 revenue of c £60m. The opening order book was down from £108.5m at the start of H1, albeit this included the delayed business delivered in H1. However, with recent wins such as the \$10.8m Project CAIN defence order, the order book at 31 October stood at £96.6m. While there are clear uncertainties, such as tariffs, the order book provides management with confidence in meeting expectations for the full year.

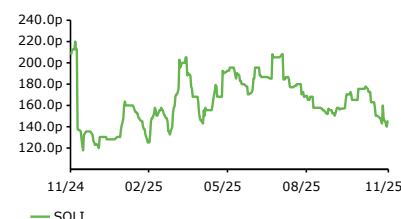
Half year results will be published on 1 December with management presenting on 2 December at 2pm on the Investor Meet Company platform.

Consensus estimates						
Year end	Revenue (£m)	PBT (£m)	EPS (p)	DPS (p)	P/E (x)	Yield (%)
3/24	163.3	15.6	20.10	4.30	7.2	3.0
3/25	125.1	5.0	6.20	2.50	23.4	1.7
3/26e	145.2	7.2	9.80	2.60	14.8	1.8
3/27e	149.3	8.0	10.50	2.70	13.8	1.9

Source: Company reports, broker consensus estimates

**Price** 145.00p  
**Market cap** £79m

#### Share price performance



#### Share details

Code	SOLI
Listing	AIM
Shares in issue	56.8m
Net cash at 31 March	£7.4m

#### Business description

Solid State is a specialist value-added component supplier and design-in manufacturer of computing, power and communications products. It supplies the commercial, industrial and military markets with durable components, assemblies and manufactured units for use in specialist and harsh environments.

#### Bull points

- Ambition to deliver strong revenue growth and to improve adjusted operating margin to 10% over the medium term.
- Sustainable growth strategy driven by organic investment and strategic M&A.
- Added-value design capability supports long-term customer relationships and higher margins.

#### Bear points

- Revenue development dependent on OEM customers' sales.
- Contract volatility can have a significant impact on operation and profit.
- The shorter lead times being seen affect visibility and forward planning.

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