

2 October 2023

## **CML Microsystems Plc**

### **("CML", the "Company" or the "Group")**

#### **Completion of Microwave Technology, Inc Acquisition**

CML, which develops mixed-signal, RF and microwave semiconductors for global communications markets, is pleased to announce that it has, today, completed the acquisition of Microwave Technology, Inc. ("MwT") (the "Acquisition").

#### **Background to Microwave Technology, Inc.**

Founded in 1982, MwT is a recognised leader in the design, manufacturing and marketing of GaAs and GaN Based MMICs, Discrete Devices, and Hybrid Amplifier Products for Commercial Wireless Communication, Defence, Space, and Medical (MRI) applications. It became part of the IXYS Corporation, which was then acquired in 2018 by Littelfuse, Inc., the global technology manufacturing company headquartered in Chicago. In 2019, MwT undertook a management buy-out from Littelfuse, at the same time transitioning away from manufacturing to a fabless semiconductor model with a specific focus on MMICs. The business currently consists of 20 employees and operates from Fremont, California.

#### **The Acquisition**

The Acquisition expands the Group's product portfolio, strengthens and enhances its support resources and increase its R&D capabilities, providing essential knowhow and experience in system level understanding, product manufacturing and packaging techniques. MwT's products are complementary to CML's existing offering and the majority of its focus and client concentration is within the USA. The Board of CML believes there is a significant opportunity to increase its current market share by internationalising MwT's products.

The total consideration payable for the Acquisition is \$13.18m, of which \$7.65m is payable in cash and \$5.53m is payable in shares. The cash element, which is subject to customary post-completion adjustments, is payable in four tranches; with \$1.93m payable on completion, \$1.17m payable on the six-month anniversary of completion, \$2.65m payable on the first anniversary of completion and \$1.90m payable on the second anniversary of completion (with the latter three payments being subject to performance related adjustments). The \$5.53m share element of the consideration is payable via the issue to the sellers of 864,349 new CML ordinary shares of 5 pence each ("Ordinary Shares"), valued at a price of 440 pence per share, being the volume-weighted average price of CML's shares for the 30 days prior to the initial announcement of the transaction on 17 January 2023, to be issued in three tranches (the "Consideration Shares"). 592,010 Consideration Shares will be issued on completion (the "Initial Consideration Shares"), 90,780 Consideration Shares will be issued on the first anniversary of completion, 90,780 Consideration Shares will be issued on the second anniversary of completion and 90,779 Consideration Shares will be issued on the third anniversary of completion.

Chris Gurry, CML's Group Managing Director commented "*We are delighted to finally welcome MwT into the CML Group. Their dedicated and very experienced team will accelerate our multi-year growth strategy, enhancing the Group's existing competencies, whilst the strong cultural synergies bode well for the combined businesses over the medium term.*"

MwT's unaudited US GAAP results for the 12-month period to 31 December 2022 recorded revenue of \$6.5m and a pre-tax loss of \$132k with net assets of circa \$2.4m. The Board expects that MwT will be earnings enhancing in its first full year of ownership within CML.

It is intended that Dr. Nathan Zommer, who was previously MwT's majority shareholder and is MwT's current Chairman, will join the CML Board of Directors in a non-executive capacity.

Dr. Zommer's appointment to the Board is subject to completion of normal regulatory due diligence checks. A further announcement confirming his appointment on completion of normal regulatory due diligence checks and disclosing information in respect of Schedule 2(g) of the AIM Rules will be made in due course.

No further information is required to be disclosed as per Schedule 4 in the AIM Rules for Companies.

#### **Total Voting Rights**

Application has been made to the London Stock Exchange for the 592,010 Initial Consideration Shares to be admitted to trading on AIM, which is expected to occur on 3 October 2023.

In conformity with the Financial Conduct Authority's Disclosure and Transparency rules, CML Microsystems Plc hereby notifies the market that following the issue of the Initial Consideration Shares, the Company's issued share capital comprises 16,504,754 ordinary shares of 5p each. The total number of treasury shares held is 360,675 which do not carry voting rights.

The total number of voting rights in the Group is therefore 16,144,079 (which excludes ordinary shares held by the Group in treasury).

This figure may be used by shareholders as the denominator for the calculation by which they will determine if they are required to notify their interest in, or a change in their interest in, the Group under the FCA's Disclosure and Transparency Rules.

*The information contained within this announcement is deemed by the Group to constitute inside information under the Market Abuse Regulations (EU) No. 596/2014.*

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#### **About CML Microsystems Plc**

CML develops mixed-signal, RF and microwave semiconductors for global communications markets. The Group utilises a combination of outsourced manufacturing and in-house testing with trading operations in the UK, Asia and USA. CML targets sub-segments within Communication markets with strong growth profiles and high barriers to entry. It has secured a diverse, blue chip customer base, including some of the world's leading commercial and industrial product manufacturers.

The spread of its customers and diversity of the product range largely protects the business from the cyclical nature usually associated with the semiconductor industry. Growth in its end markets is being driven by factors such as the appetite for data to be transmitted faster and more securely, the upgrading of telecoms infrastructure around the world and the growing prevalence of private commercial wireless networks for voice and/or data communications linked to the industrial internet of things (IIoT).

The Group is cash-generative, has no debt and is dividend paying.

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