

24 June 2025

CML Microsystems Plc
("CML", the "Company" or the "Group")
Full Year Results

Continued resilience in persisting challenging market conditions

CML Microsystems Plc, which develops mixed-signal, RF and microwave semiconductors for global communications markets, announces its Full Year Preliminary Results for the year ended 31 March 2025.

Financial Highlights

- Revenues remained robust at £22.90m (FY24: £22.89m)
- Profit from operations of £0.53m (FY24: £1.94m), impacted by higher costs from the full-year inclusion of MwT and the factory relocation
- Profit before taxation of £0.88m (FY24: £2.52m) excluding exceptional items
- Cash balances at period end of £9.92m (31 March 2024: net cash of £18.21m) following R&D cash spend of £5.50m, acquisition-related payments of £3.79m, dividend payments of £1.77m, a £0.60m investment in capex and share buybacks totalling £0.90m
- Recommended final dividend of 6.0p per share (FY24: 6.0p per share) giving a full year dividend of 11.0p (FY24: 11.0p)

Operational Highlights

- Continued execution of growth strategy against challenging markets
- Successfully completed MwT post-acquisition plans, including relocation to new premises, appointment of a local VP of Operations, and full implementation of the NSA, with the first U.S. government audit successfully completed
- Completed strategic restructuring of UK R&D resources to improve cross-functional collaboration, streamline resource allocation, and balance internal product development with third-party design services
- Further expansion of the product portfolio with the launch of multiple high-performance RF and microwave products including GaN and GaAs power amplifiers and the DRM1000 broadcast receiver module
- Opportunity pipeline at record levels providing confidence in future revenue growth and market expansion

Chris Gurry, Group Managing Director of CML Microsystems, commented on the results: *"With the successful completion of the operational phase of a multi-year transformational strategy, the business is now poised to enter a new chapter focused on sustainable growth and long-term value creation. Over this period, we have fundamentally reshaped the business, enhancing efficiency, expanding our technology capabilities, and significantly broadening our product portfolio. Supported by a strong financial foundation and a disciplined growth strategy, we are well-equipped to navigate current challenges and intend to continue investing in innovation, customer engagement, and strategic partnerships that will drive the business forward."*

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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.

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.

Chairman's statement

The Company has produced a resilient set of results for the financial year ended 31 March 2025; however, as noted in our March trading statement, the second half of the financial year was challenging with persisting soft markets. We do continue to make good operational progress and, placing global events aside, remain confident in the direction and prospects for the business.

To underline this progress and provide relevant context, I outline what has been achieved over recent years, against a backdrop of significant global headwinds including COVID, geopolitical disruption, conflict and upheaval leading to extensive supply chain problems.

A little over five years ago, as part of a continual assessment of our strategy, it became clear to us that the Storage market was not going to yield the double-digit growth objectives we target, and there was a risk that it could potentially decline. Simultaneously, the markets addressed by our niche anchor product lines, though very profitable, only indicated steady growth. We therefore made the strategic decision to exit the Storage market and supplement the anchor product line with a new range of semiconductors, able to address much larger markets within the overall communications sector, with significant growth prospects.

To maximise the chances of success, a broadening of our engineering expertise was required, and this was duly achieved through the excellent acquisition of PRFI in March 2020. We then started the task of developing a new suite of products (the 'SpRF' range) to address these new markets.

The rapid initial development and market release of the new SpRF range identified that an expansion of the product portfolio was required, and part-utilising the significant profit made from the sale of the Storage division we acquired Mcrowave Technology, Inc. (MwT) in order to fulfil this need, with the balance of funds largely returned to shareholders. An agreement was signed for the acquisition of MwT in January 2023; however the acquisition required the signing of a National Security Agreement with the US authorities, which was eventually concluded several months thereafter, in October 2023. The assimilation of MwT has proceeded well and included the move to a new, appropriately sized facility in March 2025, following almost a year of delays relating to State bureaucracy and regulations.

We have continued to return capital to shareholders and now have an extremely exciting product range to meet the growing demands of a much larger communications market, one that offers the potential for sustainable long-term growth.

Our initial expectation was that we would see the financial operating benefits of this strategic transition within five years; however, unpredictable global external events have led to a period of unprecedented uncertainty, extending the financial realisation period. That said, the strategy being followed is being executed by a very experienced management team, backed by a superb and supportive workforce and combined with our technical expertise, strong balance sheet and a material amount of cash, we know that success is within our reach.

Revenues this year remained robust at £22.90m (FY24: £22.89m) assisted by a full year's contribution from MwT and a growing contribution from the SpRF range but tempered by the already well-flagged inventory overhang affecting the niche anchor product line. As a result of product mix, the gross profit margin declined by 2bps to 69%, with actual gross profit at £15.90m (FY24: £16.21m). The first full-year inclusion of MwT coupled with the protracted move to a new factory led to an overall increase in distribution and administration costs of £0.91m. This effectively reduced profit from operations, pre-exceptionals, to £0.53m (FY24: £1.94m). Additionally, the restructuring of the UK R&D team, first communicated at the time of the interim results in November 2024, led to an exceptional charge of £1.65m resulting in a reported loss before tax of £0.8m (FY24: profit £2.5m). With the positive tax charge, reported profit after tax for the year was effectively breakeven.

We continue to pursue the disposal of excess land at Oval Park and the non-operational property at Fareham.

The allocation of cash generated by the business has been to support working capital needs and R&D investment requirements, to fuel growth organically and to underpin periodic acquisitions. After these priorities, any surplus cash has typically been returned to shareholders.

To underline our confidence in the Group's prospects, we are maintaining the final dividend payment at 6p (FY24: final dividend of 6p) taking the total dividend paid for the year ended 31 March 2025 to 11p (FY24: 11p). Subject to shareholder approval, the shares will go ex-dividend on 31 July 2025, and the dividend will be paid on 15 August 2025 to shareholders whose names appear on the register at close of business on 1 August 2025.

Following disposal of the Storage division, which yielded significant surplus cash, we enhanced the share buyback programme and declared the aim to follow a progressive dividend policy whilst the business progressed with its new growth strategy. The intention was to provide comfort that through the multi-year transitional period, shareholder returns would continue, profitability and cash generation permitting. If the unprecedented level of global uncertainty persists beyond our current expectations, and the Group's performance is negatively impacted, then this dividend policy will need to come under review in future.

During the year, the Company undertook a £0.90m share buyback (FY24: £1.8m) which, along with the dividend, demonstrates the Board's long-term confidence and its commitment to returning funds to shareholders and enhancing earnings where possible.

Our employees are the cornerstone of our business and in these challenging times their resilience, creativity and efforts have been instrumental in driving our progress. On behalf of the Board, I would like to thank all the employees for their dedication and support through this past year.

When providing guidance, we endeavour to exceed expectations and our historic record has been good; however, reliable forecasting in the current global climate is proving very difficult. Operating profit is the true indicator of performance and this remains our focus. For the coming full financial year, we expect a marginally positive outcome but with profitability heavily weighted to the second-half period.

Having spent the last few years preparing the business for its next growth phase, the foundations are now in place. The Board is confident that the business is well placed to deliver on its growth ambitions, across an enlarged product set and corresponding increased market opportunity.

Operational and financial review

Introduction

Over the twelve months prior to 31 March 2025, the Company delivered solid operational progress across key areas of the business, demonstrating resilience and discipline amid an increasingly complex global landscape.

We continued to execute on our core priorities, investing in R&D, deepening customer engagement and securing design-wins for the expanded product portfolio. These efforts have positioned us well for long-term value creation; however, our progress has not been without challenges.

For 2024, semiconductor industry data points to an improved performance for the market as a whole, driven by demand in the memory and logic segments, themselves fuelled by applications in artificial intelligence and high-performance computing. Outside of these growth areas, the landscape was generally more subdued.

The past year was marked by the combined effects of persistent geopolitical tensions and softness across a selection of our core traditional voice and datacentric markets an industry-wide problem. These external headwinds have impacted demand patterns and introduced new layers of uncertainty, affecting supply chains, where excess inventory across both customer and sales channels continued to weigh on demand, particularly in the second half of the fiscal year.

Despite these pressures, our teams responded with agility and focus, ensuring we maintained our momentum while adapting where necessary. Expansion into applications that utilise microwave and millimetre wave technologies is ongoing and we remain very well placed as conditions improve.

Amid a challenging backdrop, the business continues to execute against a solid expansion strategy with an experienced, skilled and enthusiastic team. The relatively strong balance sheet allows longer-term decision-making that is intended to benefit all stakeholders through the years ahead.

Strategy

The year under review marks an important chapter in the Company's evolution. From a specialised semiconductor supplier serving two very different niche market segments, we have strategically transformed into a truly global semiconductor innovator, with manufacturing and sales operations in the UK, US and China, addressing a much wider spectrum of industries and applications.

Our transition has been guided by a clear vision: to leverage our core technological strengths and manufacturing excellence, both organically and through corporate activity, to meet the growing, diversified demands of our existing and prospective customer base.

The communications market is vast, with a myriad of end-application areas. Within this landscape of opportunity, CML is actively participating in supplying semiconductor solutions into several sub-markets that play to our strengths and have excellent growth potential on a sustainable basis. These sub-markets include, wireless, network infrastructure, satellite, aerospace & defence, industrial internet of things (IIoT) and, more recently, broadcast radio.

This diversification strategy has not only expanded our customer base but also increased our resilience in the face of shifting market dynamics. Through targeted investments in R&D, global partnerships and supply chain agility, we have strengthened our competitive position and unlocked new growth opportunities.

As we look ahead, we remain committed to innovation, operational excellence and sustainable value creation for all stakeholders.

Markets

The period has been characterised by strategic investments in product developments and collaboration activities, involving a combination of Group personnel and global sales channel partners, intended to secure the expansion into new and emerging markets.

Some initiatives are currently in the early stages of customer and market penetration, such as millimetre wave 5G networks and broadcast radio, and have yet to deliver substantial financial returns. However, the Group's semiconductor solutions for these markets constitute a fundamental component of our long-term growth strategy and are key to the business transitioning from legacy market dependence towards a more diversified revenue base.

We anticipate that these efforts will deliver meaningful incremental growth in future reporting periods as new products gain traction, market access expands and the general economic landscape improves.

Whilst the challenging external factors through the year have delayed overall revenue progress, future growth is expected as market conditions and ordering patterns normalise, with key drivers being:

- Wireless Digital Transformation: The ongoing transition from analogue to digital technologies, enhancing communication efficiency and interoperability.
- Hybrid PMR-LTE Systems: Integration of PMR with broadband and LTE networks is expanding capabilities, allowing for high-speed data alongside traditional voice communication.
- Public Safety: Governments are investing in advanced communications capabilities to bolster emergency response and national security.
- Industrial IoT: Increased use of wireless technology within Manufacturing (Smart factories and automation), Energy & Utilities (Grid monitoring and control), Transportation & Logistics (Fleet management and real-time tracking), Healthcare (Remote monitoring and telehealth services).
- Satellite: Advances in the use of location accuracy for a wide variety of end-application areas such as surveying and mapping, construction and civil engineering, agriculture (precision farming), fleet and asset management, mining, maritime and offshore.
- Network Infrastructure: The millimetre-wave (mmWave) 5G market is poised for significant growth over the next decade, driven by increasing demand for high-speed, low-latency wireless communications, including ultra-high-definition video streaming, industrial adoption for applications like factory automation and real-time analytics, and high reliability.
 - Infrastructure Development: Significant investments in 5G infrastructure, including small cells and beamforming technologies, are facilitating the deployment of mmWave networks.

- Spectrum Availability: Governments worldwide are allocating mmWave spectrum bands for 5G use, expanding the potential for network deployment and innovation.
- Aerospace & Defence: Rising global conflicts and threats are pushing governments to increase defence budgets. Investments in next-generation defence platforms are accelerating and driving demand in end-applications including tactical communications, radar, unmanned systems, military satellite communications, surveillance and reconnaissance.
- Broadcast: The adoption of the DRM digital radio standard within countries and regions with vast rural populations, where DRM is seen as a cost-effective way to reach people with public service and educational content. DRM fills an important role in the global digital radio ecosystem, especially where coverage, cost and resilience matter the most.

The majority of the market sectors being addressed have an industrial, commercial or military focus and meaningful revenue takes time to flow after achieving design-win success with an end-customer. However, the Group's opportunity pipeline has grown significantly as a result of the enlarged product portfolio, with numerous new design wins recorded across the last two years in smart metering, vehicle tracking, RADAR, IoT, RFID and satellite applications, to name just a few. This serves to validate the strategy being followed and demonstrates the underlying progress being made.

Operations

Much has been achieved across the full year, with our global operating personnel executing well against a clear strategy, despite the challenge of navigating disruptive external factors.

Proactive activities that were a feature of the prior financial year, relating to security of supply for an important selection of the Group's core products, progressed to schedule and are expected to reach a conclusion in 2026. Additionally, unexpected issues with a US supplier experiencing China-related procurement restrictions required swift, appropriate re-sourcing actions to be taken that are expected to restore supply continuity through FY26. Amid these periodic obstacles, the strength of our relationships with customers and suppliers alike has been and will continue to be a major factor in the Group's success.

Following a strategic review, and as reported at the interim stage, the decision was taken to perform a restructuring within the UK R&D teams to facilitate streamlined collaboration, resource sharing and increased productivity. That process was completed as planned prior to 31 March 2025 and resulted in an exceptional goodwill and intangible asset write-off, as detailed in the financial review.

Beyond the above objectives, the restructuring is expected to deliver a more appropriate balance between internal new product developments and the separate, but strategically important, provision of third-party design services for external partners. The restructuring included the integration of the PIFI Ltd design team into CML's UK operating company and included the appointment of a senior department head, enhancing and extending the team's design capabilities and sector knowledge.

R&D investments continued at a healthy level, equating to 24% of Group revenues and including, for the first time, a full year of activities taking place at our California location.

Engineering and operational efforts across the year resulted in the release of several new products, including:

- millimetre-wave gallium nitride (GaN) power amplifier that represents a cost-effective building block, primarily aimed at applications such as commercial high-volume satellite communication terminals;
- 2W gallium arsenide (GaAs) MMIC power amplifier optimised for specific performance and reliability technical characteristics that make it an ideal choice for radio frequency identification (RFID) readers, smart metering and other IoT wireless devices; and
- a pair of high efficiency single- and two-stage power amplifiers that offer outstanding performance for a wide range of dual-cell lithium battery-powered wireless devices.

The Group's multi-year, long-term initiative to develop an IC and module solution for DRM continued with the formal production availability of the DRM1000 a complete Digital Radio Mondiale (DRM) broadcast receiver implementation. DRM is becoming the dominant digital broadcast radio standard in Asia. In addition to the network in India which covers 900 million people, China has announced the intention to deploy DRM on a national basis, Pakistan continues the building of new countrywide broadcast infrastructure to facilitate DRM-based radio broadcasting, and Indonesia has committed to national DRM rollout in the coming three years. Further markets are expected to become active in future years.

The DRM1000 module will facilitate affordable, mass production of consumer radios in the local markets where DRM broadcasting is adopted. The product offers world-leading performance, with many advanced features, whilst requiring only 25% of the power consumption of our nearest competitors.

To complement market expansion objectives, the Company exhibited at, and participated in, numerous trade shows and conferences relevant to the sectors and industries being addressed. These included IMS2024 (Washington DC), European Microwave Week (Paris), ARMMS Conference (Cambridge) along with regular international events associated with the DRM consortium. These endeavours are an important ingredient for success, raising awareness of CML across a wider customer base.

Microwave Technology, Inc.

Having completed the first full year of ownership and successfully implemented the post-acquisition plan to ensure business continuity and strategic alignment, the MwT business was relocated to new premises towards the end of the financial year. This followed disappointing delays in obtaining local US government building permits required to unlock the efficiency improvements being targeted, leading to additional, unplanned running costs.

In conjunction with the move to new premises, the leadership team was strengthened through the appointment of a local VP of Operations, to drive further efficiencies and resource optimisation in support of the next growth phase.

One pre-requisite for the MwT acquisition was the signing of a National Security Agreement (NSA) with the US government and through the last year we successfully finalised the implementation of the NSA. In December 2024 we hosted the first government audit, meeting critical regulatory and compliance milestones.

Outlook

With the successful completion of the operational phase of a multi-year transformational strategy, the business is now poised to enter a new chapter focused on sustainable growth and long-term value creation. Over this period, we have fundamentally reshaped the business, enhancing efficiency, expanding our technology capabilities, and significantly broadening our product portfolio to address a more diverse and resilient range of end markets.

While the broader environment continues to reflect the uncertainties associated with ongoing geopolitical tensions and constrained global demand, we remain confident in our medium-term prospects. The enhanced product suite positions us well to capitalise on emerging opportunities across key sectors, including wireless, network infrastructure, satellite, aerospace & defence, industrial internet of things (IIoT) and broadcast radio.

Supported by a strong financial foundation and a disciplined growth strategy, we are well-equipped to navigate current challenges and intend to continue investing in innovation, customer engagement and strategic partnerships that will drive the business forward.

For the year ahead, a measured approach to expectations for the opening six-month period is being taken, amid ongoing market softness and scepticism around end-customer forecasting. An anticipated improvement in the second half of the financial year is based upon several factors, including product shipments recommencing following supplier re-sourcing activities and order intake through the first half period.

Looking further into the future, the Group's new opportunity pipeline is at record levels, indicating strong long-term growth momentum. We remain excited about the road ahead and are committed to delivering value to our stakeholders as we proceed through the next growth phase.

FINANCIAL REVIEW

Revenue

The Group's full-year revenue was flat at £22.90m (FY24: £22.89m) and reflected the impact across the year from stubbornly high end-customer and sales channel inventory levels along with ongoing softness within the industrial markets being addressed. Most sales transactions are conducted in US Dollars and a slight currency headwind compared to the prior year reduced the FY25 reported figure by approximately £0.35m.

Geographically, 47% of the sales were to Asia (FY24: 51%), 30% into the Americas (FY24: 24%) and 23% into EMEA (FY24: 25%). FY25 included a full twelve-month contribution from the MwT acquisition whereas FY24 only included six-months.

Gross profit

Gross profit for the year was £15.89m (FY24: £16.21m) equating to a gross margin of 69% (FY24: 71%). The 2bps margin decline resulted from a product mix comprising of a higher contribution from the newer SpRF product range, where gross margins are typically lower than the Company's established anchor product line. The sales of products within the latter category suffered more from the over-inventory situation and softer industrial markets previously mentioned.

Distribution and administration costs

The Group continues to balance an efficient and effective cost base, with a strong growth and investment strategy. The first full year inclusion of MwT was a significant factor in recording a 6% increase in D&A costs to £15.14m (FY24: £14.23m). The need to temporarily cover the running costs on two California factory locations whilst awaiting the relevant building permits to allow a planned relocation of the operation to take place exacerbated the situation. The move was completed during March 2025. Higher depreciation and amortisation charges relating to right-of-use assets and development costs also contributed to the increase.

The Group continued with a strong level of R&D investment focused at capitalising on the secular growth expected from the market and new application areas being targeted. Research and development expenditure for the year was £5.50m (FY24: £4.50m) with £1.29m of this amount expensed (FY24: £0.96m) and the balance capitalised.

Profit

Stable revenues, slight margin erosion and elevated running costs led to a reduction in pre-exceptional operating profit to £0.53m (FY24: £1.94m). The financial impact of restructuring the UK R&D teams led to an exceptional £1.65m goodwill and intangibles write-off, resulting in an overall loss from operations of £1.11m (FY24: £1.94m profit).

Excluding the exceptional element, and largely due to finance income of £0.42m (FY24: £0.55m), profit before tax improved over the operating level to reach £0.88m (FY24: £2.52m). Inclusion of the exceptional item delivered a pre-tax loss of £0.77m (FY24: £2.52m profit).

Taxation and EPS

For FY25 the Group has recorded an income tax credit of £0.75m against an FY24 charge of £0.46m. This was driven by deferred tax differences available from the acquisition of MwT during the prior financial year, along with ongoing taxation credits associated with the Group's R&D activities.

Basic earnings per share, pre-exceptional items, amounted to 9.95p (FY24: 13.00p). A loss per share of 0.11p was recorded including the exceptional goodwill write-off.

Cash

The Group's cash reserves at 31 March 2025 were £9.92m, including short-term cash deposits of £2.14m. This represents a reduction of £8.29m from the prior year equivalent date (31 March 2024: £18.21m) and includes an R&D cash spend of £5.50m, acquisition-related payments of £3.79m, dividend payments of £1.77m, a £0.60m investment in capex and share buybacks totalling £0.90m.

The total net cash inflow from operating activities was £3.09m (FY24: £5.04m).

Inventory

Raised Company raw material inventory levels have been an intentional element of the Group's approach to addressing semiconductor supply chain disruptions in recent years. At 31 March 2025, inventories were valued at £5.66m (FY24: £3.67m).

Pension schemes

The Group operates several pension schemes globally, mostly defined contribution in nature. In the UK, the Company historically operated a defined benefit scheme that has been closed to new members and future accruals for many years. The most recent actuarial estimate, as at 31 March 2025 and based upon existing funding principles, indicated a net pension surplus of £0.73m with the funding level at 105%.

When calculated using IAS 19 methodology, the funding position improved through the year with a deficit of £1.08m being recorded (FY24: £1.70m).

All administrative expenses of running the scheme are met directly by the scheme along with pension protection fund levies.

Chris Gurry

Group Managing Director

Consolidated income statement

for the year ended 31 March 2025

	Notes	Unaudited 2025			Audited 2024		
		Before exceptional items £'000	Exceptional items £'000	Total £'000	Before exceptional items £'000	Exceptional items £'000	Total £'000
Revenue	1,2	22,899	-	22,899	22,893	-	22,893
Cost of sales		(7,010)	-	(7,010)	(6,683)	-	(6,683)
Gross profit		15,889	-	15,889	16,210	-	16,210
Distribution and administration costs		(15,138)	-	(15,138)	(14,226)	-	(14,226)
Share-based payments		(284)	-	(284)	(214)	-	(214)
		467	-	467	1,770	-	1,770
Other operating income		66	-	66	173	-	173
Impairment of goodwill and intangibles	8	-	(1,647)	(1,647)	-	-	-
(Loss)/profit from operations		533	(1,647)	(1,114)	1,943	-	1,943
Other income		31	-	31	62	-	62
Finance income		423	-	423	547	-	547
Finance expense		(106)	-	(106)	(37)	-	(37)
(Loss)/profit before taxation		881	(1,647)	(766)	2,515	-	2,515
Income tax credit/(charge)	4	715	33	748	(455)	-	(455)
(Loss)/profit after taxation attributable to equity owners of the parent		1,596	(1,614)	(18)	2,060	-	2,060

All financial information presented relates to continuing activities.

Earnings per share pre-exceptional items from total operations attributable to the ordinary equity holders of the Company:

	Notes	2025	2024
Basic earnings per share	5	9.95p	13.00p
Diluted earnings per share	5	9.93p	12.86p

Earnings per share from total operations attributable to the ordinary equity holders of the Company:

	Notes	2025	2024
Basic earnings per share	5	(0.11)p	13.00p
Diluted earnings per share	5	(0.11)p	12.86p

The following measure is considered an alternative performance measure, not a generally accepted accounting principle. This ratio is useful to ensure that the level of borrowings in the business can be supported by the cash flow in the business. For definition and reconciliation see note 6.

	Notes	2025	2024
Adjusted EBITDA	6	5,218	5,703

Consolidated statement of total comprehensive income

for the year ended 31 March 2025

	Unaudited 2025 £'000	Unaudited 2025 £'000	Audited 2024 £'000	Audited 2024 £'000
(Loss)/profit for the year		(18)		2,060
Other comprehensive income / (expense):				
Items that will not be reclassified subsequently to profit or loss:				
Re-measurement of defined benefit obligation	803		(361)	
Deferred tax on actuarial gain	(201)		90	
Items reclassified subsequently to profit or loss upon derecognition:				
Foreign exchange differences	(501)		(1,153)	
Other comprehensive (expense)/income for the year net of taxation attributable to equity owners of the parent		101		(1,424)
Total comprehensive income for the year attributable to the equity owners of the parent		83		636

Consolidated statement of financial position

as at 31 March 2025

Unaudited 2025 £'000	Unaudited 2025 £'000	Audited 2024 £'000	Audited 2024 £'000

	2025	2024
Assets		
Non current assets		
Goodwill	12,625	14,449
Other intangible assets	2,702	3,350
Development costs	16,944	15,150
Property, plant and equipment	5,685	5,655
Right-of-use assets	2,115	813
Deferred tax assets	1,569	788
	41,640	40,205
Current assets		
Property, plant and equipment - held for sale	1,124	1,124
Investment properties - held for sale	1,975	1,975
Inventories	5,663	3,672
Trade receivables and prepayments	2,867	3,734
Current tax assets	-	190
Cash, and cash equivalents	7 7,782	11,262
Short-term cash deposits	7 2,136	6,951
	21,547	28,908
Total assets	63,187	69,113
Liabilities		
Current liabilities		
Trade and other payables	4,833	7,528
Provisions	196	208
Lease liabilities	395	219
Current tax liabilities	47	16
	5,471	7,971
Non current liabilities		
Deferred tax liabilities	5,324	5,224
Trade and other payables	447	2,509
Lease liabilities	1,863	637
Retirement benefit obligation	1,076	1,696
	8,710	10,066
Total liabilities	14,181	18,037
Net assets	49,006	51,076
Capital and reserves attributable to equity owners of the parent		
Share capital	825	825
Share premium	2,258	2,327
Capital redemption reserve	8,372	8,372
Other reserve	2,929	3,073
Treasury shares - own share reserve	(2,175)	(1,822)
Share based payments reserve	917	666
Foreign exchange reserve	(612)	(111)
Retained earnings	36,492	37,746
Total shareholders' equity	49,006	51,076

Consolidated cash flow statement

for the year ended 31 March 2025

	Unaudited 2025 £'000	Audited 2024 £'000
Operating activities		
Profit for the year before taxation		
Adjustments for:		
Foreign exchange movement	(48)	(140)
Depreciation - on property, plant and equipment	563	520
Depreciation - on right-of-use assets	899	486
Impairment of goodwill	1,531	-
Amortisation of development costs	2,402	2,110
Impairment of other intangible assets	116	-
Amortisation of other intangible assets	506	368
Loss on disposal of fixed assets	-	5
Movement in non cash items (retirement benefit obligation)	183	131
Share based payments	284	214
Finance income	(423)	(547)
Finance expense	106	37
Movement in working capital	(2,201)	(1,966)
Cash flows from operating activities	3,152	3,733
Income tax (paid)/received	(60)	1,311
Net cash inflow from operating activities	3,092	5,044
Investing activities		
Purchase of property, plant and equipment	(595)	(1,524)
Investment in development costs	(4,217)	(3,541)
Repayment / (investment) of fixed term deposits (net)	4,815	(5,733)
Acquisition of subsidiary (net of cash acquired)	(3,786)	(565)
Investment in intangibles	(32)	(32)
Finance income	423	547
Net cash outflow from investing activities	(3,392)	(10,848)
Financing activities		

Lease liability repayments	(884)	(502)
Issue of ordinary shares (net of expenses)	475	117
Purchase of own shares for treasury	(897)	(1,750)
Dividends paid to shareholders	(1,765)	(1,739)
Finance expense	(20)	(4)
Net cash outflow from financing activities	(3,091)	(3,878)
Decrease in cash and cash equivalents	(3,391)	(9,682)
Movement in cash and cash equivalents:		
At start of year	11,262	21,041
Decrease in cash and cash equivalents	(3,391)	(9,682)
Effects of exchange rate changes	(89)	(97)
At end of year	7,782	11,262

Cash flows presented exclude sales taxes.

Consolidated statement of changes in equity

for the year ended 31 March 2025

	Share capital £'000	Share premium £'000	Redemption reserve £'000	Other reserve £'000	Treasury shares £'000	Share based payments £'000	Foreign exchange	Retained earnings £'000	Total £'000
At 31 March 2023 - audited	796	2,462	8,372	-	(324)	488		1,042	37,918 50,754
Profit for year								2,060	2,060
Other comprehensive income									
Foreign exchange differences							(1,153)	(1,153)	
Re-measurement of defined benefit obligations							(361)	(361)	
Deferred tax on actuarial gain							90	90	
Total comprehensive income for year	-	-	-	-	(324)	488	(1,153)	1,789	636
	796	2,462	8,372	-	(324)	488	(111)	39,707	51,390
Transactions with owners in their capacity as owners									
Issue of ordinary shares - acquisition	29			3,073				3,102	
Issue of treasury shares		(135)			252			117	
Purchase of own shares - treasury					(1,750)			(1,750)	
Dividend paid							(1,739)	(1,739)	
Total transactions with owners in their capacity as owners	29	(135)	-	3,073	(1,498)	-	-	(1,739)	(270)
Share based payment charge						214			214
Deferred tax on share-based payments							(258)	(258)	
Cancellation/transfer of share based payments						(36)		36	-
At 31 March 2024 - audited	825	2,327	8,372	3,073	(1,822)	666	(111)	37,746	51,076
Loss for year							(18)	(18)	
Other comprehensive income									
Foreign exchange differences							(501)	(501)	
Re-measurement of defined benefit obligations							803	803	
Deferred tax on actuarial gain							(201)	(201)	
Total comprehensive income for year	-	-	-	-	(1,822)	-	(501)	584	83
	825	2,327	8,372	3,073	(1,822)	666	(612)	38,330	51,159
Transactions with owners in their capacity as owners									
Issue of ordinary shares - acquisition				(144)				(144)	
Issue of treasury shares		(69)			544			475	
Purchase of own shares - treasury					(897)			(897)	
Dividend paid							(1,765)	(1,765)	
Total transactions with owners in their capacity as owners	-	(69)	-	(144)	(353)	-	-	(1,765)	(2,331)
Share based payment charge						284		284	
Deferred tax on share-based payments							(106)	(106)	
Cancellation/transfer of share based payments						(33)		33	-

At 31 March 2025 - unaudited	825	2,258	8,372	2,929	(2,175)	917	(612)	36,492	49,006
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1 Segmental analysis

Reported segments and their results in accordance with IFRS 8, are based on internal management reporting information that is regularly reviewed by the chief operating decision maker (C.A. Garry). The measurement policies the Group uses for segmental reporting under IFRS 8 are the same as those used in its financial statements.

The Group is focused for management purposes on one operating segment, which is reported as the semiconductor segment, with similar economic characteristics, risks and returns, and the Directors therefore consider there to be one single segment, being semiconductor components for the communications industry.

Geographical information (by origin)

	UK £'000	Americas £'000	Far East £'000	Total £'000
Year ended 31 March 2025 - unaudited				
Revenue to third parties - by origin	4,623	7,500	10,776	22,899
Property, plant and equipment	5,415	234	36	5,685
Right-of-use assets	300	1,732	83	2,115
Investment properties - held for sale	1,975	-	-	1,975
Property, plant and equipment - held for sale	1,124	-	-	1,124
Development costs	14,853	890	1,201	16,944
Intangibles - software and intellectual property	321	-	48	369
Goodwill	-	7,271	5,354	12,625
Other intangible assets arising on acquisition	-	2,238	95	2,333
Total assets	46,740	6,036	10,411	63,187
Year ended 31 March 2024 - audited				
Revenue to third parties - by origin	5,546	5,802	11,545	22,893
Property, plant and equipment	5,479	119	57	5,655
Right-of-use assets	373	275	165	813
Investment properties - held for sale	1,975	-	-	1,975
Property, plant and equipment - held for sale	1,124	-	-	1,124
Development costs	13,621	272	1,257	15,150
Intangibles - software and intellectual property	323	-	62	385
Goodwill	1,531	7,429	5,489	14,449
Other intangible assets arising on acquisition	133	2,585	247	2,965
Total assets	53,961	4,473	10,679	69,113

2 Revenue

The geographical classification of business turnover (by destination) is as follows:

	Unaudited 2025 £'000	Audited 2024 £'000
Europe	4,485	4,895
Far East	10,856	11,754
Americas	6,827	5,524
Others	731	720
Total	22,899	22,893

3 Dividend - paid and proposed

During the year a final dividend of 6p per ordinary share was paid in respect of the year ended 31 March 2024. An interim dividend of 5p per ordinary share was paid on 13 December 2024 to shareholders on the Register on 29 November 2024.

It is proposed to pay a final dividend of 6p per ordinary share, taking the total dividend amount in respect of the year ended 31 March 2025 to 11p. It is proposed to pay the final dividend of 6p, if approved, on 15 August 2025 to shareholders registered on 1 August 2025 (2024: paid 16 August 2024 to shareholders registered on 2 August 2024).

4 Income tax expense

a) Analysis of tax expense in period

	Unaudited 2025 £'000	Audited 2024 £'000
Current tax		
UK corporation tax on results of the year	-	(155)
Adjustment in respect of previous years	1	114
	1	(41)
Foreign tax on results of the year	228	215
Total current tax	229	174
Deferred tax		
Deferred tax - origination and reversal of temporary differences	(910)	259
Adjustments to deferred tax charge in respect of previous years	(67)	22
Total deferred tax	(977)	281

5 Earnings per ordinary share

	Unaudited 2025	Audited 2024
Earnings per share pre-exceptional items attributable to the ordinary equity holders of the Company:		
Basic earnings per share	9.95p	13.00p
Diluted earnings per share	9.93p	12.86p
Earnings per share from total operations attributable to the ordinary equity holders of the Company:		
Basic (loss)/earnings per share	(0.11)p	13.00p
Diluted (loss)/earnings per share	(0.11)p	12.86p

	Unaudited 2025			Audited 2024		
	Profit £'000	Weighted average number of shares Number	Profit per share p	Profit £'000	Weighted average number of shares Number	Profit per share p
Basic earnings per share						
Basic earnings per share - from profit for year	1,596	16,030,969	9.95	2,060	15,842,911	13.00
Diluted earnings per share						
Basic earnings per share	1,596	16,030,969	9.95	2,060	15,842,911	13.00
Dilutive effect of share options	-	35,010	(0.02)	-	173,856	(0.14)
Diluted earnings per share - from profit for year	1,596	16,065,979	9.93	2,060	16,016,767	12.86

The calculation of basic and diluted earnings per share pre-exceptional is based on the profit attributable to ordinary shareholders, divided by the weighted average number of shares in issue during the year, as shown above.

	Unaudited 2025			Audited 2024		
	Loss £'000	Weighted average number of shares Number	Profit per share p	Profit £'000	Weighted average number of shares Number	Profit per share p
Basic earnings per share						
Basic (loss)/earnings per share - from (loss)/profit for year	(18)	16,030,969	(0.11)	2,060	15,842,911	13.00
Diluted earnings per share						
Basic (loss)/earnings per share	(18)	16,030,969	(0.11)	2,060	15,842,911	13.00
Dilutive effect of share options	-	35,010	-	-	173,856	(0.14)
Diluted (loss)/earnings per share - from (loss)/profit for year	(18)	16,065,979	(0.11)	2,060	16,016,767	12.86

The calculation of basic and diluted earnings per share is based on the profit attributable to ordinary shareholders, divided by the weighted average number of shares in issue during the year, as shown above.

6 Adjusted EBITDA

Adjusted earnings before interest, tax, depreciation and amortisation (Adjusted EBITDA) is defined as profit from operations before all interest, tax, depreciation and amortisation charges, exceptional items and before share based payments. The following is a reconciliation of the Adjusted EBITDA for the years presented:

	2025 £'000	2024 £'000
(Loss)/profit before taxation (earnings)	(766)	2,515
Adjustments for:		
Finance income	(423)	(547)
Finance expense	106	37
Depreciation	563	520
Depreciation - right-of-use assets	899	486
Amortisation of development costs	2,402	2,110
Amortisation of other intangible assets	506	368
Share based payments	284	214
Impairment of goodwill	1,531	-
Impairment of intangible assets	116	-
Adjusted EBITDA	5,218	5,703

7 Cash, cash equivalents and fixed term deposits

	Unaudited 2025 £'000	Audited 2024 £'000
Cash equivalents	2,762	3,095
Cash at bank	5,020	8,167
Short-term cash deposits	7,782	11,262
	2,136	6,951

8 Impairment of goodwill and intangibles

	Unaudited 2025 £'000	Audited 2024 £'000
Impairment of goodwill	1,531	-
Impairment of intangible assets	116	-
	1,647	-

During the year the Group restructured its engineering resources which lead to the goodwill and intangibles relating to the acquisition of PRFI Ltd in March 2020 to be impaired to £Nil.

9 Principal risks and uncertainties

Key risks of a financial nature	
Risk	Mitigation
Imposition of trade tariffs Consequence of imposed trade tariffs on the global economy, potential downward impact on revenue and profitability.	The Group operates internationally and, while it has not yet been directly affected by the recent increases in trade tariffs, it is likely that if further tariffs are imposed or the current situation persists for an extended period of time, the Group may be directly or indirectly impacted, which could result in a loss of revenue and profitability for the Group. The Directors are constantly reviewing the potential impact of trade tariffs not only on the Group's direct customers but also on its customers' customers and on the supply chain to ensure that appropriate actions can be taken to minimise any impact.
Foreign exchange The majority of the Group's cash is in Sterling, foreign exchange exposure is managed through the both transactional and translational foreign exchange risk.	The Group's earnings are linked to the US Dollar, a decline in this currency will have a direct effect on the both transactional and translational foreign exchange risk. The Group maintains a natural hedge by matching the cash inflows and cash outflows, which reduces the risk at the gross profit line.
Customer dependency In any reporting period a small number of our key customers can represent a significant amount of revenue.	The Group has a very diverse customer base generally, key customer relationships are closely monitored; however, changes in buying patterns of key customers could have an adverse effect on the Group's performance, financial condition and results from operations. As we expand our product range this is widening our addressable market and reducing customer dependency further.
Supply chain dependency, interruption and cost inflation The Group's products are developed on specific silicon or compound semiconductor processes that are inherently sole sourced.	The Group has strong operational relationships with its suppliers, which are important for maintaining product and supply and minimising the impact from any potential supply chain disruption. For other key materials and services, such as product assembly and packaging, the Group operates a dual-sourcing policy where practical. The Group has increased levels of inventory held to protect against disruption. If a key raw material supplier was unable to continue supply on a permanent basis, then the Group would need to invest the R&D effort and associated costs to replace the supplier, subject to that being considered commercially viable.
	Supplier prices, currency exchange rates and gross margins are continually monitored, which can lead to pricing adjustments with customers.
Credit risk Potential exposure to bad debt risk from customers.	The Group monitors ageing receivables on a regular basis and takes action to enforce the collection of overdue debts. There is no recent history of material bad debts in the Group.
IT systems - failure or malicious damage The Group relies on IT systems to support its business operations.	The Group has a standardised systematic approach to maintaining and operating its IT systems globally. There is a risk to the Group if there is unauthorised access to its IT systems which could cause manufacturing disruptions and a potential impact on revenue and profit.

Key risks of a non-financial nature	
Risk	Mitigation
Customer product demand Demand for our product is ultimately dependent on the success and demand of our customer's products of which we are a component supplier.	The Group operates in a highly competitive global market that is evolving continually. The Group's ability to respond to many competitive factors including, but not limited to, pricing, technological innovations, product quality, customer service, raw material availabilities, manufacturing capabilities and employment of qualified personnel is key to the achievement of its objectives. Expansion of the customer base is a key focus to help mitigate this risk.
Legal requirements A large proportion of the Group's revenue and earnings are derived from outside the UK.	The Group's ability to achieve its financial objectives could be impacted by risks and uncertainties associated with local legal requirements, political risk, the enforceability of laws and contracts, changes in the tax laws, terrorist activities, natural disasters or health epidemics. The Group partially manages this risk by working with local professional advisors to ensure that all local laws and regulations are complied with.
Understanding of the development, performance or position of the Company's business Impact of the Group's business in relation to actions of local government, political events and the environment.	The Directors do not believe that environmental matters, details of the Group's employees (including gender) and social, community and human rights issues are needed for an understanding of the development, performance or position of the Group's business. Accordingly, these have not been included within the Strategic Report but have been added to the Directors' Report and Environment, social and governance sections of this Annual Report.

10 Significant accounting policies

The accounting policies used in preparation of the annual results announcement are the same accounting policies set out in the year ended 31 March 2024 financial statements.

11 Basis of preparation

These Unaudited Condensed Consolidated Financial Statements have been prepared in accordance with UK adopted International Accounting Standards and are in conformity with the requirements of the Companies Act 2006. They do not include all of the information required for full annual statements and should be read in conjunction with the 2025 Annual Report.

The comparative figures for the financial year 31 March 2024 have been extracted from the Group's statutory accounts for that financial year. The statutory accounts for the year ended 31 March 2024 have been filed with the registrar of Companies. The auditor reported on those accounts: their report was (i) unqualified, (ii) did not include references to any matters to which the auditor drew attention by way of emphasis without qualifying the reports and (iii) did not contain statements under section 498(2) or (3) of the Companies Act 2006.

The statutory accounts for the year ended 31 March 2025 are expected to be finalised on the basis of the financial information presented by the Directors in this preliminary announcement and signed following approval by the Board of Directors on 7 July 2025 and will be delivered to the Registrar of Companies following the Company's Annual General Meeting on 5 August 2025.

The financial information contained in this announcement does not constitute statutory accounts for the year ended 31 March 2025 or 2024 as defined by Section 434 of the Companies Act 2006.

A copy of this announcement can be viewed on the company website <http://www.cmlmicroplc.com>

12 Approval

The Directors approved this preliminary results announcement on 23 June 2025.

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