Registered number 02448361

PACER COMPONENTS LIMITED

UNAUDITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

PACER COMPONENTS LIMITED

COMPANY INFORMATION

Directors	P O James J L Macmichael
Registered number	02448361
Registered office	2 Ravensbank Business Park Hedera Road Redditch England B98 9EY
Accountants	Barnes Roffe Advisory Limited Chartered Accountants 3 Brook Business Centre Cowley Mill Road Uxbridge Middlesex UB8 2FX

PACER COMPONENTS LIMITED

CONTENTS

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2025

Introduction

The directors present their strategic report to accompany the financial statements of the Company for the year ended 31 March 2025

Financial review

The Company's revenue and loss after tax for the year are £2,583k *(2024 - £2,695k)* and £170k *(2024 - £441k)* respectively

Business overview

The principal activities of the Company during the year continued to be those of the manufacturing of optoelectronic equipment modules and sensors

The Company manufactures and sells optoelectronic components to the Group's international and UK sales entities from its Weymouth facility The entity supplies these products to the Groups' external sales distribution company This enables the Company to focus on optoelectronic R&D for product development and operational efficiencies in the Weymouth production facility This is critical to delivering enhanced Group margins The facility is currently underutilised, creating the loss in the period This is being addressed by the distribution sales force with several major projects expected to reach production in the next FY and through the utilisation of the facility's capacity by the rest of the Group

We are deeply saddened by the death of the Solid State Group CEO, Gary Marsh, who devoted close to 40 years to the business His commitment to Solid State was total and he oversaw exceptional growth and geographical business expansion, but always with the best interests of his employees at heart He has been an inspiration to us all and will be sadly missed

The strength of the Group

The Company is a fully owned subsidiary of Solid State PLC and cross-Group collaboration has been a key strategic focus to ensure the business maximises the commercial value of its extensive customer relationships The Solid State Group continues to invest heavily in its employees, including those at the Company, believing that a well-educated and well-trained workforce is the key to staying ahead of the competition Retaining a skilled work force with appropriate technical expertise underpins the future plans for growth

Environmental, Social and Governance (ESG)

ESG is an important element of the Group's strategy, and we continue to focus on developing a governance framework that remains appropriate, creating a long-term sustainable business which minimises our adverse impact on the Environment and maximising the value for our stakeholders

The Group's ESG committee meets regularly and is focused on continued improvement on the ESG strategy to deliver on our goals, including achieving Net Zero in Scope 1 and Scope 2 emissions by 2050 A reduction in the Group scope 1 and 2 emissions for this financial year are reported in the Solid State PLC statutory accounts, available on the group website www solidstateplc com The Group is also committed to working with its supply chain partners to ensure they can achieve net zero in scope 1&2 by 2050, which will eliminate our scope 3 emissions

The Company recognises we have a responsibility to protect our planet by reducing our environmental footprint and protecting the community in which we operate The Group aims to work in alignment with the 17 United Nations Sustainability Goals As a specialist in industrial products, Goal 9 – "to build resilient infrastructure promoting inclusive and sustainable industrialisation and foster innovation" is particularly relevant Our technology, products and systems are designed and engineered to be high quality, often upgradable with long life which inherently means we are starting from a strong position These characteristics help to differentiate us from our competitors and enable us to be ambitious in how we do business, to maintain our position

The Company is a people business and recognises the value our employees play in our success Our people embody a growth mindset within a culture of sustainability and continuous improvement We value integrity, openness and respect for others Our approach to reward is to take a holistic approach that encompasses personal development, financial and non-financial rewards and benefits

We have continued to enhance employee benefits through the EV salary sacrifice scheme, a short-term hardship loan scheme, enhancing/harmonising life assurance, holiday and pension benefits We continue to invest and improve in training, development and upskilling our teams with personal development plans which underpins the value we add to customers

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

We recognise the importance of supporting our employees with their health and wellbeing and ensure that all our employees have access to the right resources to support them and their families Employees and their families have access to private health care with Westfield Health as well as a fully funded Employee Assistant Programme to support employees with financial, legal and/or mental health challenges

We are committed to the role we play within the communities we operate in and encourage all our employees to be involved in supporting our community As a Group, we participate in annual charity walks and local charity events

We have an extensive suite of policies in place, and they are published on the Group website at https //solidstateplc com/dowloads/policies The Group is focused on ensuring we operate in an ethically, socially, and environmentally responsible way "Doing the right things the right way"

Principal risks and uncertainties

As an integral part of the Solid State PLC Group, the Company's principal risks and uncertainties are consistent with those of the Group The principal risks and uncertainties of the Group are disclosed in the publicly available accounts of Solid State PLC

The Group has a process for the identification and management of risk as part of the governance structure operated by the Solid State Board In managing and mitigating risk, a comprehensive and robust system of controls and risk management processes has been developed and implemented The business risks have been considered and, where practical, mitigated However, the macro-economic risks, including customer de-stocking, inflation, uncertainty in international trading relationships and the associated impact on foreign exchange, means that it continues to be difficult to predict supply and demand to fully mitigate risk

Specifically, the Company's risk management programme seeks to minimise potential adverse effects on the company's financial performance Of the risks identified in the Group accounts the following risks are managed and are critical at an entity level

- Supply chain interruptions and cost inflation
- Legislative environment and compliance
- Retention of key employees
- Failure of or malicious damage to IT systems
- Competition risk
- Product / technology change
- Forecasting and financial liquidity

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025

Key performance indicators

Given the nature of the business the Company's directors are of the opinion that analysis using key performance indicators beyond the key financial metrics given above and in these financial statements is not necessary for an understanding of the development, performance or position of the business

This report was approved by the board on 11-Dec-2025 and signed on its behalf

J.L.Macmichael

J L Macmichael
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2025

The directors present their report and the financial statements for the year ended 31 March 2025

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' 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 Company and of the profit or loss of the Company for that period

In preparing these financial statements, the directors are required to

- select suitable accounting policies for the Company's financial statements and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Results and dividends

The loss for the year, after taxation, amounted to £170k *(2024 - £441k)*

Dividends of £Nil *(2024 - £84k)* have been declared and paid in the year

Directors

The directors who served during the year were

P O James
J L Macmichael
G S Marsh (resigned 11 November 2025)
P Haining (resigned 12 April 2024)

Matters covered in the Strategic report

The company has chosen in accordance with section 414C of the Companies Act 2006, to set out its financial risk management within the Strategic report

Going concern

The Company is a wholly owned subsidiary of Solid State PLC and is part of the Group banking facilities, therefore the going concern assessment has been made by the Directors on a Group basis to support the adoption of the Going Concern principle in all the Group subsidiaries As a result of adopting the audit exemption the Parent, Solid State Plc, has provided a statutory guarantee which has been filed with Companies House

In assessing the going concern position of the Group for the Consolidated Financial Statements for the year ended 31 March 2025, the Directors considered the Group's cash flows, liquidity and business activities At 31 March 2025, the Group has net debt of £7 4m *(2024 - £4 7m)* Furthermore, the Group has a £10 0m revolving credit facility, which was not drawn at the year end

Post year end the Group refinanced all the existing loan facilities to put in place a replacement £15m RCF with a £10m accordion with Lloyds and Comerica Within this facility we have retained the ability to put in place a £5 0m overdraft to manage any short-term working capital requirements (as seen with last year's Communications order), subject to agreement with Lloyds This means the Group will not need to utilise the accordion to meet a short-term working capital requirement

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

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

Detailed disclosures of the assessment of the Group's going concern position are included on page 86 of the basis of preparation within the Solid State PLC Group accounts which are available on the website www solidstateplc com

The Group prepared an updated assessment of cashflows and related assumptions for the 30 September 2025 Interim financial statements, extending the financial modelling to 31 March 2027 .The extension of the model assumes that revenue, margin, and cash profit remain flat for the following twelve months, which is well below the market expectation as H1 25/26 has seen a significant improvement

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 Company 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

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025

Research and development

During the year the Company has continued to invest in research and development in partnership with some of its customers to develop technical opto-electronic solutions to address the demand of our customers in its core markets The Company continues to claim R&D tax credits where eligible

Qualifying third party indemnity provisions

The company has granted to the directors of the company a deed of indemnity which constitutes a third-party indemnity provision for the purposes of the Companies Act 2006 In addition, the company has in place appropriate Directors and Officers liability insurance cover which has been in place for the entire year and at the date of approval of the financial statements

Post balance sheet events

On 18 May 2025, the Group refinanced the existing facilities with a new multicurrency RCF funded by Lloyds Bank PLC and Comerica Bank The facility is for £15 0m and is committed for three years, with two optional twelve-month extension options, and can be drawn in other optional currencies as well as GBP An additional accordion commitment of £10m can also be requested during the availability period The multi currency overdraft facility of £5m remains in place as part of this agreement

Other than the Group refinancing above there are no post balance sheet events that require disclosure or adjustments to the financial statements

Audit exemption

Pacer Components Limited is exempt from the requirements to file audited accounts by virtue of section 479a of the Companies Act 2006 A statutory guarantee has been provided to Pacer Components Limited by Solid State PLC, the ultimate controlling party

This report was approved by the board on 11-Dec-2025 and signed on its behalf

J.L.Macmichael

J L Macmichael
Director

CHARTERED ACCOUNTANTS' REPORT TO THE BOARD OF DIRECTORS ON THE PREPARATION OF THE UNAUDITED STATUTORY FINANCIAL STATEMENTS OF PACER COMPONENTS LIMITED FOR THE YEAR ENDED 31 MARCH 2025

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Pacer Components Limited for the year ended 31 March 2025 which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes from the Company's accounting records and from information and explanations you have given us

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at https //www icaew com/regulation

This report is made solely to the Board of directors of Pacer Components Limited, as a body, in accordance with the terms of our engagement letter Our work has been undertaken solely to prepare for your approval the financial statements of Pacer Components Limited and state those matters that we have agreed to state to the Board of directors of Pacer Components Limited, as a body, in this report in accordance with ICAEW Technical Release TECH07/16AAF To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Pacer Components Limited and its Board of directors, as a body, for our work or for this report

It is your duty to ensure that Pacer Components Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and profit or loss of Pacer Components Limited You consider that Pacer Components Limited is exempt from the statutory audit requirement for the year

We have not been instructed to carry out an audit or review of the financial statements of Pacer Components Limited For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements

Barnes Roffe Advisory Limited

Barnes Roffe Advisory Limited
Chartered Accountants
3 Brook Business Centre
Cowley Mill Road
Uxbridge
Middlesex
UB8 2FX
Date 11-Dec-2025

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2025

	Note	2025 £000	*2024* *£000*
Turnover	4	**2,583**	*2,695*
Cost of sales		**(1,739)**	*(1,562)*
Gross profit		**844**	*1,133*
Administrative expenses		**(1,391)**	*(1,738)*
Other operating income	5	**355**	*21*
Operating loss	6	**(192)**	*(584)*
Interest receivable and similar income	9	**4**	*-*
Loss before tax		**(188)**	*(584)*
Tax on loss	10	**18**	*143*
Loss for the financial year		**(170)**	*(441)*
Total comprehensive income for the year		**(170)**	*(441)*

The notes on pages 12 to 29 form part of these financial statements

PACER COMPONENTS LIMITED
REGISTERED NUMBER 02448361

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2025

	Note	£000	2025 £000	£000	2024 £000
Fixed assets					
Intangible assets	12		310		302
Tangible assets	13		309		420
			619		722
Current assets					
Stocks	14	256		482	
Debtors amounts falling due within one year	15	6,048		6,322	
Cash at bank and in hand	16	145		122	
		6,449		6,926	
Creditors amounts falling due within one year	17	(1,800)		(2,192)	
Net current assets			4,649		4,734
Total assets less current liabilities			5,268		5,456
Provisions for liabilities					
Deferred tax	18	(115)		(133)	
Other provisions	19	(250)		(250)	
			(365)		(383)
Net assets			4,903		5,073
Capital and reserves					
Called up share capital	20		257		257
Share premium account	21		93		93
Profit and loss account	21		4,553		4,723
			4,903		5,073

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2025

The directors consider that the Company is entitled to exemption from audit under section 479a of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

11-Dec-2025

P O James
Director

The notes on pages 12 to 29 form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2025

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 April 2024	257	93	4,723	5,073
Comprehensive income for the year				
Loss for the year	-	-	(170)	(170)
Total comprehensive income for the year	-	-	(170)	(170)
Total transactions with owners	-	-	-	-
At 31 March 2025	257	93	4,553	4,903

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2024

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 April 2023	257	93	5,248	5,598
Comprehensive income for the year				
Loss for the year	-	-	(441)	(441)
Total comprehensive income for the year	-	-	(441)	(441)
Dividends Equity capital	-	-	(84)	(84)
Total transactions with owners	-	-	(84)	(84)
At 31 March 2024	257	93	4,723	5,073

The notes on pages 12 to 29 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

1. General information

Pacer Components Limited is a company limited by shares, incorporated in England and Wales The address of the registered office is 2 Ravensbank Business Park, Hedera Road, Redditch, England, B98 9EY

The company specialises in the manufacturing of opto-electronic equipment and the value-added distribution of opto-electronic components and modules, subsystems, and displays

2. Accounting policies

2.1 *Basis of preparation of financial statements*

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 presented in pounds sterling and all values are rounded to the nearest thousand (£'000) except when otherwise indicated

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102

- the requirements of Section 4 Statement of Financial Position paragraph 4 12(a)(iv),
- the requirements of Section 7 Statement of Cash Flows,
- the requirements of Section 11 Financial Instruments paragraphs 11 39 to 11 48A,
- the requirements of Section 12 Other Financial Instruments paragraphs 12 26 to 12 29,
- the requirements of Section 26 Share-based Payment paragraphs 26 18(b), 26 19 to 26 21 and 26 23, and
- the requirements of Section 33 Related Party Disclosures paragraph 33 7

This information is included in the consolidated financial statements of Solid State PLC as at 31 March 2025 and these financial statements may be obtained from the registered office

2. Accounting policies (continued)

2.2 Going concern

The Company is a wholly owned subsidiary of Solid State PLC and is part of the Group banking facilities, therefore the going concern assessment has been made by the Directors on a Group basis to support the adoption of the Going Concern principle in all the Group subsidiaries As a result of adopting the audit exemption the Parent, Solid State Plc, has provided a statutory guarantee which has been filed with Companies House

In assessing the going concern position of the Group for the Consolidated Financial Statements for the year ended 31 March 2025, the Directors considered the Group's cash flows, liquidity and business activities At 31 March 2025, the Group has net debt of £7 4m *(2024 - £4 7m)* Furthermore, the Group has a £10 0m revolving credit facility, which was not drawn at the year end

Post year end the Group refinanced all the existing loan facilities to put in place a replacement £15m RCF with a £10m accordion with Lloyds and Comerica Within this facility we have retained the ability to put in place a £5 0m overdraft to manage any short-term working capital requirements (as seen with last year's Communications order), subject to agreement with Lloyds This means the Group will not need to utilise the accordion to meet a short-term working capital requirement

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

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

Detailed disclosures of the assessment of the Group's going concern position are included on page 86 of the basis of preparation within the Solid State PLC Group accounts which are available on the website, www solidstateplc com

The Group prepared an updated assessment of cashflows and related assumptions for the 30 September 2025 Interim financial statements, extending the financial modelling to 31 March 2027 The extension of the model assumes that revenue, margin, and cash profit remain flat for the following twelve months, which is well below the market expectation as H1 25/26 has seen a significant improvement

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 Company has adequate resources to continue

2 Accounting policies (continued)

2 2 Going concern (continued)

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

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions

At each year end foreign currency monetary items are translated using the closing rate Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate *when fair value was determined*

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs' All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes The following criteria must also be met before revenue is recognised

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied

- the Company has transferred the significant risks and rewards of ownership to the buyer,
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold,
- the amount of revenue can be measured reliably,
- it is probable that the Company will receive the consideration due under the transaction, and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably

Compensation payments are recognised as revenue in the period that any related activities are completed, the amount can be measured reliably, and it is probable that future economic benefit will be realised Other income relates to the recharge of costs to other Group companies for shared services and is not recognised as a reduction to costs

2 5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight-line basis over the lease term

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset

2.6 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method

2.7 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity Once the contributions have been paid the Company has no further payment obligations

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due Amounts not paid are shown in accruals as a liability in the Statement of financial position The assets of the plan are held separately from the Company in independently administered funds

2. Accounting policies (continued)

2.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax Tax is recognised in the Statement of comprehensive income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits, and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date

2.9 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses

All intangible assets are considered to have a finite useful life If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years

The useful economic life over which the software is being amortised has been assessed to be 2 to 5 years

2 10 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management

2. Accounting policies (continued)

2.10 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method

Depreciation is provided on the following basis

Computer hardware	- Straight line over 4 years
Furniture and office equipment	- Straight line over 8 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income

2.11 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment

2.12 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell Cost is based on the cost of purchase on a first in, first out basis Work in progress and finished goods include labour and attributable overheads

At each reporting date, stocks are assessed for impairment If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell The impairment loss is recognised immediately in the Statement of comprehensive income

2.13 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment

2.14 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value

2.15 Creditors

Short-term creditors are measured at the transaction price Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method

2. Accounting policies (continued)

2.16 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, and loans to related parties

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously

2 17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties

When payments are eventually made, they are charged to the provision carried in the Statement of financial position

2.18 Dividends

Equity dividends are recognised when they become legally payable Interim equity dividends are recognised when paid Final equity dividends are recognised when approved by the shareholders at an annual general meeting

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In the process of applying its accounting policies, the directors are required to make certain estimates, judgements and assumptions that they believe are reasonable based on the information available These judgements, estimates and assumptions affect the amounts of assets and liabilities at the date of the financial statements and the amounts of revenues and expenses recognised during the reporting periods presented

On an ongoing basis, the directors evaluate their estimates using historical experience, consultation with experts and other methods considered reasonable in the circumstances Actual results may differ significantly from the estimates, the effect of which is recognised in the period in which the facts that give rise to the revision become known

The following paragraphs detail the estimates and judgements the directors believe to have the most significant impact on the annual results under FRS 102

a) Property, Plant and Equipment (PPE)

The estimated useful economic lives of PPE are based on management's judgement and experience When management identifies that actual useful economic lives differ materially from the estimates used to calculate depreciation, that charge is adjusted prospectively

The directors are required to evaluate the carrying values of PPE for impairment whenever circumstances indicate, in management's judgement, that the carrying value of such assets may not be recoverable An impairment review requires management to make subjective judgements concerning the cash flows, growth rates and discount rates of the cash generating units under review

b) Revenue recognition and allowance for doubtful receivables

The Company recognises revenue on sale of goods when the risks and rewards of owning the goods has passed to the customer Compensation payments are recognised as revenue in the period that any related activities are completed, the amount can be measured reliably and it is probable that future economic benefit will be realised When the Company considers that the criteria for revenue recognition are not met for a transaction, revenue recognition is delayed until such time as collectability is reasonably assured Payments received in advance of revenue recognition are recorded as deferred income

At each reporting date, the directors evaluate the recoverability of trade receivables and record allowances for doubtful receivables based on experience These allowances are based on, amongst other things, a consideration of actual collection history The actual level of receivables collected may differ from the estimated levels of recovery, which could impact operating results positively or negatively

c) Stock provision

At each reporting date, the Company evaluates the value of stock held and record a provision where the recoverable value is deemed to be less than the carrying value, based on experience The provision is based on, amongst other things, a consideration of future product sales The actual recoverable value may differ from the estimated value, which could impact operating results positively or negatively

d) R&D tax credits

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

At the year end date, tax liabilities and assets reflect management's judgements in respect of the

3. Judgments in applying accounting policies (continued)

application of the tax regulations, the R&D tax regulations and management's estimate of the future amounts that will be settled

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 each of the HMRCs large company and SME R&D tax credit schemes as the detailed tax computations have not been completed

Our judgement at year end assumed that the level of eligible spend was comparable with prior years At 31 March 2025, there are current tax provisions of £12k *(2024 - £50k)* and deferred tax provisions of £115k *(2024 - £133k)*, totalling £127k *(2024 - £183k)*

Due to the uncertainties noted above, it is possible that the Company's initial estimates are different to the final position adopted when the tax computation is finalised, resulting in a different tax payable or recoverable from the amounts provided

4. Turnover

An analysis of turnover by class of business is as follows

	2025 £000	*2024 £000*
United Kingdom	2,583	*2,695*
	2,583	*2,695*

All turnover arose within the United Kingdom

5 Other operating income

	2025 £000	*2024 £000*
Other operating income	355	*21*
	355	*21*

6. Operating loss

The operating loss is stated after charging

	2025 £000	2024 £000
Amortisation of intangible fixed assets	110	109
Depreciation of tangible fixed assets	135	120
Foreign exchange losses	-	10
Operating lease rentals	60	68
Research and development costs	-	192

7. Employees

Staff costs during the year were as follows

	2025 £000	2024 £000
Wages and salaries	1,066	1,299
Social security costs	117	122
Cost of defined contribution scheme	167	123
	1,350	1,544

The average monthly number of employees, including the directors, during the year was as follows

	2025 No.	2024 No
Selling and distribution	6	17
Management and administration	7	7
	13	24

8. Directors' remuneration

During the year, no director received any emoluments *(2024 - £Nil)*

No emoluments in respect of directors are charged in the accounts Pension arrangements with regards to the directors of the parent company are disclosed in the parent company accounts Directors who are both directors of this company and of the ultimate parent company who have share options relating to their role as Group directors are not recharged to the subsidiaries Full disclosure of the Group Directors options are publicly available in the accounts of the ultimate parent entity Solid State PLC.

9. Interest receivable

	2025 £000	*2024* *£000*
Other interest receivable	4	-
	4	-

10. Taxation

	2025 £000	*2024* *£000*
Corporation tax		
Current tax on profits for the year	-	*(103)*
	-	*(103)*
Total current tax	-	*(103)*
Deferred tax		
Origination and reversal of timing differences	(18)	*(40)*
Total deferred tax	(18)	*(40)*
	(18)	*(143)*

10. Taxation (continued)

Factors affecting tax credit for the year

The tax assessed for the year is higher than *(2024 - higher than)* the standard rate of corporation tax in the UK of 25% *(2024 - 25%)* The differences are explained below

	2025 **£000**	*2024* *£000*
Loss on ordinary activities before tax	**(188)**	*(584)*
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% *(2024 - 25%)*	**(47)**	*(146)*
Effects of		
Expenses not deductible for tax purposes	**2**	*2*
Non-taxable income	**(13)**	*-*
Difference between capital allowances and depreciation and amortisation	**36**	*(21)*
Enhanced relief on research and development expenditure	**13**	*22*
Adjustments to losses	**(9)**	*-*
Total tax credit for the year	**(18)**	*(143)*

Factors that may affect future tax charges

There are no significant factors that may affect future tax charges

11. Dividends

	2025 **£000**	*2024* *£000*
Dividends	**-**	*84*
	-	*84*

12. Intangible assets

	Software £000	Development expenditure £000	Total £000
Cost			
At 1 April 2024	438	2	440
Additions	46	73	119
At 31 March 2025	484	75	559
Amortisation			
At 1 April 2024	138	-	138
Charge for the year	110	-	110
At 31 March 2025	248	-	248
Net book value			
At 31 March 2025	236	75	311
At 31 March 2024	*300*	*2*	*302*

13. Tangible fixed assets

	Furniture and office equipment £000	Computer hardware £000	Total £000
Cost			
At 1 April 2024	1,083	722	1,805
Additions	17	7	24
At 31 March 2025	1,100	729	1,829
Depreciation			
At 1 April 2024	683	702	1,385
Charge for the year	122	13	135
At 31 March 2025	805	715	1,520
Net book value			
At 31 March 2025	295	14	309
At 31 March 2024	*400*	*20*	*420*

14 Stocks

	2025 £000	*2024 £000*
Raw materials and consumables	256	*482*
	256	*482*

15. Debtors

	2025 £000	2024 £000
Amounts owed by group undertakings	**5,944**	*6,213*
Other debtors	**20**	*8*
Prepayments and accrued income	**84**	*101*
	6,048	*6,322*

16 Cash and cash equivalents

	2025 £000	2024 £000
Cash at bank and in hand	**145**	*122*
	145	*122*

17. Creditors Amounts falling due within one year

	2025 £000	2024 £000
Trade creditors	**113**	*26*
Amounts owed to group undertakings	**1,579**	*1,689*
Corporation tax	**12**	*50*
Other taxation and social security	**-**	*236*
Other creditors	**11**	*12*
Accruals and deferred income	**85**	*179*
	1,800	*2,192*

18. Deferred taxation

	2025 £000
At beginning of year	133
Credited to the Statement of comprehensive income	(18)
At end of year	**115**

The provision for deferred taxation is made up as follows

	2025 £000	*2024 £000*
Accelerated capital allowances	116	*133*
Short term timing differences	(1)	-
	115	*133*

19 Provisions

	Dilapidations provision £000
At 1 April 2024	250
At 31 March 2025	**250**

The dilapidations provision relates to the requirement for the Company to reinstate the leasehold premises which it occupies at the end of the lease obligation The minimum term of the leases is less than five years but there are options to extend the lease obligations which could be exercised by the Company which would have the effect of delaying the point at which the liabilities will crystallise

20. Share capital

	2025 £000	*2024 £000*
Allotted, called up and fully paid		
1,027,067 Ordinary shares of £0 25 each	**257**	*257*

There is a single class of Ordinary shares There are no restrictions on the distribution of dividends and the repayment of capital

21 Reserves

Profit and loss account

Profit and loss account includes all current and prior period retained profits and losses

Share premium account

Share premium includes excess amounts received by the company over the par value of its shares

22. Contingent liabilities

The company participates in a cross-guarantee of bank borrowings of its ultimate parent company, Solid State PLC and fellow subsidiary companies At 31 March 2025, liabilities covered by this guarantee amounted to £Nil *(2024 - £Nil)*

23. Pension commitments

The company operates a defined contributions pension scheme The assets of the scheme are held separately from those of the company in an independently administered fund The pension cost charge represents contributions payable by the company to the fund and amounted to £167k *(2024 - £123k)* Contributions totalling £11k *(2024 - £12k)* were payable at year end and included in creditors

24. Commitments under operating leases

At 31 March 2025 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods

	2025 £000	*2024 £000*
Not later than 1 year	**50**	*75*
Later than 1 year and not later than 5 years	**142**	*178*
	192	*253*

25. Related party transactions

Transactions with wholly owned subsidiaries of the Solid State PLC group are not disclosed, as allowed by FRS 102 section 33 1A

26. Post balance sheet events

On 18 May 2025, the Group refinanced the existing facilities with a new multicurrency RCF funded by Lloyds Bank PLC and Comerica Bank The facility is for £15 0m and is committed for three years, with two optional twelve-month extension options, and can be drawn in other optional currencies as well as GBP An additional accordion commitment of £10m can also be requested during the availability period The multi currency overdraft facility of £5m remains in place as part of this agreement

Other than the Group refinancing above there are no post balance sheet events that require disclosure or adjustments to the financial statements

27. Ultimate parent undertaking and controlling party

The company is a wholly owned subsidiary of Pacer Technologies Limited, an intermediate holding company incorporated in England and Wales Its registered office is 2 Ravensbank Business Park, Hedera Road, Redditch, B98 9EY

The ultimate parent company is Solid State PLC, a company incorporated in England and Wales Its registered office is 2 Ravensbank Business Park, Hedera Road, Redditch, B98 9EY

The results of the company are consolidated in the financial statements of the ultimate parent company, which can be obtained from Companies House

In the opinion of the directors, there is no ultimate controlling party