



CML
Microsystems
Plc



Annual Report and Accounts

FY25



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Use the tabs to quickly go to the start of a different section.

About us

Who we are

CML Micro is a world leader in the design, development and supply of mixed signal RF and microwave semiconductors for global communications markets.

What we do

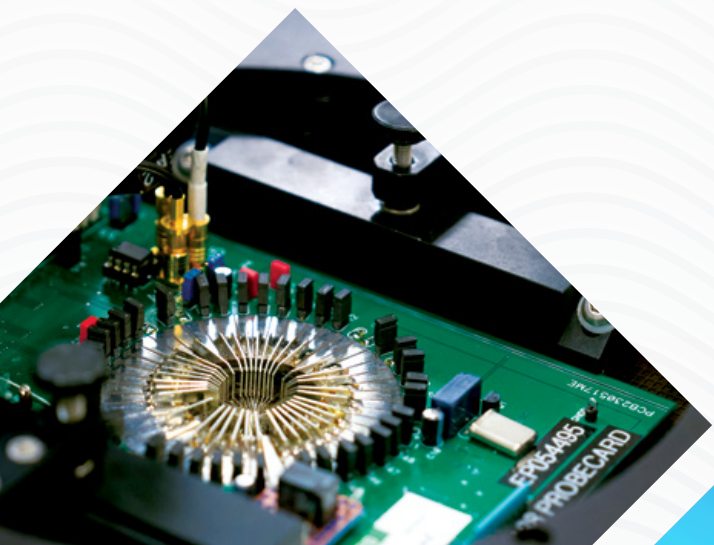
We offer a wide range of products, including mmWave MMICs, RF transceivers, baseband processors, data controllers and interface devices, which are used in various applications such as critical communications, satellite and network infrastructure.

See more on page 2

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www.cmlmicroplc.com

Highlights

Financial highlights

Revenue (£m) 22.90 (2024: 22.89)	Operating (loss)/profit, reported (£m) (1.11) (2024: 1.94)
Operating profit, before exceptional items (£m) 0.53 (2024: 1.94)	Pre-tax (loss)/profit (£m) (0.77) (2024: 2.52)
Pre-tax profit, before exceptional items (£m) 0.88 (2024: 2.52)	Adjusted EBITDA¹ (£m) 5.22 (2024: 5.70)
Basic earnings per share, before exceptional items (p) 9.95 (2024: 13.00)	Net assets per share (p) 305.71 (2024: 322.41)
Net cash, cash equivalents and short-term deposits (£m) 9.92 (2024: 18.21)	Dividend (p) 11 (2024: 11p)

1. For definition and reconciliation see note 13.

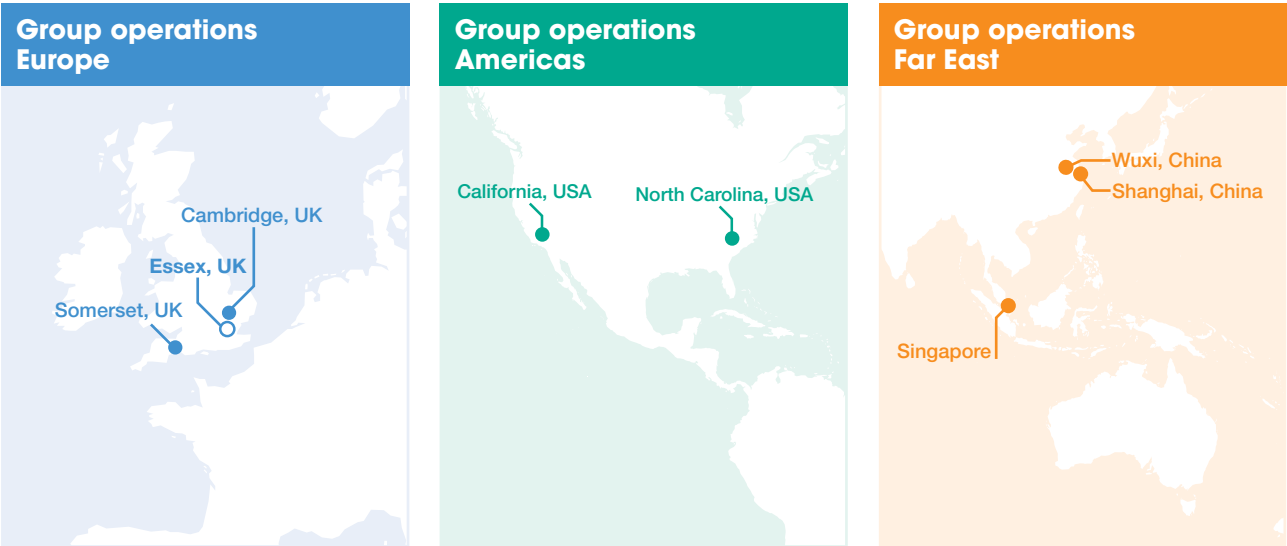
Operational highlights

Continued execution against solid growth strategy	Restructured UK R&D resources
Successfully completed MWT post acquisition plans	Further expansion of the product portfolio
	Opportunity pipeline at record levels

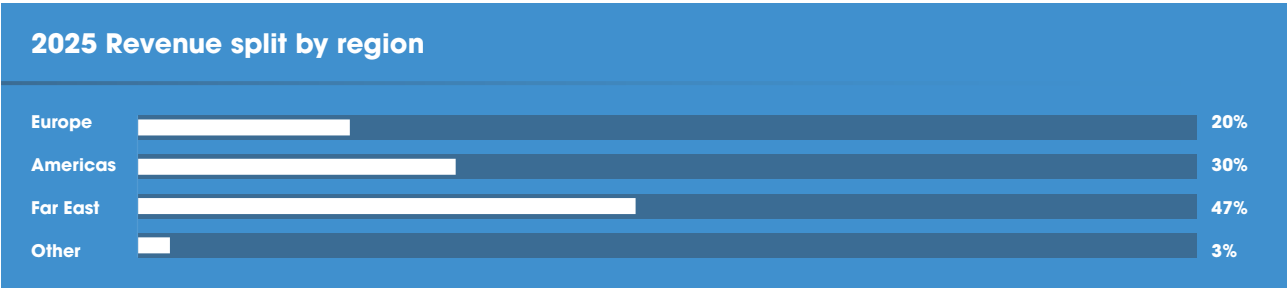
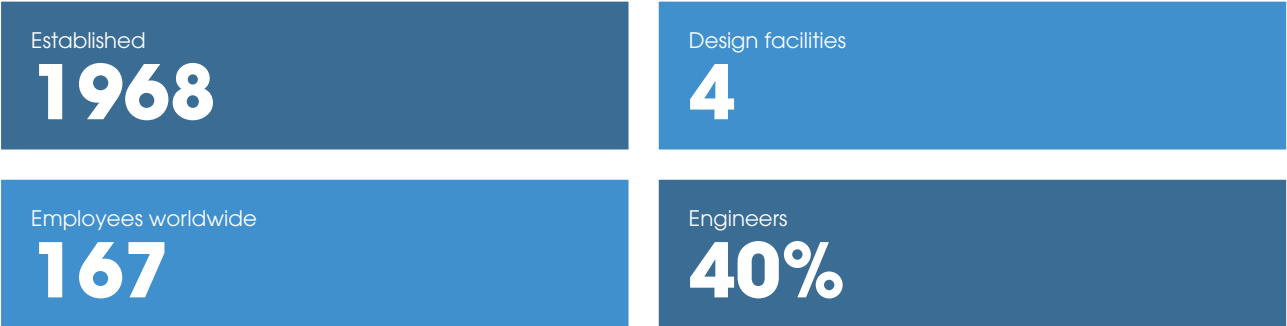


At a glance

The Company has long held an outstanding reputation for the quality of its engineering and development teams, supported by a clear strategy, depth of management and strong routes to market.



Key stats



These maps are illustrative, but not fully definitive, of our locations. For a full list of our locations please visit our website at cmlmicroplc.com

Our vision

The first choice semiconductor partner to technology innovators, together transforming how the world communicates.

Our markets

Semiconductors for Wireless communications markets. Our customers embed our innovative Application Specific Standard Products (ASSPs) within their own end-products to enable the reliable transport of voice, data and control information in the connected world.

Wireless & Satellite

Public Safety, Satellite, Maritime & professional, Voice and Data communications

Internet of Things

CML devices are fuelling the IIoT and M2M revolution

Broadcast

CML are developing devices for digital radio broadcasting

Network Infrastructure

RF devices for building communications infrastructure across the next decade

Aerospace & Defence

Reliable communication for mission critical applications worldwide

Our values and guiding principles

We are driven by our values and guiding principles; they steer our ways of working across our global operations and empower a combined sense of purpose in every facet of our business.



- Trust
 - Respect
- Commitment
 - Creativity

Guiding principles

- Strong business ethics
- Culture of quality with a sense of urgency
- Live and breathe the customer experience
- A passion for excellence
- Inspire our people to innovate

Our brands





Chairman’s statement



Having spent the last few years preparing the business for its next growth phase, the foundations are now in place.

Nigel Clark
Non-Executive Chairman

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 ‘SpuRF’ range) to address these new markets.

The rapid initial development and market release of the new SpuRF 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 Microwave 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 SpuRF 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.

Governance highlights

The Corporate Governance Report on pages 35 to 39 describes the Group’s approach to governance and how it supports the delivery of our strategy during the year.

Audit Committee

- monitored the Group’s systems of risk management and internal controls;
- conducted an external tender process in the year and made recommendations to the Board in respect of appointment; and
- reviewed significant judgements made by management in preparing the 2025 financial statements.

Remuneration Committee

- reviewed the framework for executive remuneration; and
- approved the Executive Directors’ 2025 remuneration and bonus payments.

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.

Nigel Clark
Non-Executive Chairman
7 July 2025

	2020	2021	2022	2023	2024...
Identified communications as largest growth driver on 5+ year review	PRFI acquisition added high frequency chip R&D (SpuRF product range)	Divested Storage Division and began launching SpuRF	Design wins in new Satellite and 5G markets	MwT acquisition	Future growth driven by new markets, products and expanding opportunity base



Market opportunity

Our customers embed our innovative solutions within their products to enable reliable transmission and reception of voice, data and control information in the connected world.

Addressing growth markets

Wireless & Satellite Private mobile radio Commercial, professional, mission critical Satellite communications Satellite terminals Global broadband networks	Internet of Things Critical infrastructure Public utilities, AML, smart meter/ grid, RFID, long-range data links Railways Industrial IoT, precision farming, factory automation, marine safety	Network Infrastructure 5G (Public and Private) Small cells Fixed broadband access Radio Access Network Wireless backhaul
Aerospace & Defence Enabling communication in mission critical applications worldwide	Broadcast DRM (Digital Radio Mondiale), LW/MW/SW high-quality radio plus data services Advancing the capabilities of traditional radio broadcasting	

SuRF by CML

CML’s SuRF range of high frequency, high bandwidth MMICs targeting RF and mmWave support emerging markets such as 5G, Satellite and IoT.

 High Frequency RF Design Capability	 Full Spectrum Supply	 Fast product development and fast to manufacture
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Building an opportunity pipeline:



Investment case

The Group’s wide-ranging skills, diversified technology portfolio and systems-level understanding, coupled with market-leading functionality and an extensive selling network, are key factors in the Group’s long-term success. By putting the customer at the heart of everything we do, we never lose sight of what is important.



Superior performance for targeted application areas

- High performance RF and millimetre wave products, mixed-signal baseband/modem processors.



Time-to-market

- “Off the shelf” integrated circuits for focused application areas.
- Integrates many engineer-years of hardware and software development.
- Reduces the development cycle for the customer.



Proprietary Intellectual Property (IP)

- We have full control of the functionality and subsequent partitioning of silicon and software; this means we can deliver the optimum design mix for a specific target application.
- Through our depth of experience, we have extensive overall “system” knowledge, irrespective of our “component” supplier status.
- Proprietary silicon and software developments produce internal IP that does not attract third-party royalty payments.



Focus on research and development and scalability

- SuRF range will drive market share gains in emerging markets such as 5G, Satellite and IoT.
- Leveraging our new design capability to give access to new transformative markets.
- Multi-year investment in the business, along with normal levels of R&D refresh, has significantly expanded our pipeline of products and total addressable market.
- Design is supported by a mixture of outsourced assembly and in-house testing.
- The business model supports scalability.



High levels of customer design-in support and service

- Transition to a customer-led, innovation driven supplier of semiconductor devices.
- We are viewed as a one-stop shop for support with hardware, software and system expertise; often regarded as an extension of the customer’s own engineering team.



Customer relationships

- We enjoy high levels of trust with our customers. This translates and promotes long-term relationships.
- Through repeat design wins, we have upsell opportunities.
- Many of our customers are multi-national “blue-chip” companies.
- Our extensive, established global routes to market incorporating direct sales teams and a network of distributors.



Business model and strategy

The business model is to design, manufacture and market a range of semiconductors for industrial, professional and commercial applications within global communication market areas.

Inputs

Our people

Highly experienced people working together to foster a company we can all be proud of.

Our engineering innovation

We work closely with our customers to align our engineering resources to the right applications and markets where our differentiated capabilities are valued by our customers in delivering a compelling, commercially attractive communication solution.

Our sales and distribution footprint

It is a key trait that our customers associate our customer support and distribution footprint as an important factor in their decision-making process when selecting us as a long-term partner.

How we do it

Consistently delivering based on a single segment

22.90 Revenue (£m)
0.53 Operating profit, before exceptional items (£m)
9.92 Net cash, cash equivalents and short-term deposits (£m)
167 Total employees as at 31 March 2025

A progressive dividend policy is in place providing regular shareholder returns

Underpinned by our vision

The first choice semiconductor partner to technology innovators, together transforming how the world communicates.

First Choice	– being chosen amongst all other suppliers, through compelling technical and commercial ability.
Partner	– problem solving and success with customers through collaboration.
Innovators	– working with organisations who do things differently.
Transforming	– aspire to be part of the technology revolution.

CML Microsystems Plc Annual Report and Accounts FY25

Strategic pillars

Principles

Strategic focus

The Group’s strategic focus is to deliver technologically innovative, market-leading solutions through timely and effective market research and engineering development, focusing our resources effectively to enhance our customer relationships.

We seek to expand our total addressable market through existing customer proliferation and new customer adoption in current and adjacent market areas.

We grow customer share and expand the customer base through R&D investments that increase the functionality that our integrated circuits (ICs) deliver within the customers’ end product. This includes growing the product portfolio to include ICs with performance characteristics intended to widen the addressable market.

Cascaded strategy

The Group puts the customer at the heart of everything we do. By focusing on their aims, we ensure that we never lose sight of what’s important. We are a fabless semiconductor company with worldwide reach and operations.

- Partner with our customers to solve technology problems in voice and data communication applications.
- Leverage our world-beating systems and IC design knowledge to provide innovative solutions.
- Prioritise our customers’ needs, ensuring we remain vigilant in designing products and capabilities that support their objectives.

We have three key principles behind executing our strategy:

01 Innovation

Technical innovation is a fundamental contributor to the Group’s success. Our marketing and engineering personnel collaborate to define and deliver compelling, commercially attractive semiconductor solutions. Our extensive and growing silicon and software IP portfolio can be combined using optimal partitioning for a specific end market to achieve the right balance between performance and cost.

With the SpuRF product range, we are creating a strong product portfolio to address the 5G, Satellite and IoT markets. We are continually evolving to enable the Group to expand into new application areas.

02 Quality

Superiority and excellence are important definitions of quality within our organisation and are widely applicable across numerous activities. Whether it is product design, manufacturing, selling or stakeholder relationship management, we strive to be a quality company operating with the high levels of business acumen and ethical practices that the business was founded on.

03 Support

Superlative customer support is part of CML’s DNA. It is a key trait that customers associate us with; and an important factor in customers’ decision-making process to select us as a long-term supplier and partner. A thorough “system knowledge” of the end-application within the markets that we address underpins our long-standing reputation.

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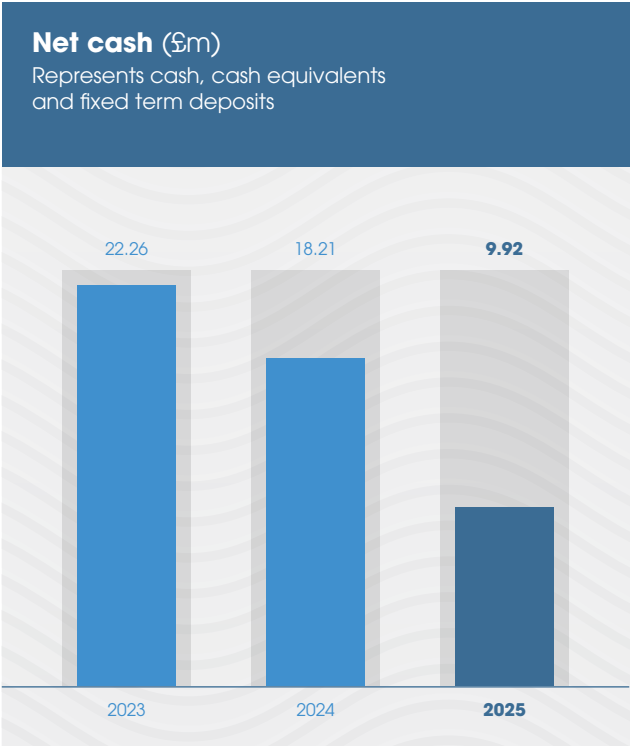
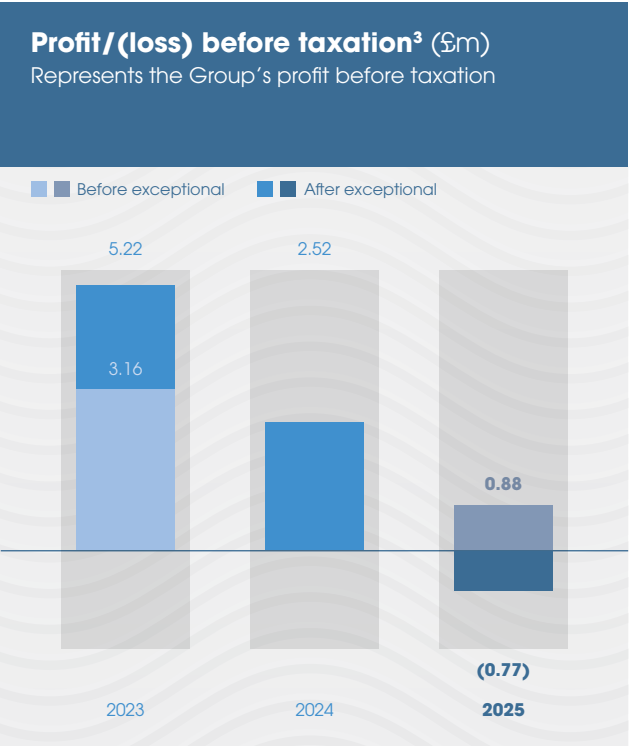
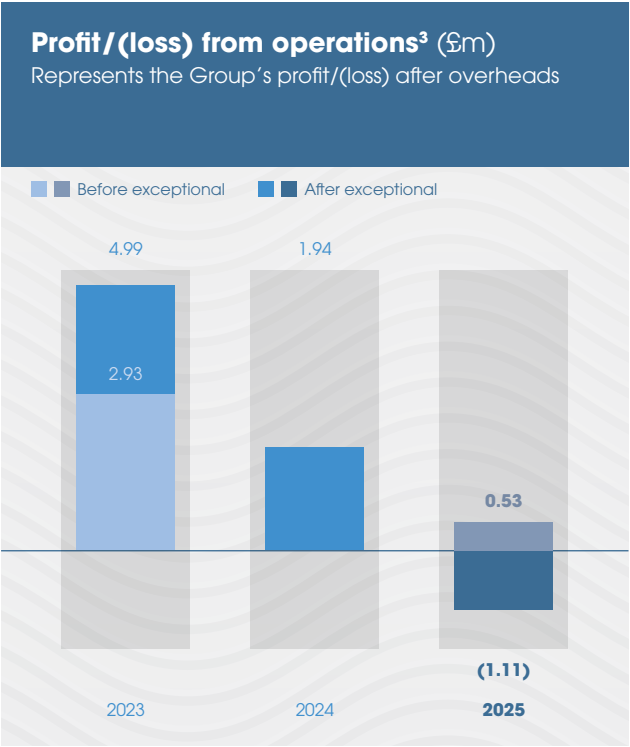
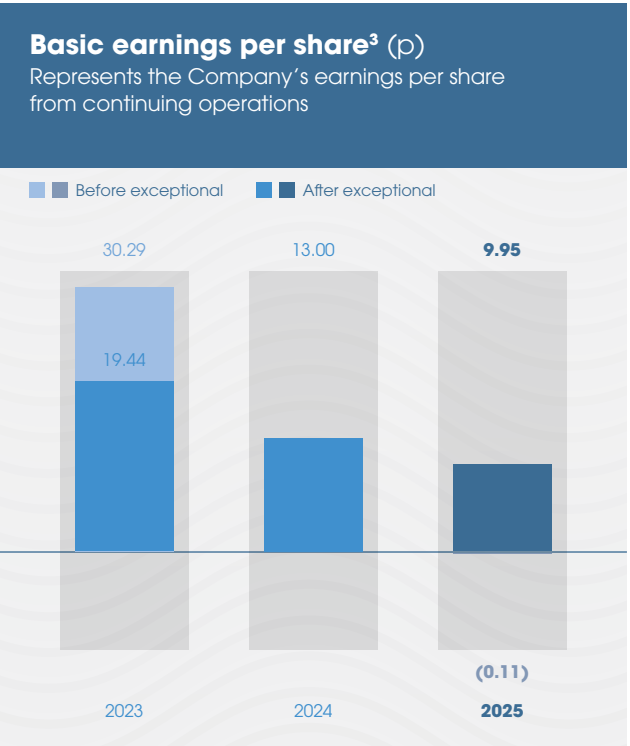
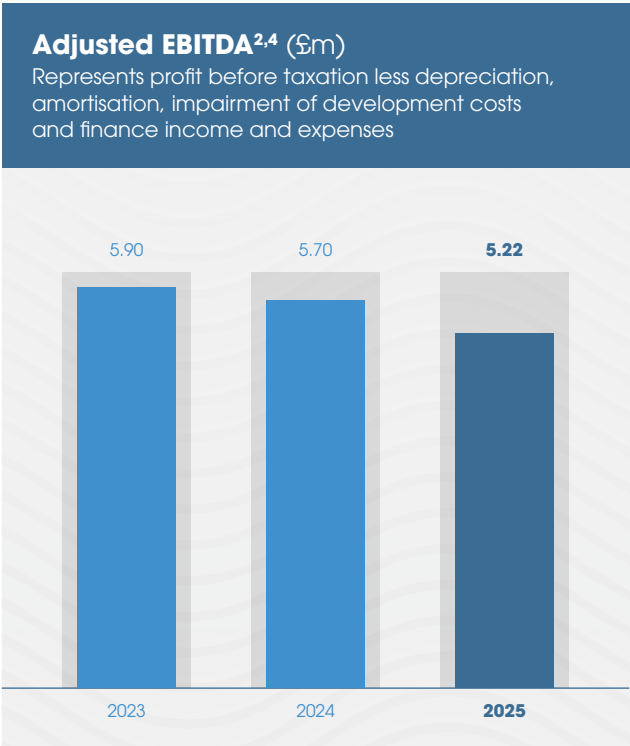
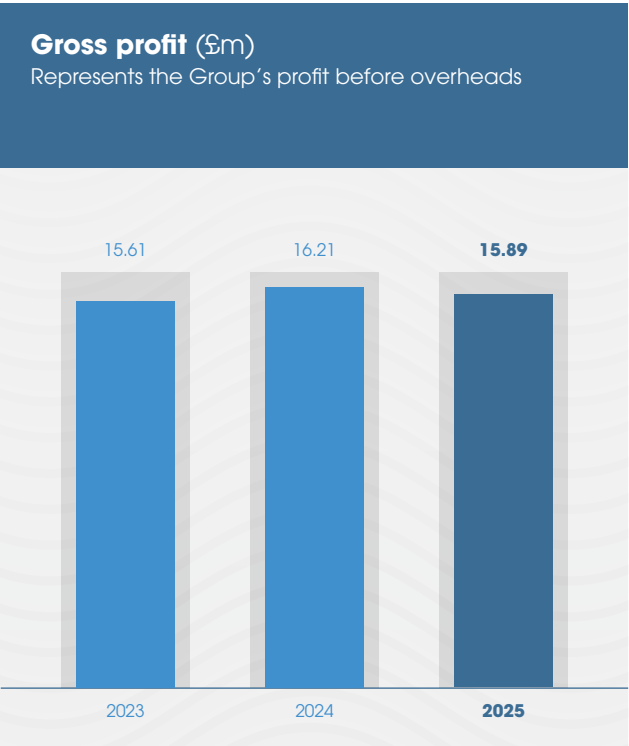
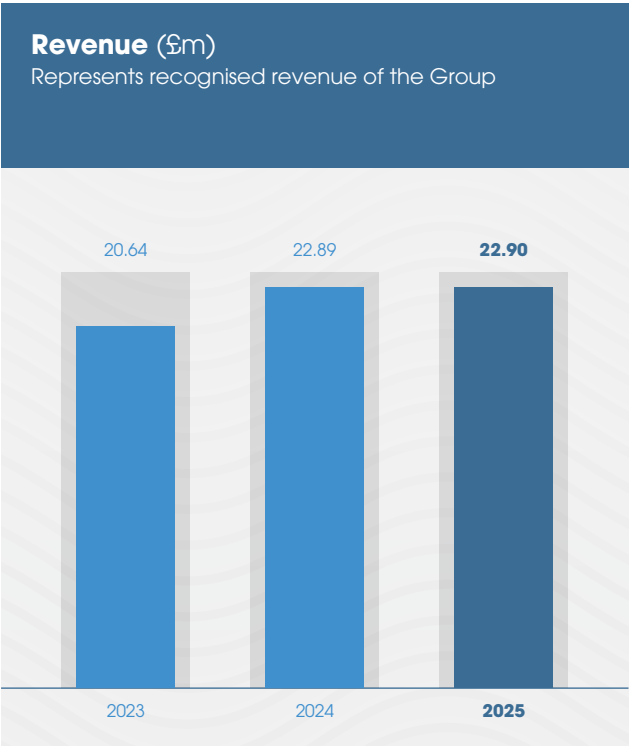
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Key performance indicators and risks

We have a range of performance measures to monitor and manage the business, some of which are considered key performance indicators (KPIs)¹.

Financial highlights



These KPIs include revenue, gross profit, profit from operations, basic earnings per share (EPS) and cash, summary details of which are shown above and are discussed within the Chairman's Statement on page 4 and the Group Managing Director's Review on page 14.

1. The above KPIs are of a financial nature. Management use of financial KPIs to monitor the business performance, together with a combination of internally focused financial and non-financial KPIs.
2. For definition and reconciliation please see note 13.
3. Profit/(loss) from operations, profit before tax and earnings per share show before and after exceptional items.
4. Adjusted EBITDA excludes statutory and adjusted for exceptional items.



Principal risks and uncertainties

The Group faces risks and uncertainties that may have an impact on our operations and performance, which are regularly assessed by the Directors and the Board. The principal risks and uncertainties facing the Group are:

Key risks of a financial nature

Risk	Description	Mitigation
Imposition of trade tariffs	Consequence of imposed trade tariffs on the global economy, potential downward impact on revenue and profitability.	<p>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.</p> <p>The Directors are constantly reviewing the potential impact of trade tariffs not only on the Group's direct customers but also on its customer's customers and on the supply chain to ensure that appropriate actions can be taken to minimise any impact.</p>
Foreign exchange	The majority of the Group's cash is in Sterling, foreign exchange exposure is managed through the sale and purchase of currencies as required.	<p>The Group's earnings are linked to the US Dollar, a decline in this currency will have a direct effect on both transactional and translational foreign exchange risk.</p> <p>The Group maintains a natural hedge by matching the cash inflows and cash outflows, which reduces the risk at the gross profit line.</p>
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.	<p>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.</p> <p>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.</p> <p>Supplier prices, currency exchange rates and gross margins are continually monitored which can lead to pricing adjustments with customers.</p>
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.	<p>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 disruptions and a potential impact on revenue and profit.</p> <p>There is a reliance on the use of semiconductor design automation tools from a small number of third-party suppliers and the Group's ability to source alternatives is limited.</p> <p>Regular reviews are undertaken of the IT systems along with training. The Group limits access to its IT systems to those that have business requirements.</p> <p>The Group has an internal IT team supported by a number of world class external partners ensuring that the Group's electronic records and resources remain secure. The backup and recovery of its global IT systems has been real-time tested. The threat from malicious cyber activity is an ever-increasing risk with awareness and responsibility at Board level and appropriate investments being made.</p>

Key risks of a non-financial nature

Risk	Description	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.	<p>The Group operates in a highly competitive global market that is evolving continually.</p> <p>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.</p>
Legal requirements	A large proportion of the Group's revenue and earnings are derived from outside the UK.	<p>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.</p> <p>The Group partially manages this risk by working with local professional advisors to ensure that all local laws and regulations are complied with.</p>
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 the Sustainability Report sections of this Annual Report.





Group Managing Director's review



The business is now poised to enter a new chapter focused on sustainable growth and long-term value creation.

Chris Gurry

Group Managing Director

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.



Group Managing Director’s review continued

Operations continued

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 PRFI 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 SiRF 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

7 July 2025



Sustainability report

CML has developed an ESG and sustainability strategy around the four principles of Governance, Environment, People and Prosperity by adopting the WEF framework.

“We aim to refine our sustainability strategy in relation to material ESG factors and indicators aligned with our business.”

Sustainability not only creates opportunities in the application of our products that provide critical solutions for environmental or social impact, but also in the way we do business and interact with our employees, suppliers, communities and wider society.

Our technological innovation helps improve communication, which enables solutions for economic, environmental and social issues to be developed.

In turn, this enables our customers to reduce their environmental impact through technology and innovation which creates value for all stakeholders.

Our priorities for the business include creating a positive environmental impact, keeping our employees safe, ensuring product reliability and sustainability and communicating our strategy to stakeholders.



Sustainability report continued

Ensuring management are in alignment with shareholder interests.

Governance

Corporate governance is taken seriously within CML; the executive management team have demonstrated a high degree of ethical practice in steering the business through various economic times, whilst having due regard for all stakeholders and achieving the right balance between reward and future investment. Our commitment to sustainability is embedded in good governance, which is the foundation of our corporate strategy. Our Non-Executive Chairman is responsible for formal Board oversight of sustainability, where economic, environmental and social issues are considered when overseeing the Company’s strategy and goals.

Sustainability updates on the Company’s ESG performance are presented to the full Board on an annual basis at a minimum and include ESG-related risks and opportunities.

Key objectives

- Maintain strong corporate policies and strong business ethics whilst acting with integrity and transparency.
- Continue to develop robust cyber security framework, deploying new security and monitoring tools along with developing and adjusting security strategy and plans accordingly, whilst maintaining governance standards protecting our data.

The Group is committed to operating with transparency and open communication, working to develop trusted relationships with all stakeholders, including employees, customers, suppliers and our local communities. We believe that effective engagement with our stakeholders is fundamental to maximising value for CML and securing our long-term success.

What we already do

- Enforce policies and procedures, the Board and Committees providing strategic support and Governance guidance.
- Corporate Governance, Group adheres to the Quoted Companies Alliance Code 2023.
- Defined Company vision, values and guiding principles in our products and branding.
- Annual Report published each year highlighting strategy, governance and financial viability.

Initiatives

- Review, manage and promote the Group’s core vision, values and guiding principles.
- Continue to maintain high professional standards and inspire innovation.

Environment

The Group encourages its employees to act responsibly in matters relating to the environment and takes into account relevant legislation and regulations to reduce the impact.

Our facilities are equipped with recycling sites for paper and plastic, and we encourage the conservation of water and other resources. Consumption of water on our sites is low, and we have extraction rights for use on our land at Langford. Much of the waste that we generate is tied to our offices and manufacturing facilities.

Key objectives

- Minimise the environmental impact, implementing best practices as appropriate.
- Improve our use of energy and water resources efficiently.
- Minimise waste production and control the treatment and disposal of waste produced where reasonably practical.
- Focus on improvement of Scope 1 and 2 Greenhouse Gas (GHG) Emissions.

We are aware of the ongoing impact of climate change, which brings serious environmental, economic and social challenges. Technology and innovation play a critical role in helping to sustain our planet, address environmental challenges, create efficiencies and respond to the needs of stakeholders. We are continually seeking ways to reduce our environmental footprint through efficient energy use and responsible use of materials.

We continue to work with suppliers to strengthen our supply-side capabilities as global sustainability challenges grow. We are continually assessing our design and manufacturing processes to minimise the consumption of resources through energy efficiency and reducing waste.

What we already do

- Reduce our energy usage – successful installation of solar panels and switching to LED lighting.
- Sustainable resources – electric vehicle charging and bike storage across all our UK sites.
- Reduce paper and packaging waste – continuing to minimise waste through reuse and recycling along with the use of biodegradable packing materials.
- Our general waste is sorted into recyclable and non-recyclable items by our refuse collectors, at the materials recovery facility, non-recyclable waste is shredded and used as refuse-derived fuel.
- Dedicated cardboard and paper waste collection points.

Initiatives

- Continue the implementation of solar panels and LED lighting.
- Continue to minimise waste and increase recycling wherever possible.

As a Company quoted on “AIM”, there is no obligation to report Scope 1 and 2 emissions, however, we recognise the importance of reporting this information and provide it on a voluntary basis.





Sustainability report continued

Strong business ethics, a passion for excellence and engaging with our colleagues.

People

Ensuring our employees across the Group have the support and resources needed to successfully implement our guiding principles, development and training in their day to day activities. We have a clear strategic focus on strong business ethics, a passion for excellence and listening and engaging with our colleagues on improving our ways of working, which support the business to drive a more diverse and inclusive workplace.

Key objectives

- To cultivate a diverse and respectful work environment, enabling employees to learn, develop and thrive to achieve their full potential from all backgrounds.
- Ensure our employees are paid above the National Living Wage.

As a Group, we understand that inclusivity should be included in everyday practice and encourage employees to be curious, communicate and learn from others.

Our work environment is a place where everyone can thrive without discrimination or harassment. We offer a supportive environment, with a diverse workforce, whom we support and listen to.

What we already do

- We are a diverse and inclusive equal opportunities employer, committed to ensuring our workplaces are free from any discrimination. Our employees are a key asset to the business and innovation is encouraged along with a focus on acknowledging the individual strengths of each employee and the potential they bring.
- Provide a safe working environment to attract and retain a skilled global workforce that is diverse and inclusive, helping to drive innovation and sustainability.
- Employees wellbeing is an important focus for the Group, the health and wellbeing of staff make a vital contribution to sustained success.
- Encourage employee training to maintain high professional standards and inspire innovation, we support them in developing their individual skills.
- Various benefits in relation to pensions and healthcare in line with local employment standards and our employees are paid above the National Living Wage and we follow local and national minimum wage values globally.

Initiatives

- Ensure our workplace continues to offer a supportive environment.
- Continue to encourage training of all employees to maintain and develop innovation.
- Develop relationships in the local community for career development.

Our workforce grew by 3% year-on-year, reflecting our continual ability to attract high-calibre people to the Group and retain them. Our average length of service is 17 years, with 48% of our team having worked for our businesses for more than ten years.

Staff turnover has always been low and in 2025 was 7.29% of our workforce, below the UK average. We calculate this figure as the number of leavers in the year (excluding any retirements) divided by the average annual number of staff.

Breakdown of employees as at 31 March by gender and management

	2025			2024		
	Male	Female	Total	Male	Female	Total
Plc Board Directors	6	—	6	6	—	6
Senior managers	10	3	13	9	3	12
Staff	94	54	148	96	48	144
Total	110	57	167	111	51	162

Senior management is per the definition in Section 414C of the UK Companies Act 2006.

Prosperity

CML requires constant innovation in order to respond to changes in customer needs and market fundamentals. Considerable growth potential exists in new markets and geographies through product diversification in the communications sector. This innovation is imperative for value creation, for the benefit of all stakeholders.

Successful innovation through research and development (R&D) is at the heart of our business, leading to new and enhanced products, which we seek to protect through our proprietary intellectual property (IP). CML continues to make significant investments in R&D.

Our IP portfolio includes patents, copyrights, trademarks, hardware designs, software/firmware and other rights within the Group's communications products.

Key objectives

- Ensure continued technical innovation through research and development for the continued success of the Group. Digital technology trends are transforming the world at an accelerated pace with an increasing focus on "Mega Trends" of IoT, 5G and Industry 4.0.
- Place a high level of importance on giving back to our local communities and continue to encourage employees to support charitable causes.

What we already do

- The Company has entered into a multi-year sponsorship deal from the 2023/24 season with local football club Heybridge Swifts. Both companies' values are aligned and are focused on the continued support and development of the community.
- Collaboration with industry institutions to influence industry-wide improvements. We are proud to be members of the International Association of Marine Aids to Navigation and Lighthouse Authorities (IALA) the Digital Radio Mondiale (DRM) Consortium and the European Telecommunications Standards Institute (ETSI).

Initiatives

- Continue to offer our support where we believe a difference can be made, remaining aware that there is always room for improvement and the possibility to offer more support.
- Make an impact within the communities by aiming to foster a sense of local and social inclusivity. Being based in a community environment, we aim to help local communities and support groups as much as possible.



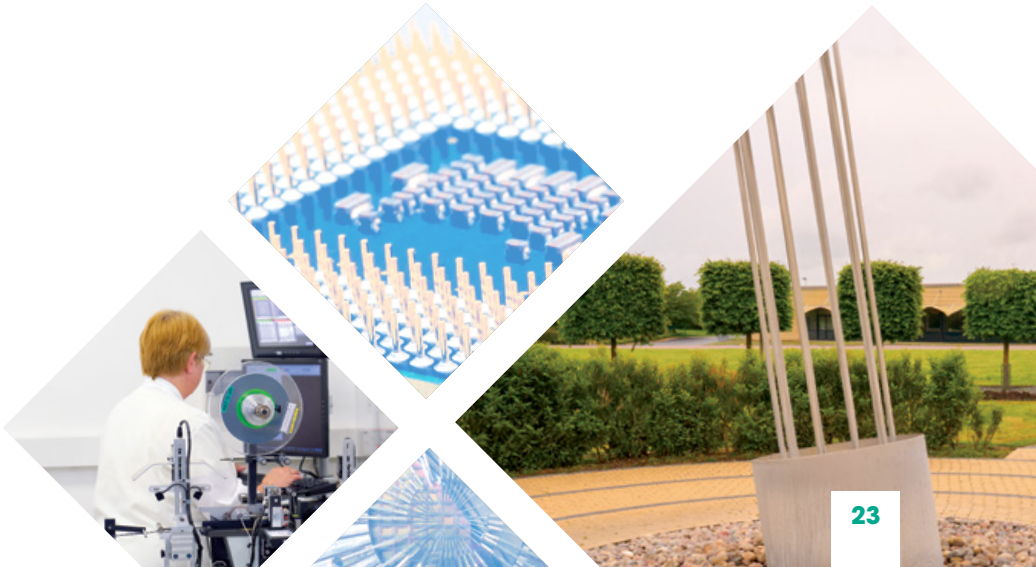
IALA encourages its members to work together in a common effort to harmonise Marine Aids to Navigation worldwide and to ensure that the movements of vessels are safe, expeditious and cost-effective, while protecting the environment.



DRM is the universal, openly standardised digital broadcasting system for all broadcasting frequencies. DRM digital radio can save broadcasters up to 80% in energy and maintenance costs.



Several Group employees sit on technical committees that form ETSI, a European Standards Organization (ESO), which is recognised as the regional standards body dealing with telecommunications, broadcasting and other electronic communications networks and services.





Sustainability report continued

Our environment, social and governance framework

An ESG framework has been developed following a scorecard method and recorded throughout the year.

Environmental	Units	Group	Comments (Intensity ratio per £m)
Energy consumption	MWh/£m	68.00	Energy consumption per unit of revenue
CO ₂ production	tonnes/£m	14.00	CO ₂ production per unit of revenue
Water consumption	m ³ /£m	64.00	Water consumption per unit of revenue
Waste production	tonnes/£m	65.00	Waste production per unit of revenue
Social	Units	Group	Comments
Employee turnover rate	%	7.29%	Proportion of employees leaving (including retirements) the business in the last FY
% tax paid	%	7.0%	Percentage of profits paid in corporation taxes
Has discrimination policy?	yes/no	yes	
Has community outreach policy?	yes/no	no	
Has ethics policy?	yes/no	yes	
Governance	Units	Group	Comments
% women in senior management positions	%	23.0%	Proportion of senior management positions occupied by women
% Independent Directors on Board	%	66.67%	Proportion of Independent Directors on the Board
CEO pay as multiple of UK median	times	6.63 times	CEO cash compensation divided by UK median pay of £35,464
Is CEO and Chairman/President role split?	yes/no	yes	
Corporate governance	yes/no	yes	Follow the QCA code as appropriate for an AIM listed company on the London Stock Exchange (see Corporate governance section)
Governance: Board Director responsible for sustainability and ESG	yes/no	yes	Non-Executive Chairman, Board-level appointment and accountability for sustainability and ESG

Greenhouse gas emissions in tonnes of CO₂ equivalents

Tonnes of CO ₂ e	2025	% of total emissions	2024	% of total emissions
Scope 1	122.47	39.00%	115.77	41.99%
Scope 2	191.44	61.00%	159.92	58.01%
Total controlled emissions	313.91	100.00%	275.69	100.00%

Source of emissions

Tonnes of CO ₂ e	2025	% of total emissions	2024	% of total emissions
Scope 1				
Fuel – vehicles	7.78	6.35%	12.10	4.39%
Gas – heating	114.68	32.65%	103.66	37.60%
Refrigerant	0.01	0.00%	0.01	0.00%
Total Scope 1 emissions	122.47	39.00%	115.77	41.99%
Scope 2				
Electricity – office and manufacturing	191.44	61.00%	159.92	58.01%
Total Scope 2 emissions	191.44	61.00%	159.92	58.01%

Geographical breakdown

2025 tonnes of CO ₂ e	Scope 1	Scope 2	Total	% of total emissions
UK	117.63	135.40	253.03	80.61%
US	1.14	44.04	45.18	14.39%
Singapore	0.00	2.12	2.12	0.68%
China	3.70	9.88	13.58	4.32%
Total emissions	122.47	191.44	313.91	100.00%

2024 tonnes of CO ₂ e	Scope 1	Scope 2	Total	% of total emissions
UK	106.94	119.21	226.15	82.03%
US	5.10	31.34	36.44	13.22%
Singapore	0.00	2.07	2.07	0.75%
China	3.73	7.30	11.03	4.00%
Total emissions	115.77	159.92	275.69	100.00%

Intensity of emissions

Tonnes of CO ₂ e/£m turnover	2025	2024
Scope 1	5.35	5.06
Scope 2	8.36	6.99
Total	13.71	12.05

Greenhouse gas reporting methodology

The above greenhouse gas emissions data is reported using an operational control approach to define our organisational boundary, which meets the definitional requirements of the regulations in respect of those emissions for which we are responsible; Scope 1 being emissions from combustion of fuel and refrigerant gas losses, and Scope 2 being electricity (from location-based calculations), heat, steam and cooling purchased for the Group’s own use. This includes all material emission sources which we deem ourselves to be responsible for. Scope 3 has not been reported upon, these emissions relate to our indirect emissions in the value chain.

The tables above demonstrate that absolute emissions have increased by 13.86% due to the full-year acquisition compared with six months previously; the Group continues to review its carbon footprint and introduce measures to reduce this going forward.

Energy consumption

MWh of energy consumed	2025	% of total emissions	2024	% of total emissions
UK	1,274	82.03%	1,120	83.09%
Overseas	279	17.97%	228	16.91%
Total energy consumed	1,553	100.00%	1,348	100.00%

The UK energy consumption relates to gas and electricity for manufacturing plants of 764 MWh (2024: 672 MWh) and offices of 509 MWh (2024: 448 MWh).

Energy reporting methodology

Energy consumption data is captured through monthly bills showing actual or estimated consumption. We continue to improve operational efficiency across the whole Group.

Energy from electricity, natural gas, gas oil and transport fuel has been included. We have used the conversion factors published in Greenhouse Gas Reporting: Conversion Factors 2023 Full Set published in June for business, energy and industrial strategy.



Section 172 statement

We believe that effective engagement with our stakeholders is fundamental to maximising value and securing our long-term success.

How we engage with our stakeholders

Section 172 of the Companies Act 2006

The Board acknowledges that there is a legal requirement for the Company to report on how the Board and its Committees have considered the requirements of Section 172 of the Companies Act 2006 in their decision-making.

We set out our key stakeholder groups, their material issues and how we engage with them. Each stakeholder group requires a tailored engagement approach to foster effective long-term success and maintain mutually beneficial relationships.

Our strategy has identified addressable markets, including a number of key growth areas such as critical infrastructure (public utilities, smart grid, RFID), 5G (repeaters, small/picocells, fixed wireless access, distributed antenna systems) and satellite communications (terminals, broadband access).

As a result, the Group’s annual addressable market has increased substantially and the Group’s return on investment (ROI) profile relating to R&D expenditure is evolving as the full benefit of the expanded strategy and related performance enhancements take hold. Overall, the Group’s resulting ROI profile is now a “blended” approach, improving the timing for a return on the investments being made.

Shareholders

Group strategy is aimed at driving long-term sustainable growth, creating value and efficient use of capital for our shareholders.

Why our stakeholders are important to us

Understanding the views and priorities of our investors is key to the development of our strategy and their continued support. Our shareholders play an important role in monitoring and safeguarding the governance of the Group.

How have we engaged with them?

We engage with shareholders to help them understand our products, business model and strategy through our reports, regular news releases, website, Annual General Meeting, investor presentations and one-on-one meetings.

In the year

- The management team conducted regular investor, analyst and fund manager meetings coinciding with publication of the Group’s annual and half-year results. A number of site-visits took place targeted at widening the shareholder base for the benefit of all stakeholders.
- An Annual General Meeting (AGM) was held in August 2024 where the Board and senior management invited shareholders to attend and question the full Board.
- The Group continued to maintain its website (www.cmlmicropic.com) which includes specific disclosures required under AIM Rules and the QCA Code. It contains up-to-date information for shareholders, including the Annual Report and Accounts, current share price information and a link to all announcements released via RNS.
- The Board are provided with shareholder feedback following the investor meetings.

Board decision-making

- The Board were provided with independently compiled shareholder feedback following the investor meetings and the content was discussed at formal Board meetings. Where necessary, actions were taken to address specific areas requiring attention.

Employees

We have an experienced, diverse and dedicated team of employees that are well placed to help identify opportunities to improve the success of our business. It is essential that we proactively engage with our team of employees to establish a positive and dynamic culture.

Why our stakeholders are important to us

Interaction with our employees is the primary way customers and other third parties obtain an understanding of the Group and its aspirations. It is essential that our employees are positively aligned with the Group’s strategy.

How have we engaged with them?

We have an open, collaborative and inclusive structure and engage regularly with our employees. Developing key talent is a priority for our Group. We offer an open-door policy to employees who would like to ask a question or offer a view.

In the year

- Had regular engagement through the new employee onboarding process and exit interviews.
- Continued to promote an inclusive environment rewarding performance and encouraging continual progress and development.
- Conducted annual pay reviews.
- Held periodic appraisals identifying training needs and professional development opportunities.
- Recognised a number of long-serving employees with Long Service Awards.
- Offered incentivisation through a global share option scheme and LTIP programmes.
- Engaged in ad-hoc discussions gaining feedback on numerous topics.

Board decision-making

- The Board delegated individual workforce rewards and incentives to the executive director/senior manager responsible based upon an overall Group reward package set by the Remuneration Committee.

Customers

We serve a broad spectrum of customers across a variety of end markets, where we provide innovative and reliable products.

Why our stakeholders are important to us

Without customers the Company cannot survive. Aside from providing the revenues from which the Company derives its profitability, they provide essential feedback to enable the Company to drive innovation, quality and value, helping to evolve and enhance our product range and continually exceed their expectations.

How have we engaged with them?

We work closely with our customers to develop a deep understanding of their business, giving us the ability to anticipate and respond to their needs and foster long-term relationships.

In the year

- Consistently delivered high-quality products with exceptional on-time-to-promise performance.
- Enlarged the product portfolio enabling customer base expansion and a widening of the addressable market opportunities. Attended various global industry exhibitions, increasing awareness of the Company amongst the end-market participants.
- Maintain high standards of business conduct and continuous improvement raising brand awareness.
- Interacted with existing and prospective customers via face-to-face meetings, virtual meetings and on-going customer service support via telephone and/or email.

Board decision-making

- The Board was able to monitor the progress the Company is making with current and future customers through periodic reporting of relevant customer contribution and business opportunity reporting provided by the executives.



Section 172 statement continued

How we engage with our stakeholders continued

<p>Suppliers</p> <p>We utilise a number of class leading suppliers throughout the world. In terms of raw material supply, the Group’s products are developed on specific silicon or compound semiconductor processes that are inherently sole sourced. For other key materials and services, such as product assembly and packaging, the Group operates a dual-sourcing policy where practical.</p>	<p>Local government and communities</p> <p>We are committed to being a responsible member of the communities in which we operate, including local government, local businesses, residents and the wider public.</p>
<p>Why our stakeholders are important to us</p> <p>Keeping strong operational relationships with our suppliers is important for maintaining product supply and gaining a competitive advantage through achieving operating efficiencies, driving innovation and complying with legal and regulatory obligations.</p>	<p>Why our stakeholders are important to us</p> <p>It is important to be a responsible employer who complies with applicable regulatory frameworks, provides a good place to work and has healthy links into the local community.</p>
<p>How have we engaged with them?</p> <p>We engage with our suppliers regularly to ensure our quality and commercial objectives are met while maintaining continuity of supply through varying global economic and market conditions.</p>	<p>How have we engaged with them?</p> <p>We attend a variety of regional business meetings throughout the year and attend council events linked to the local community.</p> <p>We work with local educational establishments and offer funding for research projects.</p> <p>As a Board, our intention is to behave responsibly and to ensure that management operate the business in a responsible manner. Through operating with high standards of business conduct and good governance, our shareholders will benefit from the delivery of our long-term plan.</p>
<p>In the year</p> <ul style="list-style-type: none">• Conducting regular forecasting and visibility dialogue leading to fair pricing and maintenance of long-term relationships.• Monitored and took corrective actions to ensure good supplier performance and high-quality standards.• Continued to review payment practices, ensuring our suppliers are paid in line with the agreed terms and conditions.	<p>In the year</p> <ul style="list-style-type: none">• Facilitated the commencement of development on previously owned land at our headquarters in Langford, bringing jobs to the area.• Sponsored a local sports team in the Essex region, supporting their growth and ambitions and raising awareness of CML as an employment opportunity amongst the local community.
<p>Board decision-making</p> <ul style="list-style-type: none">• The Board delegated manufacturing related activities to the executive director/senior manager responsible with oversight from the Group Managing Director. The Board were kept up to date on any risks that may cause disruption to the supply chain along with the mitigating actions taken to reduce this risk.	<p>Board decision-making</p> <ul style="list-style-type: none">• The Board continues to recognise the importance of any decisions it is called upon to make in respect of local government and communities.

By understanding our stakeholders, the Board can discuss the potential impact of our decisions on each group, ensuring that we consider likely consequences of any business decisions that affect their needs and concerns. The Board continues to act responsibly in line with the Company’s vision, values and guiding principles helping to create ongoing stakeholder value in accordance with Section 172 of the Companies Act 2006. As a result, we continue to supply fit-for-purpose semiconductor products that our customers need, work effectively with our colleagues and suppliers, make a positive contribution to the local community and promote long-term sustainable returns for our shareholders.

Pages 1 to 29 form part of the Strategic Report, which has been reviewed and approved by the Board.

Michelle Jones
Company Secretary
7 July 2025

Directors' report

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Board of Directors

The Board and senior management team are collectively responsible for the long-term success of the Company.




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A

Nigel Clark
Non-Executive Chairman

Joined:
Nigel joined the Company in 1980.


Skills and experience:
Nigel was appointed Company Secretary in 1983 and Group Financial Director in 1985. Prior to joining CML, he was employed by Touche Ross & Co. (which subsequently merged with Deloitte in 1989) and is a qualified chartered accountant, holding an FCA. Nigel became Group Non-Executive Chairman in January 2015 and subsequently held the interim positions of Group Finance Director and Executive Chairman between February 2020 and December 2023. He holds a Mathematical Science degree from Royal Holloway College, University of London. Nigel is Chairman of the Remuneration Committee and is a member of the Audit Committee.



Chris Gurry
Group Managing Director

Joined:
Chris joined the Group in 1994.


Skills and experience:
Chris was appointed to the Board in 2000 as Business Development Director and became Group Managing Director in October 2007. Prior to joining CML, he worked within the electronics design and manufacturing industry, leading organisations primarily focused on applications within radio communications markets, including machine-to-machine, CCTV and satellite television. Having originally trained as an electronics technician, Chris subsequently re-trained as a business software programmer/analyst and has over 30 years' experience within wireless communications markets.



Mark McCabe
Chief Operating Officer

Joined:
Mark joined the Group in 2016.

Skills and experience:
Mark joined the Group in December 2016 as Managing Director of the Communications business division. Mark was appointed to the Board in November 2023. Immediately prior to joining CML, Mark was UK business unit manager for Air Liquide, a world leader in the supply of gases to the nuclear, food and electronics markets. Previously he gained extensive experience within the electronics component industry serving as Managing Director of Semelab (a subsidiary of TT Electronics plc), as executive VP at SRC Devices, Inc. (a company acquired by Littelfuse, Inc) and through a variety of sales, marketing and operational roles at Semitron, where he participated in a successful MBO. Mark qualified as an Electrical and Electronic Engineer working in various Ministry of Defence establishments.




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Geoff Barnes
Senior Non-Executive Director

Joined:
Geoff joined the Company in April 2017.


Skills and experience:
Geoff is a former Director of Baker Tilly International and its CEO and President for 16 years. He is currently Non-Executive Chairman of Baker Tilly South-East Europe Ltd and former chairman of the International Advisory Panel at the Institute of Chartered Accountants in England and Wales. Previous roles include 18 years with Casson Beckman, Chartered Accountants, becoming its Executive Chairman, and six years with Deloitte Haskins & Sells in London where he qualified as a chartered accountant. In 2015, Geoff was awarded the prestigious lifetime achievement award by the International Accounting Bulletin for services to global public accounting. Geoff is Chairman and member of the Audit Committee and is a member of the Remuneration Committee.



Jim Lindop
Non-Executive Director

Joined:
Jim joined the Company in April 2013. The Board acknowledges that Jim has held his position for twelve years and feels that he continues to remain independent due to the nature of his involvement within the Group.

Skills and experience:
Jim has extensive innovative leadership experience in the technology and engineering sectors, having spent over 30 years in the industry. He was founder and CEO of Jennic Ltd, a privately held semiconductor company established in 1996 and subsequently acquired by NXP Semiconductors in 2010. Prior to Jennic, he consulted to companies in Cambridge, UK, including Symbionics, building and leading project teams in new wireless technologies. Earlier experience includes working at Rolls-Royce designing electronic instrumentation for aero-engines and as a Director of Engineering at Simmons Limited. Jim holds a BSc and MSc in Electronics from the University of Nottingham.



Nathan Zommer
Non-Executive Director

Joined:
Nathan joined the Company in January 2024.

Skills and experience:
Nathan joined the Company in January 2024 and most recently he was Chairman of the Board and co-CEO of Microwave Technology, Inc., a privately held US semiconductor company acquired by CML in October 2023. He is the founder of IXYS Corporation and served as the Chairman of the Board and Chief Executive Officer of IXYS from 1993 until its acquisition by Littelfuse, Inc. in January 2018. He was a Non-Executive Director of Littelfuse from January 2018 through to May 2023. Prior to founding IXYS, Nathan served in a variety of positions with Intersil, Hewlett Packard and General Electric. He holds a bachelor's degree and MS in physical chemistry from Tel Aviv University and a PhD in electrical engineering from Carnegie Mellon University.

- A

Chairman of the Audit Committee
- R

Chairman of the Remuneration Committee
- A

Member of the Audit Committee
- R

Member of the Remuneration Committee



Senior management team

The Board is supported by an experienced senior management team.

Michelle Jones
Company Secretary and Group Director of Finance

Skills and experience:
Michelle joined the Company in 2018 as Group Financial Controller and in July 2020 was appointed to the additional role of Company Secretary. Prior to CML, she spent ten years at the Regis Group, a real estate company, where she held the position of Group Financial Controller. Previous roles Michelle held similar positions at Derichebourg Multiservices, a company providing servicing facilities to the aircraft industry, and at Thermos Limited, a manufacturer and distributor of Thermos-branded products throughout Europe. Earlier experience included a number of management accountant roles, including working for an NHS Trust. She is a qualified Chartered Certified Accountant, holding an FCCA.

Mike Gurry
Senior VP, Group Operations and Logistics

Skills and experience:
Mike is Senior VP of Global Manufacturing Operations for the CML Microsystems Plc Group. Mike has over 30 years' experience within the Group. After previously overseeing CML materials control, critical supplier and logistics activity, he became Manufacturing Director of CML UK in 1997, moving to the role of Managing Director CML UK in 2006. Mike has previous experience of logistics and supply with STC Plc.

Nigel Wilson
Senior VP, Technology

Skills and experience:
Nigel is Senior VP of Technology, overseeing the Group's technical activities with specific responsibility for strategic projects and technology programmes. Most recently Engineering Director of the Communications business unit, with responsibility for both Silicon and Firmware R&D activities, Nigel joined the Group in 2002 to establish and build an RF Systems and Software capability. Before joining CML Nigel held a number of senior engineering roles at Securicor Wireless Technology, The Technology Partnership/TTPCom (TTPCom acquired by Motorola in 2006) and Plessey/GPT, managing the development of a diverse range of communications products including GSM radios, cordless handsets and air traffic control equipment. Nigel holds an MEng from the University of Bradford and is Chairman of the Task Group dealing with Mobile Radio and Wireless Data systems at the European Telecommunication Standards Institute (ETSI), a position he has held for over ten years.

Corporate governance report



The Directors and Company are committed to high standards of corporate governance and have chosen to comply with the Quoted Companies Alliance Corporate Governance Code 2023 (the 'QCA Code'). The QCA Code is constructed around ten broad principles and disclosures, and the Company's compliance is directed at those aspects that are considered by the Board to be practical and appropriate for an organisation of its size and nature and where, in the Board's opinion, they are of material benefit to the Company and/or its stakeholders.

The Board is responsible for maintaining and reviewing our corporate governance arrangements and places a high degree of importance on corporate governance issues relating to internal financial control, accountability and the ability of its Directors to behave independently and appropriately. Our Executive team is committed to achieving practices that communicate, implement and reward behaviours that best reflect our values throughout the business.

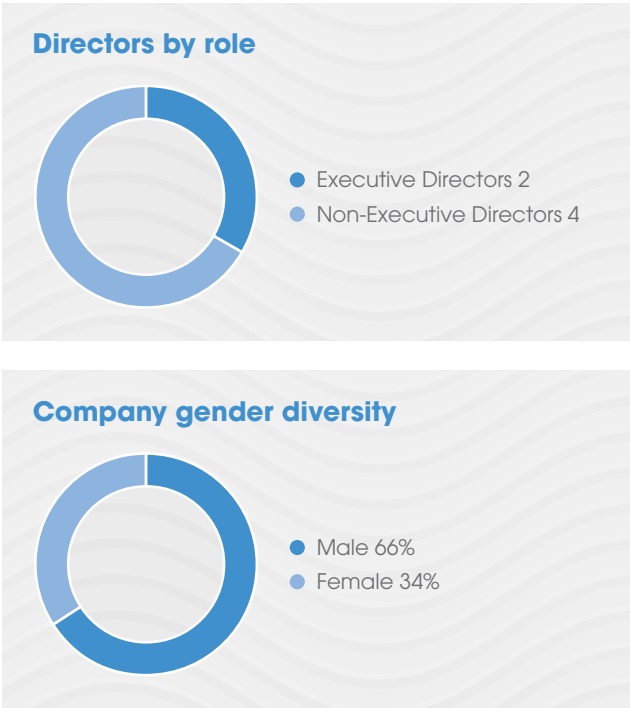
Maintaining a skilled, well-balanced and experienced Board is of fundamental importance to the long-term success of the business, and when recruiting new members of the Board, the Group adopts a formal and transparent procedure with due regard to the diversity, skills, knowledge and level of experience. We continue to consider the balance of skills and experience on the Board to maximise the chances of successfully executing the agreed strategy and delivering long-term value to the shareholders.

“

The Company is committed to high standards of corporate governance.

Nigel Clark
Non-Executive Chairman

Board	
Audit Committee	
Geoff Barnes (Chair)	
Nigel Clark	
Remuneration Committee	
Nigel Clark (Chair)	
Geoff Barnes	
Nomination Committee	
Nigel Clark (Chair)	
Chris Gurry	
Mark McCabe	
Geoff Barnes	
Jim Lindop	
Nathan Zommer	
Executive Directors	
Chris Gurry	Group Managing Director
Mark McCabe	Chief Operating Officer
Non-Executive Directors	
Nigel Clark	Non-Executive Chairman
Geoff Barnes	Senior Non-Executive Director
Jim Lindop	Non-Executive Director
Nathan Zommer	Non-Executive Director





Corporate governance statement

Introduction

In this statement we explain the key features of the Group’s corporate governance framework and how it complies with the ten principles of the QCA Code.

01

Establish a purpose, strategy and business model which promote long-term value for shareholders

The Group’s strategy is reviewed by the Board on an ongoing basis. The Company’s purpose is to develop and supply a wide range of semiconductor products for use in global communications markets, including wireless & satellite, network infrastructure, industrial IoT, broadcast and aerospace & defence. Our vision is to be the first-choice semiconductor partner to technology innovators, together transforming how the world communicates. This is achieved through:

- Customers’ success by delivering advantages through improved functionality and performance of class-leading IC solutions;
- Continued R&D activity targeting product development to support emerging and evolving customer requirements;
- Revenue growth from new and existing customers;
- Scaling the cost base efficiently, and in a controlled manner, to drive revenue growth and deliver cash generation in line with expectations; and
- Continued investment in growth development across all markets with a clear pipeline of future products and business opportunities to drive organic and inorganic growth towards long-term profitability and cash generation.

02

Promote a corporate culture that is based on ethical values and behaviours

The Board, along with the senior management team, defines and promotes the core vision, values and guiding principles of the Group. The Group has four core values:

- Trust
- Respect
- Commitment
- Creativity

The Board promotes a collaborative and inclusive culture for all employees, operating in an ethical manner and with the desired goal of achieving “quality with a sense of urgency”.

The Group’s code of conduct and policies address whistleblowing, social media usage and anti-bribery.

The Board takes responsibility for the promotion of its ethical values and behaviours, along with corporate culture which is set at Board level and discussed at Board meetings as and when required.

03

Seek to understand and meet shareholders’ needs and expectations

The Group Managing Director is the principal spokesperson for engagement with shareholders. The Non-Executive Chairman is present at interim and full-year briefings, presenting Company results and strategy. Both the Group Managing Director and Non-Executive Chairman are available to discuss any matters of concern with shareholders and stakeholders. Communication is with all shareholders, including investors, fund managers, the media and other interested parties. Briefings are held with investors and analysts following the announcement of half-year and full-year results along with other ad-hoc meetings throughout the year.

The Group maintains a website (www.cmlmicroplc.com) which contains up-to-date information for shareholders, including the Annual Report and Accounts, current share price information and a link to all announcements released via RNS. Contact details can be found there.

Environment, Social and Governance can be found on pages 18 to 25.

04

Take into account wider stakeholder interests, including social and environmental responsibilities and their implications for long-term success

By understanding the Group’s stakeholders, the Board can discuss the potential impact of decisions ensuring that their needs and concerns are considered.

The Company’s key stakeholder groups are:

- shareholders;
- employees;
- customers; and
- suppliers.

Shareholders: We engage with shareholders through our reports, regular news releases, website, Annual General Meeting, investor presentations and one-on-one meetings.

Employees: We have an open, collaborative and inclusive structure and engage regularly with our employees and understand the key importance of maintaining and retaining employee satisfaction.

Customers: We work closely with our customers to develop a deep understanding of their business, giving us the ability to anticipate and respond to their needs and foster long-term relationships.

Suppliers: We engage with our suppliers regularly to ensure our quality and commercial objectives are met. We strive to maintain continuity of supply through varying global economic and market conditions.

Environmental responsibility: We believe that all businesses are responsible for achieving good environmental practice and operating in a sustainable manner. The Group’s aim is to minimise its environmental impact and to implement environmental best practices where appropriate.

Social responsibility: As a Board, our intention is to behave responsibly and to ensure that management operate the business in a responsible manner, operating with high standards of business conduct and good governance that reflects our responsible behaviour, and our shareholders will benefit from the delivery of the long-term plan.

05

Embed effective risk management, internal controls and assurance activities, considering both opportunities and threats, throughout the organisation

The Board are responsible for the identification, assessment and management of the risks faced by the Group and for maintaining the system of internal controls and its effectiveness. The Company’s overall risk appetite is contingent on several factors, including but not limited to the investment level required, the economic and geopolitical environment, cash resources and return on investment expectations. The Group’s governance structure allows for flexibility and agility in decision-making to achieve its long-term objectives.

The Group’s controls are designed to provide reasonable assurance over the reliability of financial information and the Group’s assets. Overall, the Group uses a combination of controls, legal requirements and insurance to mitigate the risks it faces.

The key controls:

- The Executive Directors and senior management team have a close day to day involvement within operations, management of employees, identifying business risk and monitoring controls;
- A comprehensive process of financial reporting exists based on an annual plan that is approved by the Board; and
- New and emerging risks and implications are reviewed by the executive team and communicated to the Board as appropriate.

The Board has established Audit and Remuneration Committees and, as part of its leadership and control of the Company, the Board has specific items reserved for its consideration which include business strategy, financial performance, acquisitions, divestments and major capital investment.

The Audit Committee is responsible for ensuring the financial performance of the Group is properly measured and reported, and for reviewing reports from auditors relating to the Group accounts and the Group’s internal control systems. The Audit Committee monitors and formally considers auditor independence during the course of the year. The Committee has confirmed that it is satisfied with the independence of Cooper Parry Group Limited and has recommended to the Board that the auditor be re-appointed.



Corporate governance statement continued

06

Establish and maintain the Board as a well-functioning, balanced team lead by the Chair

The Group is led and controlled by an effective and entrepreneurial Board that comprises two Executive Directors and four Non-Executive Directors. Biographies for each of the Directors can be found on pages 32 and 33. The Non-Executive Chairman is primarily responsible for the running of the Board and the Group Managing Director is the Chief Operating Decision Maker with responsibility for the day-to-day running of the Group and for developing and implementing Group strategy. The Chief Operating Officer oversees and drives the Group’s global operations aligned to its strategy and in support of its growth objectives. In terms of the remaining Non-Executives, Geoff Barnes is considered to be independent and was appointed due to his objectivity, experience and independent judgement. The Board acknowledges that Nathan Zommer may be deemed non-independent due to his past relationship with Microwave Technology Inc. However, based upon his Board contributions to-date and the fact he no longer has management involvement with MwT, the Board considers him to be independent and objective. Jim Lindop has held his position for twelve years and throughout that time has regularly demonstrated his ability to robustly challenge all Board members, where appropriate. The Board considers him independent. The Non-Executive Directors are able to challenge and question during Board meetings to obtain a full and satisfactory response. The Board holds regular meetings and formally meets a minimum of four times a year and is responsible for formulating, reviewing and approving the Group’s strategy, plan and corporate actions. The Board’s activities are supported by its Nomination, Audit and Remuneration Committees and receive high quality, accurate and timely information on a regular basis.

All the Directors have appropriate skills and experience for the roles they perform at the Company, including as members of Board Committees. All Directors are subject to re-appointment at the first AGM after their appointment and, thereafter, apart from the Group Managing Director, one-third of the remaining Directors shall retire by rotation at the AGM.

Shareholders are given the opportunity to vote annually on the (re-)election of individual Directors to the Board.

The Company is satisfied that the current Board is sufficiently resourced to discharge its governance obligations on behalf of all stakeholders and will consider the requirement for additional Executive and Non-Executive Directors as the Company fulfils its growth objectives.

Board meetings: The Board meets against a defined reporting timetable and at times in between the scheduled meetings when required. The Board meets formally a minimum of four times per year. During the year ended 31 March 2025, eleven Board meetings were held where all Directors in post participated (2024: ten).

07

Maintain appropriate governance structures and ensure that individually and collectively the Directors have the necessary up-to-date experience, skills and capabilities

The Non-Executive Chairman leads the Board and is responsible for its governance structures, performance, and effectiveness. The Non-Executive Directors are responsible for bringing independence and objectivity to Board decisions. The Executive Directors are responsible for the operation of the business and delivering the strategic goals agreed by the Board.

Although the Board delegates some matters to its Committees (Remuneration and Audit), as part of its leadership and control of the Company, the Board is responsible for the long-term performance of the Group and has specific items reserved for its consideration which include business strategy, financial performance, acquisitions, divestments and major capital expenditure. The Non-Executive Chairman and Executive Directors make themselves freely available and regularly consult with the global workforce.

The evaluation of the Board, collective skills and its performance, along with that of the individual members, is considered on an ongoing basis factoring in the needs of the Company and its stakeholders. New appointments are led by the Group Managing Director and considered by the whole Board acting as the Nominations Committee.

Directors are expected to update their knowledge and skillsets on an ongoing basis. The Company disseminates ad-hoc third-party independent information on a range of topics to assist with that process and each Non-Executive Director has active interests outside of their company role which serves to increase their knowledge base.

The Company’s Corporate Governance Statement, as set out in its 2025 Annual Report and Accounts, explains the structures which are in place at Board and Committee level and how these interact, including the roles individual Directors fulfil on the Board.

The organisational structure is kept under continual review and evolves as the needs of the business change to fulfil its growth objectives.

08

Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

The Board and the Remuneration Committee evaluate the Board’s performance, including, but not limited to, progress and the long-term success of the Group, collective skills and maintaining independence where relevant. Its performance, along with that of the individual members, is considered on an ongoing basis considering the needs of the Company.

An external review was completed in August 2021. No specific failings in effectiveness were identified.

During the prior financial year, the Board was enlarged through the appointment of two new members, one Executive and one Non-Executive, adding complementary skills, knowledge and experience which benefits the business as a whole. A next externally facilitated review of the Board will be considered following two full financial years of operation under the enlarged Board.

09

Establish a remuneration policy which is supportive of long-term value creation and the Company’s purpose, strategy and culture

The Group’s approach to remuneration is focused on ensuring that the Group’s remuneration policy is aligned with shareholders’ interests and the overall package should be sufficiently attractive to recruit, motivate and retain individuals of a high calibre with significant and relevant expertise. The remuneration policy ensures that key personnel are incentivised and rewarded in a way that is aligned to delivery of the Group’s long-term growth objectives which in turn achieves a Group culture that supports our strategic goals.

The Remuneration Committee reviews the performance of the Executive Directors and senior management of the Group and makes recommendations to the Board on matters relating to their remuneration.

See Director’s Remuneration Report on pages 40 to 45 for further details.

10

Communicate how the Company is governed and is performed by maintaining a dialogue with shareholders and other relevant stakeholders

Meetings with shareholders and other key stakeholders are held regularly throughout the year, some on a formalised basis and some on an ad-hoc basis at one party’s request. These meetings are usually attended by the Non-Executive Chairman and/or the Group Managing Director. Other Executives and senior management personnel periodically engage with stakeholders through site visits.

The Board welcomes all shareholders to attend the Annual General Meeting. Shareholders can question the full Board and, subject to the applicable rules, meet with them afterwards. Notice of the annual general meeting is provided at least 21 days in advance of the meeting being held. Details of all briefings and meetings are communicated to the full Board.

No Audit Committee Report is included within this statement. The Audit Committee is responsible for ensuring the financial performance of the Group is properly measured and reported, and for reviewing reports from auditors relating to the Group accounts and the Group’s internal control systems. The Audit Committee also reviews the independence and the objectivity of the auditor and the supply of non-audit services. Along with the key responsibilities relating to the identification, assessment and reporting risk; judgement or estimation of accounting policies and reporting issues; completeness of disclosures of information presented in the financial statements providing necessary information to the shareholders in assessing the Group’s performance, business model and strategy; reviewing and monitoring the external auditor’s independence and objectivity and making recommendations to the Board in respect of the appointment, reappointment and removal of the Group’s external auditor; and reporting to the Board on how it has discharged its responsibilities.

The results of all Annual General Meeting resolutions are announced promptly after the meeting has taken place. The results of all Annual General Meeting resolutions issued in the last five years are available on the Company’s website at: <https://www.cmlmicroplc.com/news/investor-relations/regulatory-news/>.

Historical Annual Reports and the unaudited half-year results for the past five years are available at: <https://www.cmlmicroplc.com/news/investor-relations/financial-reports/>.

By order of the Board

Nigel Clark
Non-Executive Chairman
7 July 2025



Directors’ remuneration report

Committee members

Member	Attendance
Nigel Clark Committee Chair	2
Geoff Barnes Senior Non-Executive Director	2

Introduction

This report has been voluntarily prepared in accordance with the regulations regarding Directors’ Remuneration Report. As in previous years, the shareholders will be asked to approve the Directors’ Remuneration Report at the forthcoming AGM of the Company at which the financial statements will be approved. Approval sought for this will have advisory status. The remuneration policy as set out in this report is considered at each AGM and voted upon by the shareholders. There are no changes deemed necessary to the current arrangements. There has been no change in the remuneration policy during 2025.

Consideration of employment conditions elsewhere in the Group

In setting the policy for Directors, the Remuneration Committee is mindful of the Group’s objective to reward all employees fairly according to their role, experience and performance. In setting the policy for Directors’ remuneration, the Committee considers the pay and employment conditions of the other employees within the Group. No formal consultation has been undertaken with the Group’s employees in drawing up this policy. The Committee has not used formal comparison measures.

Remuneration Committee

The Board has established a Remuneration Committee that currently comprises Nigel Clark (Committee Chairman), and Geoff Barnes. No member of the Remuneration Committee participates in deciding their personal remuneration package. During the year ended 31 March 2025, there was two meetings (2024: one meeting) where all Directors in post participated.

Remuneration policy

Set out in the following table is the Group’s policy on Directors’ remuneration. In setting the policy, the Remuneration Committee has taken into account:

- the need to attract, retain and motivate individuals of a calibre who will ensure successful leadership and management of the Company;
- the Group’s general aim in seeking to reward all employees fairly according to the nature of their role;
- the need to align the interests of the shareholders as a whole with the long-term growth of the Group;
- the need to be flexible and adjust with operational changes throughout the term of this policy;
- the size and nature of the business; and
- knowledge of general pay levels within the Company’s peer group and similarly sized companies.

The Committee takes into account the pay and employment conditions of the wider employee population across the Company when setting Executive Director remuneration and considered that as context when reviewing the policy. While the Committee has not consulted employees directly in the remuneration policy for Executive Directors, the Committee is made aware of information such as workforce demographics, diversity initiatives, training programmes, engagement levels and cultural initiatives, as well as the remuneration principles and policies that apply to the wider workforce. It is expected that future salary increases for Executive Directors will be in line with the general employee population, apart from exceptional circumstances.

The remuneration of the Non-Executive Directors is determined by the Board and takes into account additional remuneration for services outside the scope of the ordinary duties of Non-Executive Directors.

Executive Directors

Purpose and link to strategy	Policy	Operation	Performance conditions
Base salary			
To recognise the skills, responsibility, accountability, experience and value required to deliver the Company’s strategy and drive business performance.	Set at a level considered appropriate to attract, retain, motivate and reward the right individual.	Reviewed annually by the Remuneration Committee.	No specific performance conditions, no maximum salary and no minimum or maximum rate of increase.
Contribution to pension			
To provide competitive retirement benefits thereby facilitating the recruitment of high-calibre Executive Directors to deliver the Company’s strategy.	Fixed percentage of base salary.	Paid monthly into pensions or as an adjusted amount of salary in lieu.	No specific performance conditions.
Benefits¹			
To provide market-competitive benefits which drive Executive Directors to deliver the Company’s strategy.	Includes a car or car allowance, health cover and death in service cover.	As defined in the employment contract.	No specific performance conditions.
Annual bonus²			
To reward and incentivise the achievement of annual financial and non-financial objectives integral to the Company’s strategy.	Tied to the overall profit and performance of the business as well as the individual in that period.	Assessed annually on both a financial and non-financial basis.	The maximum bonus will not exceed 50% of base salary and is totally at the discretion of the Remuneration Committee, which exercises discretion to ensure that longer-term interests of the business are met.
Share options			
To provide Executive Directors with a long-term interest in the Company’s long-term targets, encouraging retention and providing greater alignment with shareholders’ interests.	Granted under general Group-wide schemes.	Offered at appropriate times by the Remuneration Committee.	No minimum or maximum levels set, LTIP share options have performance criteria specified, with no performance criteria specified for others.

1. Principally a car and private medical insurance. The contracts of the Executive Directors allow the provision of a company car to be exchanged for a car allowance and, where it is done, this allowance is added to the benefits in kind figure. Contributions to pension figures may include where Executive Directors elect to make payments into a personal pension plan in lieu of salary awarded.

2. The Directors have reviewed the policy in the above table during the year and propose no changes.



Directors’ remuneration report continued

Non-Executive Directors

Purpose and link to strategy	Policy	Operation	Performance conditions
Base salary			
To recognise skills, experience and value.	Set at a level considered appropriate to attract, retain and motivate individuals.	Reviewed periodically as needed.	No specific performance conditions, no maximum salary and no minimum or maximum rate of increase.
Contribution to pension			
None offered.	None offered.	None offered.	None offered.
Benefits			
Health cover when employed under PAYE.	Health cover where appropriate up to the age of 80.	Group organised.	No specific performance conditions.
Share options			
None offered.	None offered.	None offered.	None offered.

The Company has no long-term incentive plans for Directors and no separate share option scheme exists solely for Executive Directors; therefore, they only participate in share option plans that are eligible to all employees. The Committee believes that share option schemes for all employees maximise shareholder value over time and therefore no specific performance conditions attach to the number of options granted to Executive Directors on an individual basis.

Policy on payment for loss of office

There are no contractual provisions that could impact on a termination payment. Termination payments will be calculated in accordance with the existing contract of employment or service contract. It is the policy of the Remuneration Committee to issue employment contracts to Executive Directors with normal commercial terms and without extended terms of notice which could give rise to an extraordinary termination payment.

Directors’ service contracts

Chris Gurry is employed by the Company under a written contract of employment that provides for termination by either party giving twelve months’ notice. Nigel Clark is employed by the Company under a written service contract that provides for termination by either party giving six months’ notice. Mark McCabe is employed by the Company under a written contract of employment that provides for termination by either party giving six months’ notice.

Jim Lindop has a service contract effective from 1 April 2022 and has been re-appointed from 1 April 2025, Geoff Barnes has a service contract effective from 1 April 2024 and Nathan Zommer has a service contract effective from 1 January 2024. All Directors are subject to re-appointment at the first AGM following their appointment and, thereafter, apart from the Group Managing Director, one-third of the remaining Directors retire by rotation at the AGM in line with the Company’s Articles of Association.

Directors’ notice periods are set in line with market practice and of a length considered sufficient to ensure an effective handover of duties should a Director leave the Company.

Approach to recruitment remuneration

All appointments to the Board are made on merit. The components of the remuneration package (for a new Director recruited within the life of the approved remuneration policy) would comprise of a base salary, pension, benefits, annual bonus and an opportunity to be granted share options. The approach with any appointment is detailed in the policy table. The Company aims to attract appropriately skilled and experienced individuals offering a level of remuneration that, in the opinion of the Remuneration Committee, is not excessive but fair.

Consideration of shareholder views

No shareholder views have been taken into account when formulating this policy. In accordance with the regulations, an ordinary resolution for approval of this policy will be put to the shareholders at the AGM on 5 August 2025.

This section of the Directors’ Remuneration Report sets out the remuneration paid in 2025 and the proposed remuneration for 2026. This section will be put to an advisory shareholder vote at the 2025 AGM. During the year, the remuneration policy operated as intended. Sections which are subject to audit are indicated as such.

Single total figure of remuneration (audited)

Individual Directors’ remuneration was as follows:

	Salary £’000	Benefits in kind £’000	Bonus £’000	Contribution to pension £’000	Total remuneration £’000	Total fixed £’000	Total variable £’000
2025							
Nigel Clark	96	1	—	—	97	97	—
Chris Gurry	235	19	—	28	282	282	—
Mark McCabe	152	2	—	36	190	190	—
Geoff Barnes	35	1	—	—	36	36	—
Jim Lindop	30	1	—	—	31	31	—
Nathan Zommer	30	—	—	—	30	30	—
	578	24	—	64	666	666	—
2024							
Nigel Clark	124	7	14	—	145	131	14
Chris Gurry	235	19	42	28	324	282	42
Mark McCabe	47	1	32	11	91	59	32
Geoff Barnes	35	1	—	—	36	36	—
Jim Lindop	30	1	—	—	31	31	—
Nathan Zommer	8	—	—	—	8	8	—
	479	29	88	39	635	547	88

Nigel Clark transitioned from Executive Chairman to Non-Executive Chairman on 1 October 2024. Mark McCabe joined the Board on 30 November 2023 as Chief Operating Officer and Nathan Zommer joined the Board on 1 January 2024 as an independent Non-Executive Director.

See the remuneration policy for types of benefits in kind. Bonuses and share options granted are entirely at the discretion of the Remuneration Committee.

Payments for loss of office and payments to former Directors (audited)

No payments for loss of office or payments to former Directors were made in 2025.

Percentage change in Executive and Non-Executive Director remuneration

The table below shows the percentage change in each Director’s salary/fees, taxable benefits and annual incentives between 2024 and 2025 compared with the average percentage change in each of those components of pay for the UK-based employees of the Group as a whole.

% change for the end of the comparative period to the end of the reporting period	Salary	Benefits	Bonus
Nigel Clark ¹	(22)%	(86)%	(100)%
Chris Gurry	0%	0%	(100)%
Mark McCabe	>100%	>100%	(100)%
Geoff Barnes	0%	0%	0%
Jim Lindop	0%	0%	0%
Nathan Zommer	0%	0%	0%
All employees (in UK)	2%	5%	(70)%

1. These share options are potentially exercisable.



Directors’ remuneration report continued

Share options (audited)

The following Directors had interests in options to subscribe for ordinary shares as follows:

	Number of options at 1 April 2024 £'000	Options exercised in year £'000	Options lapsed in year £'000	Options granted in year £'000	Number of options at 31 March 2025 £'000	Exercise price	Exercise date
Chris Gurry	30	—	—	—	30	£3.51	25 Sept 2018 to 25 Sept 2025 ¹
	75	—	—	—	75	£2.79	19 Mar 2022 to 18 Mar 2029 ¹
Mark McCabe	20	—	—	—	20	£3.70	22 Dec 2019 to 21 Dec 2026 ¹
	20	—	—	—	20	£2.79	19 Mar 2022 to 18 Mar 2029 ¹
	80	—	—	—	80	£2.31	4 Apr 2023 to 3 Apr 2030 ¹
	49	—	—	—	49	£0.05	31 Mar 2026 to 30 Mar 2032
	31	—	—	—	31	£0.05	31 Mar 2027 to 30 Mar 2033
	—	—	—	61	61	£0.05	30 Apr 2028 to 29 April 2034
	305	—	—	61	366		

1. These share options are potentially exercisable. Depending on the share option scheme, options are granted at an exercise price not less than the market price on the last dealing day prior to the date of grant or the average for the last three dealing days prior to date of grant, and, under normal circumstances, remain exercisable between the third and tenth anniversaries of the date of grant. The share option schemes cover all Group employees, not just the Directors. The share options have no performance conditions attached. Options have been granted in the year to Directors a total of 61,000 shares with an exercise price of 5.0p as at the date of grant, the fair value of these options at the date of grant being £232,000. The share options granted in the year are subject to revenue and gross profit performance conditions.

Pensions (audited)

The Group operates several pension schemes throughout the UK and overseas in which some of the Directors are included. Full details of these schemes are given in note 27 to the financial statements. The number of Directors who were members of pension schemes operated by the Company (where a member is defined as a current member, deferred member or pension member) was:

	2025 Number	2024 Number
Defined contribution scheme	1	1

Life assurance cover and widows’ death-in-service cover was provided under a separate policy for the year ended 31 March 2025. Company contributions of £64,000 (2024: £39,000) were made towards the defined contribution scheme during the year in respect of the Executive Directors, as detailed earlier in this report. Normal retirement age for all Company pension schemes is 65 years (2024: 65 years). There are no additional benefits that will become receivable by a Director in the event of early retirement.

Non-Executive Directors

The fees payable to Non-Executive Directors are determined by the Board and designed to recognise the experience and responsibility whilst rewarding the expertise and ability of the individual.

Consideration by the Directors of matters relating to Directors’ remuneration

The Remuneration Committee considered the Executive Directors’ remuneration, and the Board considered the Non-Executive Directors’ remuneration in the year ended 31 March 2025. Any movements awarded to salary are shown on page 43 and no external advice was taken in reaching this decision. However, the Committee is aware of the trends in Directors’ remuneration within the relevant UK FTSE, SmallCap and AIM markets.

Directors’ remuneration for the year ending 31 March 2026

Executive Directors’ remuneration was reviewed and revised from 1 April 2025. Annual bonuses are decided at each year end by the Remuneration Committee. Independent Non-Executive Directors’ remuneration remain unchanged.

Relative importance of spend on pay

The total expenditure of the Group on remuneration to all employees (note 7) is shown below:

	2025 £'000	2024 £'000	Movement £'000	Movement %
Employee remuneration	12,004	10,921	1,083	10%
Group Managing Director remuneration	282	324	(42)	(13)%
Distributions to shareholders (interim and final dividends paid)	1,765	1,739	26	1%

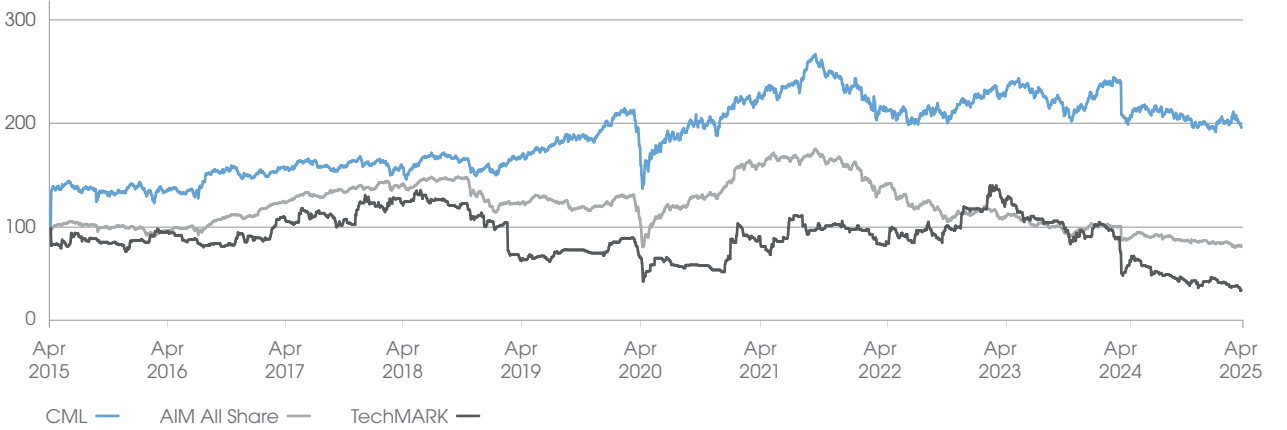
Shareholder voting

At the AGM on 13 August 2024, there was an advisory vote on the resolution to approve the Directors’ Remuneration Report, the result of which is detailed below:

	% of votes for	% of votes against	% of votes withheld
Resolution to approve the Directors’ Remuneration Report	98.70	1.27	0.03

Company’s performance

The graph below shows the total shareholder return (TSR) on a holding of shares in the Company as against the average TSR of the companies comprising the techMARK and AIM All Share for the last ten years. The techMARK and AIM All Share have been selected because, in the opinion of the Board, these are the most appropriate comparisons for benchmarking the Company.



On behalf of the Board of Directors

Nigel Clark
Chairman of the Remuneration Committee
7 July 2025



Directors’ report

The Directors submit their report and Group financial statements for the year ended 31 March 2025 in addition to the Directors’ Remuneration Report on pages 40 to 45.

The Directors referred to on pages 32 and 33 all served throughout the year ended 31 March 2025.

Corporate governance statement

The Group follows the Quoted Companies Alliance Corporate Governance Code 2023 (the ‘Code’), details of which can be found on pages 36 to 39.

Going concern

The Group’s business activities, performance, position and risks are set out in this Annual Report and Accounts. The financial position of the Group, its cash flows, liquidity position, borrowing facilities and the use of financial instruments and policies relating thereto are detailed in the notes to the financial statements. The report also includes details of the Group’s risk mitigation and management.

Given the nature of the markets we operate within, we anticipate our end customers being insulated from a consumer downturn to some extent, although the roll-out of some of the new products may be delayed, dampening demand for our semiconductors. Even in these difficult times, we still maintain the belief that the Group is well placed to move positively forward in the medium to long term. This belief is underpinned by a strong balance sheet and no debt, along with a product portfolio that addresses markets that have a positive outlook.

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

Principal activities

The Group designs, manufactures and markets a range of semiconductor products for use in global communications industries.

Business review and future developments

The Strategic Report on pages 1 to 29 provides an analysis of the business of the Group along with the development and performance of the business during the year and the position at the year end along with future developments. A range of performance measures to monitor and manage the business are discussed within the Strategic Report on pages 10 and 11.

The Group’s business activities, performance, position and risks are set out in this Annual Report and Accounts. The financial position of the Group, its cash flows, liquidity position, borrowing facilities and the use of financial instruments and policies relating thereto are detailed in the notes to the financial statements. The report also includes details of the Group’s risk mitigation and management.

Results

The results for the Group for the current and comparative periods are discussed in the Financial Review section of the Group Managing Director’s Review within the Strategic Report, as required by legislation.

Dividends

An interim dividend of 5p per ordinary share was paid on 13 December 2024 to shareholders on the Register on 29 November 2024. The Directors are proposing 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 (2024: 11p total dividends).

Research and development

The Group actively reviews developments in its markets with a view to taking advantage of the opportunities available to maintain and improve its competitive position. This action involves the design and development of hardware and firmware for the semiconductor environment.

Strategic Report

Greenhouse gas emissions, energy consumption and energy efficiency are detailed in the Sustainability Report section on page 24 and future developments in the Group Managing Director’s Review on page 14. In accordance with Section 414C (11) of the Companies Act 2006, these have been included in the Strategic Report.

Share capital

The Company’s authorised and issued ordinary share capital as at 31 March 2025 comprised a single class of ordinary shares. Details of movements in the issued share capital can be found in note 28 to the financial statements. Each share carries the right to one vote at general meetings of the Company. During the period the Company issued Nil ordinary shares in the Company (2024: 592,010 ordinary shares issued as part of the acquisition of Microwave Technology Inc). The Company also held in treasury 589,895 ordinary shares with a nominal value of 5p (none of which were purchased off market).

Restrictions on transfer of securities

There are no specific restrictions on the transfer of securities in the Company, which is governed by the Articles and prevailing legislation. Nor is the Company aware of any agreements between holders of securities that may result in restrictions on the transfer of securities or that may result in restrictions on voting rights.

Variation of rights

Subject to applicable statutes, rights attached to any class of shares may be varied with the written consent of the holders of at least 75% in nominal value of the issued shares of that class, or by a special resolution passed at a separate general meeting of the shareholders.

Rights and obligations attaching to shares

Subject to the provisions of the Companies Act 2006, any resolution passed by the Company under the Companies Act 2006 and other shareholder rights, shares may be issued with such rights and restrictions as the Company may by ordinary resolution decide, or (if there is no such resolution or so far as it does not make specific provision) as the Board (as defined in the Articles) may decide. Subject to the Articles, the Companies Act 2006 and other shareholder rights, unissued shares are at the disposal of the Board.

Powers for the Company issuing or buying back its own shares

The Company was authorised by shareholders, at the 2024 AGM, to purchase in the market up to 2,418,000 of the Company’s issued share capital, as permitted under the Company’s Articles. This standard authority is renewable annually; the Directors will seek to maintain the authority for 2,387,000 ordinary shares of 5p at this year’s AGM.

The Directors were granted authority at the 2024 AGM to allot relevant securities up to a nominal amount of £544,650. That authority will apply until the conclusion of this year’s AGM. At this year’s AGM shareholders will be asked to grant an authority to allot relevant securities up to a nominal amount of £544,650.

Purchase of own shares

Details of the Company’s share capital are shown in note 28 to the financial statements.

The Company was authorised at the 2024 AGM to purchase its own shares. During the financial year the Company issued no shares and held in treasury 589,895 ordinary shares with a nominal value of 5p (none of which were purchased off market) at the end of the financial year.

Interests in voting rights

Information provided to the Company pursuant to the Financial Conduct Authority’s (FCA) Disclosure and Transparency Rules (DTRs) is published on a Regulatory Information Service and on the Company’s website. Directors and their voting rights are listed further below in this report. As at 30 June 2025, the Company had been notified under DTR 5 of the following significant holdings of voting rights in its shares.

Registered holder	Type of investor	% of issued share capital
Premier Miton Group Plc	Institutional investor	10.58%
Otus Capital Management	Institutional investor	10.54%
M.I. Gurry	Private investor	8.26%
T.M.R Dean	Private investor	7.98%
C.A. Gurry	Director	7.94%
GPIM	Institutional investor	6.93%
Herald Investment Management	Institutional investor	6.77%
Shaaron LLC	Private investor	4.35%
Charles Stanley Investment Management	Institutional investor	4.29%
Liontrust Asset Management	Institutional investor	4.03%
Hargreaves Lansdown	Institutional investor	3.41%
Michael Bunker	Private investor	3.08%

Deadlines for exercising voting rights

Votes are exercisable at a general meeting of the Company in respect of which the business being voted upon is being heard. Votes may be exercised in person, by proxy, or in relation to corporate members or corporate representatives. The Articles provide a deadline for submission of proxy forms of not less than 48 hours before the time appointed for the holding of the meeting or adjourned meeting.

Significant agreements – change of control

There are no agreements to which the Company is party that take effect, alter or terminate upon a change of control of the Company following a takeover bid, other than Director share options.

Payment of payables

It is the Company’s policy to negotiate payment terms with its suppliers in all sectors and to ensure that they know the terms on which payment will take place when the business is agreed. It is our policy to abide by these terms. The Company is not a trading entity and as such has no trade payables outstanding at the end of the financial year; the Company’s practice in respect of the year with regard to its payment of creditors has been 30 days (2024: 30 days). The Group’s general policy is to pay all creditors in a period between 30 and 45 days.



Directors’ report continued

Directors and their interests

The Directors of the Company at 31 March 2025, all of whom have served throughout the year, together with their interests in the shares of the Company were:

	Ordinary shares of 5p each	
	31 March 2025	31 March 2024
Nigel Clark	41,160	24,600
Chris Gurry	1,263,458	1,263,458
Geoff Barnes	17,000	17,000
Jim Lindop	—	—
Nathan Zommer	692,010	592,010
Mark McCabe	—	—

The above interests in the ordinary share capital of the Company are beneficial. Details of the Directors’ interests in options granted over ordinary shares are disclosed in the Directors’ Remuneration Report. There have been no changes in the Directors’ interests in shares between 1 April 2025 and 30 June 2025. With the exception of Directors’ service contracts, there are no contracts of significance in which the Directors have an interest.

Third-party indemnity provision for Directors

The Company currently has in place and has done for the whole of the year ended 31 March 2025, Directors’ and officers’ liability insurance for the benefit of all Directors of the Company.

Annual General Meeting

The notice of the Annual General Meeting sets forth resolutions for the customary ordinary business resolutions 1 to 8 and special business comprising one ordinary resolution 9 and three special resolutions, 10, 11 and 12, relating to the following matters:

Special business ordinary resolution

- To renew the authority for the Company to allot relevant securities.

Special business special resolutions

- To disapply the pre-emption provisions of the Companies Act 2006.
- To disapply the pre-emption provisions of the Companies Act 2006 for the purposes of financing an acquisition or capital investment. The Prospectus Rules were amended in July 2017 whereby a Prospectus is not required for additional shares being issued as part of an acquisition where those shares are below 20% of the total equity holding less treasury shares. Accordingly, the numbers in this resolution are revised to provide for the additional flexibility afforded by this amendment.
- To renew the authority to the Company to make market purchases of its own shares.

Capital risk management

The Company only has one class of share, as detailed in note 28. Although no specific basis, such as the gearing ratio, is used to monitor the capital, the Group’s objectives when managing capital are to safeguard the Group’s ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Financial instruments

Further information regarding the financial risk management policies and objectives is provided in 23.

Internal control and risk management systems in relation to the process of preparing consolidated accounts

The Board has delegated to the Audit Committee the responsibility for monitoring the effectiveness of the systems of risk management and for overseeing the system of internal controls to ensure these are appropriate to the business environments in which the Company operates.

The elements of the internal control system are aimed at ensuring the accuracy and reliability of consolidated financial reporting and guarantee that business transactions are recognised in full and at the proper time in accordance with statutory regulations and CML Microsystems Plc’s Articles of Association. Furthermore, they ensure that inventory counts are carried out correctly and that assets and liabilities are accurately recognised, measured and disclosed in the consolidated financial statements. The systems also ensure that the accounting documents provide reliable, comprehensible information.

The controlling activities to ensure the accuracy and reliability of the accounting include analytical reviews as well as the execution and control of important and complex transactions by different people. The separation of administrative, executive, accounting and authorisation functions and their performance by different individuals (dual signatures) reduces the risk of fraud.

Internal guidelines also govern specific formal requirements made of the consolidated financial statements. Establishing the group of consolidated companies is defined in detail, as are the components of the reports to be drawn up by the Group companies and their transmission to the central consolidation system.

The formal requirements relate to the mandatory use of a standardised and complete set of reporting forms and a uniform account framework for the Group. The internal guidelines also include concrete instructions on presenting and carrying out netting procedures within the Group and confirming the resulting account balances.

At Group level the specific control activities to ensure the accuracy and reliability of consolidated financial reporting include the analysis and, if necessary, restatement of separate financial statements prepared by Group companies, taking into account the auditor’s report and meetings held to discuss them.

Statement as to disclosure of information to the auditor

The Directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware.

Each of the Directors have confirmed that they have taken all the steps that they believe they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Auditor

The Company undertook an external tender process in the year which BDO LLP took part. A resolution to appoint Cooper Parry Group Limited as auditor of the Company will be put to the members at the forthcoming Annual General Meeting. A resolution to appoint Cooper Parry Group Limited as auditor of the Company will be put to the members at the forthcoming Annual General Meeting. By order of the Board

Michelle Jones
Company Secretary

7 July 2025

Financial statements

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Statement of Directors’ responsibilities

in respect of the financial statements

The Directors are responsible for preparing the Annual 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 are required to prepare the Group and Company financial statements in accordance with UK adopted international accounting standards. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK adopted international accounting standards subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the 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 enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The Directors are responsible for ensuring the Annual Report and the financial statements are made available on a website. Financial statements are published on the Company’s website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company’s website is the responsibility of the Directors. The Directors’ responsibility also extends to the ongoing integrity of the financial statements contained therein.

Independent auditor’s report

to the members of CML Microsystems Plc

Opinion on the financial statements

We have audited the financial statements of CML Microsystems Plc (the ‘Company’) and its subsidiaries (the ‘Group’) for the year ended 31 March 2025, which comprise the Consolidated income statement, the Consolidated statement of total comprehensive income, the Consolidated statement of financial position, the Consolidated and Company cash flow statements, the Consolidated statement of changes in equity, the Company statement of financial position, the Company statement of changes in equity and the Notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- The financial statements give a true and fair view of the state of the Group’s and of the Company’s affairs as at 31 March 2025 and of the Group’s loss for the year then ended;
- The Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- The Company financial statements have been properly prepared in accordance with UK adopted international accounting standards as applied in accordance with the requirements of the provisions of the Companies Act 2006; and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

An overview of the scope of and approach to the audit

We adopted a risk-based audit approach. We gained a detailed understanding of the Group’s business, the environment it operates in and the risks it faces.

The key elements of our audit approach were as follows: In order to assess the risks identified, the engagement team performed an evaluation of the identified risks of the Group financial statements and considered the risk of material misstatement at the assertion level of the consolidated financial statements to determine the planned audit responses based on a measure of materiality.

The Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group’s system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

The Group operates through a number of legal entities, which form reporting components, consistent with those included in Note 19. CML Microsystems Plc, CML Microcircuits (UK) Limited, PRFI Limited, Wuxi Sicomm Technologies, Inc, and Microwave Technology, Inc. were subject to full scope audits. These represent 45% of revenue, 93% of total assets and 80% of loss before tax. The financial information of the remaining components was subject to specific audit procedures performed by the Group audit team over specific balances, focusing our audit approach on the applicable risks within each entity and the consideration of the risk of material misstatement of these risks for the group consolidated financial statements. These represent a further 55% of revenue, 7% of total assets and 10% of loss before tax. Component performance materiality was calculated for each of the components where audit procedures were performed on financial information that is disaggregated.

Our involvement with component auditors

For the work performed by component auditors, we determined the level of involvement needed in order to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole. Our involvement with component auditors included the following:

- Audit scoping and planning meetings with local component auditors held remotely;
- Provision of Group engagement instructions for year ending 31 December 2024, containing information on the significant risks at Group and component level, materiality calculations, summary of significant audit and accounting issues, specific procedures and communications required, considerations in respect of fraud and irregularities;
- Provision of agreed upon procedures for the period from 1 January 2025 to 31 March 2025 and as at 31 March 2025;
- Audit progress meetings with local component auditors;
- Review of Group reporting information provided;
- Remote review of local audit file and agreed upon procedures; and
- Audit completion meeting with local component auditors.



Independent auditor’s report continued
to the members of CML Microsystems Plc

An overview of the scope of and approach to the audit continued
Key audit matters

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

Key audit matter	Our response to the risk
Revenue recognition (see notes 1(b); 2 and 3) The Group’s revenue is generated from a number of different income streams, including: <ul style="list-style-type: none">Revenue relating to semi-conductor products; andRevenue relating to design and development. Given the material nature of revenue and the variety of methods through which it is generated (including performance obligations which are satisfied over a period of time or at a point of time), the appropriateness of revenue recognition and management’s application of the Group’s revenue recognition represents a key risk area in the financial statements.	We assessed the Group’s accounting policies for appropriateness and consistency with the financial reporting framework and in particular that revenue was recognised when performance obligations were fulfilled. We obtained an understanding of the processes through which the Group initiates, records, processes and reports revenue transactions. We performed walkthroughs of the processes as set out by management, to ensure controls appropriate to the size and nature of operations are designed and implemented correctly throughout the transaction cycle. We selected a sample of transactions from each revenue stream to confirm that revenue had been recognised in accordance with the accounting policies and performance obligations for the recognition had been met. These were vouched to invoices, delivery notes or evidence of services being provided and nominal ledger postings. We performed cut-off procedures to test transactions around the year end and verified a sample of revenue to originating documentation to provide evidence that transactions were recorded in the correct accounting period. We tested a sample of post year end credit notes to related invoices to verify that revenue has been recorded in the correct accounting period. We obtained a complete listing of journals posted to revenue nominal accounts and reviewed the listing for any unexpected entries. These were then tested to supporting evidence. Our procedures did not identify any material misstatements in the revenue recognised during the year.
Carrying value of goodwill (see Notes 6 and 14) The Group has significant goodwill held on the Consolidated Statement of financial position. Impairment losses of £1,531,000 have been recognised in the year in respect of goodwill. Management and the Board are required to perform an impairment review of these assets annually which would indicate whether the carrying value of an asset at 31 March 2025 is impaired. Management is required to include appropriate disclosure in the financial statements in relation to key estimates and judgements. Due to the materiality of these assets and the sensitivity of the inputs into the various impairment reviews, we considered this to be a key audit matter.	We evaluated management’s impairment assessments to determine whether there were any indicators of impairment. In doing so, we: <ul style="list-style-type: none">Assessed the integrity of the models by considering whether the methodology applied in the impairment testing was consistent with the requirements of accounting standards.Assessed the appropriateness of key inputs into the impairment reviews by agreeing to supporting documentation, and we considered discount rates, growth rates and long-term growth rates.Evaluated management’s sensitivity analyses by recomputing discount rates and performing our own sensitivity analysis.Reviewed and validated management’s calculations of impairment losses recognised in the year to corroborating evidence.Assessed the appropriateness of the disclosures included in the financial statements, in particular in respect of the sensitivities, with regards to the requirements of relevant accounting standards. We found management’s conclusion that goodwill and other intangible assets are not impaired at 31 March 2025 to be acceptable and the impact of sensitivities appropriately disclosed.

Key audit matter	Our response to the risk
Capitalisation and valuation of development costs (see Notes 1(d) and 16) The Group has significant amounts capitalised as development costs as it continues to develop its product portfolio. There is a risk over whether costs have been correctly capitalised in accordance with accounting standards and there is a degree of judgement involved in determining the appropriate point at which costs can be determined as development costs as opposed to research costs. Further to this, there is a risk that internally generated intangible assets useful economic lives are inappropriate. We considered this to be a key audit matter due to the volume of expenditure and judgement involved as noted above.	We reviewed management’s formal assessment of the accounting for development costs against the key criteria of IAS 38 Intangible Assets with specific focus on the capitalisation of internally generated intangible assets and we scrutinised the Group’s accounting policies regarding the capitalisation of development costs and the useful economic life over which they are amortised. We held discussions with financial and non-financial management to gain an understanding as to what products are being developed. We obtained an understanding of the internal costs that are being capitalised and assessed whether these are in compliance with IAS 38, specifically considering the percentage at which payroll costs are being capitalised and whether this percentage is appropriate based on their job role and actual work performed on a daily basis. We agreed a sample of employees whose payroll costs have been capitalised back to underlying employment contracts, checking that the job description is consistent with a systems or test engineer. We assessed the key assumption that a percentage of costs incurred by each cost centre should be capitalised by tracing a sample of these costs back to supporting documentation and checking that it was appropriate to capitalise these. We critically assessed the key assumption that the development costs should be amortised over a period of six years from when the product is available for use by reviewing management’s assessment of the useful economic life together with the revenue generation profile for a sample of products. Based on the procedures performed, we found management’s judgements and estimates used in the capitalisation of development costs to be appropriate and in line with the requirements of IAS 38.

Our application of materiality
We apply the concept of materiality both in planning and performing our audit and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.
In order to reduce to an appropriately low level of probability that any misstatements exceed materiality, we use a lower level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.
Overall materiality for the Group financial statements was set at £229,000. This has been determined with reference to the benchmark of Group revenue, which we consider to be an appropriate measure for such a Group. Overall materiality was set at the level of 1% of Group revenue. Performance materiality (£172,000) was determined as 75% of overall materiality.
The materiality for the Company financial statements as a whole was set at £206,000. This was determined with reference to the benchmark of the Company’s net assets which we consider to be an appropriate measure for a holding company with investments in subsidiaries. Materiality was capped at 90% of Group materiality. Performance materiality of £185,000 was determined as 75% of Company overall materiality.
For the purposes of our Group audit opinion, we set materiality for each significant component of the Group, based on a percentage of between 50% and 90% of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component performance materiality ranged from \$9,000 to £159,750. In the audit of each component, we further applied performance materiality levels of 75% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.
We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £12,000, in addition to other identified misstatements that warranted reporting on qualitative grounds.



Independent auditor’s report continued

to the members of CML Microsystems Plc

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors’ assessment of the entity’s ability to continue to adopt the going concern basis of accounting included:

- We reviewed the Directors’ cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements;
- We evaluated and challenged management on the key assumptions included in their forecast scenarios specifically in respect of revenue growth, gross profit margins and cash generation;
- We checked the mathematical accuracy of the forecasts and critically assessed the integrity of the models by analysing the assumptions and inputs and obtaining supporting documentation, along with confirming the consistency with Board approved forecasts;
- We evaluated sensitivity analyses in relation to the Group’s cash flow forecasts and considered the potential impact of various scenarios on the forecasts;
- We reviewed post year end performance up to the date of approval of the financial statements and assessed these against original budgets; and
- We considered the adequacy of the disclosures in the financial statements.

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

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

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor’s report thereon. The Directors are responsible for the other information included in the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

Strategic report and Directors’ report

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

- The information given in the Strategic report and the Directors’ report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors’ report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors’ report.

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

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- The Company financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of Directors’ remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors’ responsibilities set out on page 52, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Directors are responsible for assessing the Group’s and the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

Our assessment focused on key laws and regulations the Group and Company have to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Companies Act 2006, UK adopted international accounting standards, and relevant tax legislation.

We are not responsible for preventing irregularities. Our approach to detecting irregularities included, but was not limited to, the following:

- Obtaining an understanding of the legal and regulatory framework applicable to the Group and how the Group is complying with that framework;
- Obtaining an understanding of the Group’s policies and procedures and how the Group has complied with these, through discussions;
- Obtaining an understanding of the Group’s risk assessment process, including the risk of fraud;
- Designing our audit procedures to respond to our risk assessment; and
- Performing audit testing over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness with a focus on manual journals and those posted directly to the consolidation that increased revenue or that reclassified costs from the Statement of comprehensive income to the Statement of financial position, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias specifically those in relation to goodwill and development cost assets.

Whilst considering how our audit work addressed the detection of irregularities, we also consider the likelihood of detection based on our approach. Irregularities arising from fraud are inherently more difficult to detect than those arising from error.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

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

George Style (Senior Statutory Auditor)

For and on behalf of Cooper Parry Group Limited
Statutory Auditor

Davidson House
1st Floor
The Forbury
Reading
RG1 3EU
7 July 2025



Consolidated income statement

for the year ended 31 March 2025

	Notes	2025			2024		
		Before exceptional items £'000	Exceptional items £'000	Total £'000	Before exceptional items £'000	Exceptional items £'000	Total £'000
Revenue	3	22,899	—	22,899	22,893	—	22,893
Cost of sales	4	(7,010)	—	(7,010)	(6,683)	—	(6,683)
Gross profit		15,889	—	15,889	16,210	—	16,210
Distribution and administration costs	4	(15,138)	—	(15,138)	(14,226)	—	(14,226)
Share-based payments	29	(284)	—	(284)	(214)	—	(214)
		467	—	467	1,770	—	1,770
Other operating income	5	66	—	66	173	—	173
Impairment of goodwill and intangibles	6	—	(1,647)	(1,647)	—	—	—
Profit/(loss) from operations		533	(1,647)	(1,114)	1,943	—	1,943
Other income	5	31	—	31	62	—	62
Finance income	9	423	—	423	547	—	547
Finance expense	9	(106)	—	(106)	(37)	—	(37)
Profit/(loss) before taxation		881	(1,647)	(766)	2,515	—	2,515
Income tax credit/(charge)	10	715	33	748	(455)	—	(455)
Profit/(loss) 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	12	9.95p	13.00p
Diluted earnings per share	12	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	12	(0.11)p	13.00p
Diluted earnings per share	12	(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 13.

	Notes	2025	2024
Adjusted EBITDA	13	5,218	5,703

The notes on pages 66 to 97 form part of these financial statements.

Consolidated statement of total comprehensive income

for the year ended 31 March 2025

Notes	2025 £'000	2025 £'000	2024 £'000	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	27	803	(361)	
Deferred tax on actuarial (loss)/gain	26	(201)	90	
Items reclassified subsequently to profit or loss upon derecognition:				
Foreign exchange differences		(501)	(1,153)	
Other comprehensive income/(expense) 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

The notes on pages 66 to 97 form part of these financial statements.



Consolidated statement of financial position

as at 31 March 2025

	Notes	2025 £'000	2025 £'000	2024 £'000	2024 £'000
Assets					
Non-current assets					
Goodwill	14		12,625		14,449
Other intangible assets	15		2,702		3,350
Development costs	16		16,944		15,150
Property, plant and equipment	17		5,685		5,655
Right-of-use assets	17		2,115		813
Deferred tax assets	26		1,569		788
			41,640		40,205
Current assets					
Property, plant and equipment – held for sale	17	1,124		1,124	
Investment properties – held for sale	18	1,975		1,975	
Inventories	20	5,663		3,672	
Trade receivables and prepayments	21	2,867		3,734	
Current tax assets	25	—		190	
Cash and cash equivalents	22	7,782		11,262	
Short-term cash deposits	22	2,136		6,951	
			21,547		28,908
Total assets			63,187		69,113
Liabilities					
Current liabilities					
Trade and other payables	24		4,833		7,528
Provisions	24		196		208
Lease liabilities	24		395		219
Current tax liabilities	25		47		16
			5,471		7,971
Non-current liabilities					
Deferred tax liabilities	26	5,324		5,224	
Trade and other payables	24	447		2,509	
Lease liabilities	24	1,863		637	
Retirement benefit obligation	27	1,076		1,696	
			8,710		10,066
Total liabilities			14,181		18,037
Net assets			49,006		51,076

	Notes	2025 £'000	2025 £'000	2024 £'000	2024 £'000
Capital and reserves attributable to equity owners of the parent					
Share capital	28		825		825
Share premium	29		2,258		2,327
Capital redemption reserve	29		8,372		8,372
Other reserve	29		2,929		3,073
Treasury shares – own share reserve	29		(2,175)		(1,822)
Share-based payments reserve	29		917		666
Foreign exchange reserve	29		(612)		(111)
Retained earnings	29		36,492		37,746
Total shareholders' equity			49,006		51,076

The financial statements on pages 58 to 97 were approved and authorised for issue by the Board on 7 July 2025, and signed on its behalf by:

Chris Gurry
Director

Nigel Clark
Director

Registered in England and Wales: 00944010



Consolidated and Company cash flow statements

for the year ended 31 March 2025

		Group		Company	
	Notes	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Operating activities					
(Loss)/profit for the year before taxation		(766)	2,515	(1,188)	509
Adjustments for:					
Foreign exchange movement		(48)	(140)	—	—
Depreciation – on property, plant and equipment		563	520	86	88
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	—	—	—
Impairment of investment in subsidiary		—	—	1,941	—
Amortisation of other intangible assets		506	368	34	29
Loss on disposal of fixed assets		—	5	—	—
Movement in non-cash items (retirement benefit obligation)		183	131	183	131
Share-based payments		284	214	284	214
Finance income		(423)	(547)	(382)	(506)
Finance expense		106	37	—	—
Movement in working capital	32	(2,201)	(1,966)	(44)	(322)
Cash flows from operating activities		3,152	3,733	914	143
Income tax (paid)/received		(60)	1,311	—	—
Net cash inflow from operating activities		3,092	5,044	914	143
Investing activities					
Purchase of property, plant and equipment		(595)	(1,524)	(26)	(1,081)
Investment in development costs		(4,217)	(3,541)	—	—
Repayment/(investment) of fixed term deposits (net)		4,815	(5,733)	5,000	(5,000)
Acquisition of subsidiary (net of cash acquired)		(3,786)	(565)	(3,786)	(1,581)
(Investment)/repayment of intercompany group loan		—	—	(3,430)	750
Investment in intangibles		(32)	(32)	(32)	(32)
Finance income		423	547	382	506
Net cash outflow from investing activities		(3,392)	(10,848)	(1,892)	(6,438)
Financing activities					
Lease liability repayments		(884)	(502)	—	—
Issue of ordinary shares (net of expenses)		475	117	475	117
Purchase of own shares for treasury		(897)	(1,750)	(897)	(1,750)
Dividends paid to shareholders		(1,765)	(1,739)	(1,765)	(1,739)
Finance expense		(20)	(4)	—	—
Net cash outflow from financing activities		(3,091)	(3,878)	(2,187)	(3,372)
Decrease in cash and cash equivalents		(3,391)	(9,682)	(3,165)	(9,667)
Movement in cash and cash equivalents:					
At start of year		11,262	21,041	8,093	17,762
Decrease in cash and cash equivalents		(3,391)	(9,682)	(3,165)	(9,667)
Effects of exchange rate changes		(89)	(97)	(29)	(2)
At end of year	32	7,782	11,262	4,899	8,093

Cash flows presented exclude sales taxes. Further cash-related disclosure details are provided in notes 22, 23 and 32.

Changes in liabilities arising from financing activities relate to lease liabilities only. The movement during the year in lease liabilities is set out in note 24 and the only movement in respect of borrowings is a cash flow movement as shown above.

The notes on pages 66 to 97 form part of these financial statements.

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 reserve £'000	Retained earnings £'000	Total £'000
At 31 March 2023	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	—	—	—	—	—	—	(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	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	—	—	—	—	—	—	(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	825	2,258	8,372	2,929	(2,175)	917	(612)	36,492	49,006

There is considered to be no significant tax effect of foreign exchange differences in the above Consolidated Statement of Changes in Equity. The notes on pages 66 to 97 form part of these financial statements.



Company statement of financial position

as at 31 March 2025

	Notes	2025 £'000	2025 £'000	2024 £'000	2024 £'000
Assets					
Non-current assets					
Intangible assets	15		321		323
Property, plant and equipment	17		3,917		3,977
Investments in subsidiary undertakings	19		19,227		21,168
Deferred tax assets	26		270		468
			23,735		25,936
Current assets					
Property, plant and equipment – held for sale	17	1,124		1,124	
Investment properties – held for sale	18	1,975		1,975	
Trade receivables and prepayments	21	4,979		1,574	
Cash and cash equivalents	22	4,899		8,093	
Short-term cash deposits	22	—		5,000	
			12,977		17,766
Total assets			36,712		43,702
Liabilities					
Current liabilities					
Trade and other payables	24		2,571		4,213
			2,571		4,213
Non-current liabilities					
Trade and other payables	24		447		2,509
Deferred tax liabilities	26		996		940
Retirement benefit obligation	27		1,076		1,696
			2,519		5,145
Total liabilities			5,090		9,358
Net assets			31,622		34,344
Equity					
Share capital	28		825		825
Share premium	29		2,258		2,327
Capital redemption reserve	29		8,372		8,372
Other reserve	29		2,929		3,073
Treasury shares – own share reserve	29		(2,175)		(1,822)
Share-based payments reserve	29		917		666
Merger reserve	29		316		316
Retained earnings	29		18,180		20,587
Total shareholders' equity			31,622		34,344

The parent company loss for the financial year attributed in the financial statements of the parent company was £1,171,000 (2024: profit £450,000).

The financial statements on pages 58 to 97 were approved and authorised for issue by the Board on 7 July 2025 and signed on its behalf by:

Chris Gurry **Nigel Clark**
Director Director

Registered in England and Wales: 000944010

Company 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	Merger reserve £'000	Retained earnings £'000	Total £'000
At 31 March 2023	796	2,462	8,372	—	(324)	488	316	22,369	34,479
Profit for year								450	450
Other comprehensive income									
Re-measurement of defined benefit obligations								(361)	(361)
Deferred tax on actuarial gain								90	90
Total comprehensive income for year	—	—	—	—	—	—	—	179	179
	796	2,462	8,372	—	(324)	488	316	22,548	34,658
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	825	2,327	8,372	3,073	(1,822)	666	316	20,587	34,344
Loss for the year								(1,171)	(1,171)
Other comprehensive income									
Re-measurement of defined benefit obligations								803	803
Deferred tax on actuarial gain								(201)	(201)
Total comprehensive income for year	—	—	—	—	—	—	—	(569)	(569)
	825	2,327	8,372	3,073	(1,822)	666	316	20,018	33,775
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	825	2,258	8,372	2,929	(2,175)	917	316	18,180	31,622

The notes on pages 66 to 97 form part of these financial statements.



Notes to the financial statements

for the year ended 31 March 2025

1 Accounting policies

These financial statements only disclose items that are material and if a disclosure hasn't been made then, in our view, it is not material. The Group and Company 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. The financial statements have been prepared under the historical cost convention with the exception of investment properties that are carried at valuation. The financial statements have been prepared on a going concern basis as the Directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. The Group's presentational currency is Sterling and the Company's functional currency is Sterling, and figures are rounded to the nearest thousand pounds.

Going concern

The Group's business activities, performance, position and risks are set out in this Annual Report and Accounts. The financial position of the Group, its cash flows, liquidity position, borrowing facilities and the use of financial instruments and policies relating thereto are detailed in the notes to the financial statements. The report also includes details of the Group's risk mitigation and management.

a) Basis of consolidation

These financial statements incorporate the financial statements of the Company and its subsidiary undertakings using the acquisition method of accounting. The results of acquired subsidiary undertakings are included from the date of acquisition. No income statement is presented for CML Microsystems Plc as provided by Section 408 of the Companies Act 2006. A subsidiary is defined as a company over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Dormant subsidiaries are not included in the consolidated financial statements on the basis that they are not material to the Group.

b) Revenue

IFRS 15 establishes principles for determining when and how revenue arising from contracts with customers should be recognised. The Group recognises revenues from semiconductor products at the point of satisfaction of its performance obligation and at a determined transaction price. The Group reviews all income streams against the requirements of IFRS 15. An assessment of all contracts and revenue streams is undertaken across the Group using the five-step approach specified by IFRS 15:

1. identify the contract(s) with the customer;
2. identify the performance obligations in the contract;
3. determine the transaction price;
4. allocate the transaction price to the performance obligation in the contract; and
5. recognise revenue when (or as) a performance obligation is satisfied.

In determining the appropriate method of recognising revenue, the Group is required to make judgements as to whether performance obligations are satisfied over a period of time or at a point in time. For performance obligations that are satisfied over a period of time, judgements are made on the basis of contract completion. If performance obligations are not satisfied over time, the Group recognises revenue at a point in time.

Revenue is measured at the fair value of the consideration receivable excluding discounts, rebates, Value Added Tax and other sale taxes or duties. The Group has a sales and returns agreement with a small number of distributors. Estimated returns from distributors have been recognised as revenue. Other income such as interest earned and property income is recognised as earned.

Revenue relating to semiconductor products

Revenues are recognised when goods have been despatched to the customer and it is probable that the Group will collect the consideration. Product sales meet the definition of a distinct service whereby the associated revenue is to be recognised at a point in time, evidenced by the despatch of the products to the customer, ie. when control passes to the customer. Pricing is fixed and determinable pursuant to agreeing upon pricing lists that establish stand-alone selling prices.

Revenue relating to design and development

Revenue is recognised over the period of the contract on the basis of percentage of contract completion which determines the point of satisfaction of its performance obligation and at a determined transaction price at a point in time.

c) Intangibles

Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill was recognised for the Sicomm acquisition in August 2016 and Microwave Technology Inc acquired in October 2023. During the year the Group restructured its engineering resources which led to the goodwill of PRFI Ltd acquired in March 2020 to be impaired to Nil. Goodwill is reviewed annually for impairment by comparing its carrying value to the value-in-use of the cash generating unit; any resultant impairment being charged through the Consolidated Income Statement.

Other intangibles

Externally acquired intangible assets have been recognised in accordance with the provisions of IFRS 3 Business Combinations in relation to the acquisition of Sicomm and Microwave Technology Inc. The other intangibles were deemed to be:

Brands

A brand is defined as a way of how our customers identify our business.

Customer relationships

Customer relationships are defined by the methods the Company uses to engage with its customers and improve the customer experience.

Intellectual property

Intellectual property relates to the intangible assets created such as information, ideas, designs and automated processes. These acquired intangibles have been amortised in accordance with the following:

- **brands** – ten years from date of acquisition;
- **customer relationships** – six to 13 years from date of acquisition; and
- **intellectual property** – ten years from date of acquisition.

The amortised useful life was determined by:

- **brands** – based upon the asset's relative importance to the business and consistent with the range of life expectancy identified in the process and previous transactions;
- **customer relationships** – based upon the remaining life of customer relationships expected to match the product's life cycle which commonly lasts between six to 13 years; and
- **intellectual property** – based upon historical data that technology is intended to be used for ten years from acquisition.

During the year the Group restructured its engineering resources which lead to the other intangibles of PRFI Ltd to be impaired to Nil.

d) Research and development

Development expenditures that satisfy the recognition criteria as set out in IAS 38 Intangible Assets are shown at historical cost less accumulated amortisation since they have a finite useful life. In determining the period over which the carrying value of the intangible fixed assets are amortised, the Group is required to consider the likely period over which the developed products are likely to generate economic benefits. Amortisation is calculated in line with economic benefit commencing when the product is in use. From the date amortisation commences, the straight-line method is applied to the cost of the development over a period of six years, representing the period over which economic benefit is derived from developed products, and is charged to administration costs in the income statement. Development costs are written off once they become fully amortised. Research and other development expenditures that fall outside the scope of IAS 38 are charged to the income statement when incurred. An internally generated intangible asset arising from the Group's business development is recognised only if all of the following conditions are met:

- an asset is created that can be identified;
- it is probable that the asset created will generate future economic benefits;
- the development cost of an asset can be measured reliably;
- the product or process is technically and commercially feasible; and
- sufficient resources are available to complete the development and to either sell or use the asset.



Notes to the financial statements continued
for the year ended 31 March 2025

1 Accounting policies continued
e) Property, plant and equipment and investment property

All property, plant and equipment, other than investment properties, are stated at historical cost. Depreciation is provided on all property, plant and equipment other than freehold land and investment properties at rates calculated to write each asset down to its estimated residual value over its expected useful life, as follows:

• freehold and long leasehold premises	2% straight line
• short leasehold improvements	period of the lease
• plant and equipment	16.67% straight line and 25% straight line
• plant	4% straight line
• motor vehicles	25% straight line

Investment properties are stated at their fair values and are revalued annually by the Directors and every third year by an independent chartered surveyor on an open market basis, this is not required if investment properties are held for sale as they are valued at an open market basis. No depreciation is provided on freehold investment properties or on leasehold investment properties. In accordance with IAS 40 Investment Properties, gains and losses arising on revaluation of investment properties are shown in the income statement.

f) Employee benefits – share-based payments

Share options which are equity settled are valued using the Black-Scholes model. The fair value at the date of the grant is charged to the income statement over the vesting period of the share-based payment scheme. The value of the charge is adjusted to reflect expected and actual levels of options vesting.

Cancelled or settled options are accounted for as an acceleration of vesting. The unrecognised grant date fair value is recognised in the profit or loss in the year that the options are cancelled or settled.

g) Critical accounting judgements and key sources of estimation uncertainty

The preparation of consolidated financial statements under IFRS requires the Group to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual result. The amortisation period of development costs, the assumptions made (for example mortality, inflation and discount rates) for the UK defined benefit pension scheme and the impairment of goodwill are considered to be critical accounting estimates and judgements; details of which are referred to in this accounting policies note, sections c, d and h. Deferred tax assets are only recognised when there is a reasonable expectation of recovery.

Critical accounting judgements

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the Directors have made in the process of applying the Group’s accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Research and development – capitalisation of development costs

Distinguishing whether development expenditure satisfies the recognition requirements for the capitalisation of development costs requires the exercise of judgement.

In satisfying the recognition requirements for development costs a number of judgement factors include future demand and the resource necessary to finalise the development roadmap over the next few years. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems at the time of recognition. Judgements are based on the information available at each balance sheet date. All internal activities relating to research and development are continuously monitored by the Group.

Research and development – amortisation and impairment

The Group exercises judgement concerning the future in assessing the carrying amounts of capitalised development costs. The criteria IAS 38 has been applied in considering the future economic benefit as a result of investment.

The annual impairment review resulted in the carrying costs of the development expenditure needing an impairment of £Nil for the year (2024: £Nil). The impairment is based upon an updated judgement that a product previously deemed viable is now unlikely to be released. The product remains as part of the Group’s development, with final viability of the product expected to be confirmed within the next twelve months. Should the outcome be successful and the updated assessment be that the product is viable, the impairment would be reversed.

Key sources of estimation uncertainty
Impairment of goodwill

An annual review is carried out (as set out in note 14) as to whether the current carrying value of goodwill is impaired. Detailed calculations are performed based on (i) discounting expected pre-tax cash flows of the relevant cash generating units and discounting these at an appropriate discount rate; and/or (ii) the comparison of carrying value to the fair value less cost of disposal of the cash generating unit; the determination of these factors requires the exercise of judgement.

UK defined benefit pension scheme

Actuarial assumptions are made in valuing future benefit pension obligations (as set out in note 27). The principal significant assumptions relate to the rate of inflation, the discount rate and life expectancy of members. Estimates are used for these factors in determining the pension costs and liabilities in the financial statements.

Overhead absorption

Estimates are made of the level of overhead absorbed against inventory at the year-end date. The Group has an overhead absorption rate which is applied consistently throughout the year; due to the nature of trends and customer requirements there is an estimate in determining the cost in the financial statements.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of probabilities that future taxable incomes in jurisdictions will be available against which the deductible temporary differences and tax loss carry-forwards can be utilised in the future.

h) Impairment of property, plant and equipment (including right-of-use assets), development costs and intangible assets other than goodwill

At each year end, the Group reviews the carrying amounts of its non-current assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If such indications exist, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that an asset may be impaired. The recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease until the associated revaluation reserve is extinguished.

i) Acquisitions

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of acquisition is measured at the aggregate of the fair values, at the date of change of control, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs relating to the issue of debt or equity securities. Any costs directly attributable to the business combination are expensed to the Consolidated Income Statement. The acquiree’s identifiable assets, liabilities and contingent liabilities are recognised at their fair value at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group’s interest in the net fair value of the acquiree’s identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

j) Adoption of International Accounting Standards

No new standards and interpretations have had or are expected to have a material impact on our financial statements.



Notes to the financial statements continued

for the year ended 31 March 2025

2 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 (Chris Gurry). 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				
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				
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

There was no revenue contribution from any one customer providing a contribution of approximately 10% or more (2024: one customer provided a contribution of approximately 10%).

3 Revenue

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

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

In accordance with IFRS 15, within the Group’s one operating segment there is revenue of £22,899,000 (2024: £22,893,000) made up of revenue from semiconductor products of £22,537,000 (2024: £21,891,000) and revenue from design and development services of £362,000 (2024: £1,002,000), as detailed in the Group’s revenue recognition policy (see note 1b).

The Group does not have any contract assets as at 31 March 2025 (2024: £Nil) from semiconductors as it does not fulfil any of its performance obligations in advance of invoicing to its customers. The Group has contract assets of £25,000 as at 31 March 2025 (2024: £76,000) from design and development. The Group, however, does have contractual balances in the form of trade receivables. See note 21 for disclosure of this. The Group does not have any contractual liabilities as at 31 March 2025 (2024: £Nil) from semiconductors as all performance obligations are performed in advance. The Group has contract liabilities of £Nil as at 31 March 2025 (2024: £Nil) from design and development.

The Group expects that all contractual costs capitalised or any outstanding performance obligations will be completed within the next twelve months.

4 Profit from continuing operations

	2025		2024	
	£'000	£'000	£'000	£'000
Profit from operations is stated after charging or crediting:				
Cost of sales:				
Depreciation	212		173	
Amount of inventories written down	5		38	
Distribution and administration costs:				
Administration costs:				
Amortisation of development costs	2,402		2,110	
Research and development expensed	1,285		961	
Amortisation of acquired and purchased intangibles	754		368	
Depreciation – owned assets	351		347	
Depreciation – right-of-use assets	899		486	
Foreign exchange (gain)/losses	(123)		127	
Auditor’s fees (see below)	129		210	

Amounts payable to Cooper Parry Group Limited, in respect of both audit and non-audit services, prior year figures relate to the auditor of the 2024 financial statements:

	2025 £'000	2024 £'000
Audit services:		
Statutory audit of the Company’s annual accounts and Group consolidation	70	134
Other services:		
The auditing of accounts of associates of the Company pursuant to legislation (including that of countries and territories outside the UK)		
This includes:		
Audit of subsidiaries	59	76
	129	210



Notes to the financial statements continued

for the year ended 31 March 2025

5 Other operating income and other income

	2025 £'000	2024 £'000
Other operating income		
Other operating income	66	173
Total other operating income	66	173
Other income		
Government grants	3	2
Other income	28	60
Total other income	31	62

All conditions relating to the government grants have been fulfilled and there are no other contingencies.

6 Impairment of goodwill and intangibles

	2025 £'000	2024 £'000
Impairment of goodwill	1,531	—
Impairment of intangible assets	116	—
Total other losses	1,647	—

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

7 Employees

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Staff costs, including Directors, during the year amounted to:				
Wages and salaries	8,934	8,216	740	913
Social security costs	988	943	94	122
Other pension and health care costs	1,798	1,548	87	85
Share-based payments	284	214	284	214
	12,004	10,921	1,205	1,334

	Group		Company	
	2025 Number	2024 Number	2025 Number	2024 Number
The average number of employees, including Directors, during the year was:				
Administration	31	29	7	7
Engineering	66	62	—	—
Manufacturing	45	39	—	—
Selling	22	21	—	—
	164	151	7	7

8 Directors' emoluments

	2025 £'000	2024 £'000
Remuneration (including fees)	666	635
Emoluments in respect of the highest paid Director amounted to:		
Remuneration	282	324

Further details on Directors' emoluments, including contributions to pension, can be found in the Directors' Remuneration Report on pages 40 to 45.

9 Finance income and expense

	2025 £'000	2024 £'000
Bank interest receivable	423	547

Finance expense

	2025 £'000	2024 £'000
Lease liability interest	86	33
Other interest payable	20	4
	106	37

10 Income tax (credit)/expense

a) Analysis of tax expense in period

	2025 £'000	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
Tax (credit)/expense on profit on ordinary activities (note 10b)	(748)	455

b) Factors affecting tax expense for the period

Tax assessed for the period is lower than the standard rate of corporation tax in the UK of 25% (2024: 25%). The differences are explained below:

	2025 £'000	2024 £'000
(Loss)/profit before tax	(766)	2,515
(Loss)/profit before tax multiplied by the standard rate of UK corporation tax of 25% (2024: 25%)	(192)	629
Effects of:		
Expenses not deductible for tax purposes	24	89
Share-based payments – tax effect	2	(19)
Research and development tax credits	(764)	(397)
Different tax rates in countries in which the Group operates	6	4
Adjustments to current tax charge in respect of previous years	(21)	102
Adjustments to deferred tax charge in respect of previous years	(66)	22
Non-taxable income and other	263	25
Tax (credit)/expense for period (note 10a)	(748)	455

A deferred tax charge of £201,000 was recognised on an actuarial gain of £803,000 on a retirement benefit net obligation being recognised in the year in the Consolidated Statement of Total Comprehensive Income (2024: deferred tax credit of £90,000 on an actuarial loss of £803,000 on a retirement benefit net obligation). Deferred tax assets have only been recognised on partial losses to the extent that these losses utilised are deemed recoverable.



Notes to the financial statements continued
for the year ended 31 March 2025

11 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 (2024: total of 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: 16 August 2024 to shareholders registered on 2 August 2024).

12 Earnings per ordinary share

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

	2025			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.

	2025			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. During the year, staff exercised 30,500 staff share options under the terms of the staff share option schemes at a weighted average price of 316.9p per 5p share.

13 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

14 Goodwill

	2025 £'000	2024 £'000
Cost and net book value		
At 1 April	14,449	7,429
Acquired	—	7,689
Impairment of goodwill	(1,531)	—
Foreign exchange difference	(293)	(669)
At 31 March	12,625	14,449

The goodwill relates to (i) Sicomm group of companies \$5,354,000 which is held in RMB and (ii) Microwave Technologies Inc \$7,271,000 which is held in USD, upon Group consolidation this is therefore subject to foreign exchange between periods. During the year the Group restructured its engineering resources which lead to the goodwill relating to the acquisition of PRFI Ltd in March 2020 to be impaired to £Nil.

Annual impairment testing

Goodwill is not amortised under IFRS but instead tested annually for impairment. An annual impairment review is carried out in accordance with the accounting policies set out in note 1, namely: the Group reviews the carrying amounts of its goodwill to determine whether there is any indication that those assets have suffered an impairment loss. The recoverable amount of the asset is estimated in order to determine the extent of any impairment loss.

Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. The recoverable amount is the higher of fair value less costs to sell and value-in-use. Goodwill and other intangibles are allocated to cash generating units, which represent the appropriate level that those cash generating units are monitored for internal management purposes. In assessing value-in-use, the estimated future cash flows are discounted to their present value utilising a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset, in addition to the basis of the weighted average cost of capital for the Group.

Projections are based on budgets for year one and cash flow projections for the following four years’ extrapolations using growth rates and terminal cash flows considered to be in line with the economic environment in which the cash generating unit operates, past and current local management experience. In accordance with IAS 36 Impairment of Assets, growth rates do not exceed the long-term average growth rates for the industry in that jurisdiction. If the recoverable amount of the cash generating unit is estimated to be less than its carrying amount, the carrying amount of the cash generating unit is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease until the associated revaluation reserve is extinguished.



Notes to the financial statements continued

for the year ended 31 March 2025

14 Goodwill continued

Evaluation of Sicomm and Microwave Technology goodwill

The recoverable amount of Sicomm and Microwave Technology related goodwill is determined using the value-in-use methodologies. For Sicomm related goodwill, the pre-tax discount rate used was 12.88% and growth rates vary from 2% to 2.8% over a five-year prospective period and a terminal growth rate of 2% (2024: pre-tax discount rate used was 15.76% and growth rates from 2% to 3%) and for Microwave Technology related goodwill, the pre-tax discount rate used was 11.69% and growth rates ranging between -38% to 43% over a five-year prospective period and a terminal growth rate of 2% (2024: acquired on 2 October 2023). The FY26 growth rate of -38% for Microwave Technology Inc reflects the impact of non-recurring revenue in FY25 not being replaced in full in FY26. In the medium term, the revenue growth rate assumption of up to 43% reflects the Board’s expectation of future growth, based on the strength of the Group’s new opportunity pipeline.

Sensitivity analysis

For the value-in-use methodology in respect of the Sicomm impairment review, the key assumptions are growth rates and discount rate. Long-term growth would have to average -1.73% (2024: 1.6%) or pre-tax discount rates increase to 17.07% (2024: 16.55%) for the carrying value to be impacted by any impairment. Sensitivity analysis of these key assumptions is built into our annual impairment testing modelling.

In respect of the Microwave Technology impairment review, the key assumptions are growth rates and discount rate. Growth rates in years 2-5 would have to fall by 100 basis points or the terminal growth rate would have to fall by 100 basis or pre-tax discount rates increase to 12.41% for the carrying value to be impacted by any impairment. Sensitivity analysis of these key assumptions is built into our annual impairment testing modelling.

15 Other intangibles

Group	Intangible assets acquired in business combinations			Intangible assets capitalised/purchased		Total £'000
	Brands £'000	Customer relationships £'000	Intellectual property £'000	Intellectual property £'000	Software £'000	
Cost						
At 1 April 2023	137	996	594	138	366	2,231
Acquired assets	631	1,349	849	—	—	2,829
Additions	—	—	—	—	32	32
Foreign exchange difference	(28)	(112)	(58)	(10)	—	(208)
At 31 March 2024	740	2,233	1,385	128	398	4,884
Additions	—	—	—	—	32	32
Impairment	(37)	(25)	(175)	—	—	(237)
Foreign exchange difference	(15)	(50)	(27)	(3)	—	(95)
At 31 March 2025	688	2,158	1,183	125	430	4,584
Amortisation						
At 1 April 2023	78	732	333	58	46	1,247
Charge for the year	44	156	126	13	29	368
Foreign exchange difference	(5)	(51)	(20)	(5)	—	(81)
At 31 March 2024	117	837	439	66	75	1,534
Charge for the year	72	202	186	12	34	506
Impairment	(18)	(20)	(83)	—	—	(121)
Foreign exchange difference	(2)	(22)	(12)	(1)	—	(37)
At 31 March 2025	169	997	530	77	109	1,882
Net book value						
At 31 March 2025	519	1,161	653	48	321	2,702
At 31 March 2024	623	1,396	946	62	323	3,350

The intangible assets acquired above were recognised on the acquisition of Sicomm and Microwave Technology Inc in accordance with the provisions of IFRS 3 Business Combinations.

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

Company	Software £'000	Total £'000
Cost		
At 1 April 2023	366	366
Additions	32	32
At 31 March 2024	398	398
Additions	32	32
At 31 March 2025	430	430
Amortisation		
At 1 April 2023	46	46
Charge for the year	29	29
At 31 March 2024	75	75
Charge for the year	34	34
At 31 March 2025	109	109
Net book value		
At 31 March 2025	321	321
At 31 March 2024	323	323

The Group is progressively implementing an Enterprise Resource Planning system for use by all companies in the Group across business functions.

16 Development costs

Group	£'000
Cost	
At 1 April 2023	30,479
Additions	3,541
Fully amortised costs	(1,396)
Foreign exchange difference	(125)
At 31 March 2024	32,499
Additions	4,217
Fully amortised costs	(1,807)
Foreign exchange difference	(46)
At 31 March 2025	34,863
Amortisation	
At 1 April 2023	16,678
Charge for the year	2,110
Fully amortised costs	(1,396)
Foreign exchange difference	(43)
At 31 March 2024	17,349
Charge for the year	2,402
Fully amortised costs	(1,807)
Foreign exchange difference	(25)
At 31 March 2025	17,919
Net book value	
At 31 March 2025	16,944
At 31 March 2024	15,150

The Company did not have any development costs in either financial year.



Notes to the financial statements continued
for the year ended 31 March 2025

17 Property, plant and equipment

Group	Freehold and long leasehold premises £'000	Short leasehold improvements £'000	Plant and equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 April 2023	5,288	16	7,369	101	12,774
Acquired assets	—	—	42	—	42
Additions	1,081	—	385	58	1,524
Disposals	—	—	(47)	—	(47)
Reclassification to held for sale	(639)	—	—	—	(639)
Foreign exchange difference	—	—	(25)	(2)	(27)
At 31 March 2024	5,730	16	7,724	157	13,627
Additions	26	—	569	—	595
Foreign exchange difference	—	—	(20)	(1)	(21)
At 31 March 2025	5,756	16	8,273	156	14,201
Depreciation					
At 1 April 2023	1,807	16	5,635	67	7,525
Charge for the year	81	—	410	29	520
Disposals	—	—	(42)	—	(42)
Foreign exchange difference	—	—	(30)	(1)	(31)
At 31 March 2024	1,888	16	5,973	95	7,972
Charge for the year	79	—	454	30	563
Foreign exchange difference	—	—	(18)	(1)	(19)
At 31 March 2025	1,967	16	6,409	124	8,516
Net book value					
At 31 March 2025	3,789	—	1,864	32	5,685
At 31 March 2024	3,842	—	1,751	62	5,655
Additions to plant and machinery includes £Nil (2024: £Nil) of assets under construction, which were not operational at year end.					
Company		Freehold and long leasehold premises £'000	Plant £'000	Total £'000	
Cost					
At 1 April 2023		5,288	149	5,437	
Additions		1,081	—	1,081	
Reclassification to held for sale		(639)	—	(639)	
At 31 March 2024		5,730	149	5,879	
Additions		26	—	26	
At 31 March 2025		5,756	149	5,905	
Depreciation					
At 1 April 2023		1,807	7	1,814	
Charge for the year		81	7	88	
At 31 March 2024		1,888	14	1,902	
Charge for the year		79	7	86	
At 31 March 2025		1,967	21	1,988	
Net book value					
At 31 March 2025		3,789	128	3,917	
At 31 March 2024		3,842	135	3,977	

Property, plant and equipment – held for sale

Group and Company	Freehold and long leasehold premises £'000	Total £'000		
Cost				
At 1 April 2023	485	485		
Reclassification to held for sale	639	639		
At 31 March 2024	1,124	1,124		
At 31 March 2025	1,124	1,124		
Net book value				
At 31 March 2025	1,124	1,124		
At 31 March 2024	1,124	1,124		
The freehold and long leasehold premises were reclassified as held for sale and are being activity marketed for sale and it is expected that sales will complete within the next twelve months.				
Right-of-use assets				
Group	Property £'000	Office equipment £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 April 2023	1,112	40	65	1,217
Additions on acquisition	44	—	—	44
Disposals	(40)	—	(29)	(69)
Additions	273	—	—	273
Foreign exchange difference	(11)	—	—	(11)
At 31 March 2024	1,378	40	36	1,454
Additions on lease valuation	—	1	—	1
Additions	2,183	—	—	2,183
Disposals	(747)	—	—	(747)
Foreign exchange difference	(14)	—	—	(14)
At 31 March 2025	2,800	41	36	2,877
Depreciation				
At 1 April 2023	153	13	29	195
Charge for the year	464	8	14	486
Disposals	(5)	—	(29)	(34)
Foreign exchange difference	(6)	—	—	(6)
At 31 March 2024	606	21	14	641
Charge for the year	879	8	12	899
Disposals	(747)	(23)	—	(770)
Foreign exchange difference	(8)	—	—	(8)
At 31 March 2025	730	6	26	762
Net book value				
At 31 March 2025	2,070	35	10	2,115
At 31 March 2024	772	19	22	813
The Company did not have any right-of-use assets in either financial year.				



Notes to the financial statements continued

for the year ended 31 March 2025

18 Investment properties – held for sale

Group and Company	Investment properties £'000	Total £'000
Valuation		
At 1 April 2024	1,975	1,975
At 31 March 2025	1,975	1,975
Net book value		
At 31 March 2025	1,975	1,975
At 31 March 2024	1,975	1,975

Investment properties are measured at current market valuation. No depreciation is provided on freehold investment properties or on long leasehold investment properties. In accordance with IAS 40, gains and losses arising on revaluation of investment properties are shown in the income statement. Investment properties held for sale is £1,975,000 (2024: £1,975,000).

The value of the investment properties were they to be held at historic cost would be £1,492,000 (2024: £1,492,000).

The Group/Company does not incur significant costs not otherwise recharged to its tenants for its investment properties.

Valuations were based on what is determined to be the highest and best use. When considering the highest and best use the Directors considered, on a property-by-property basis, its actual and potential uses which are physically, legally and financially viable. Where the highest and best use differed from the existing use, the valuer considered the cost and likelihood of achieving and implementing this change in arriving at its valuation.

The methods of fair value measurement are classified into a hierarchy based on the reliability of the information used to determine the valuation, as follows:

- level 1: valuation based on inputs on quoted market prices in active markets;
- level 2: valuation based on inputs other than quoted prices included within level 1 that maximise the use of observable data directly or from market prices or indirectly derived from market prices; and
- level 3: where one or more inputs to valuations are not based on observable market data.

The investment property was reclassified on 31 March 2022 as held for sale as the property became vacant with no prospective tenant in place and is held based upon the current market valuation methodology. The last formal market valuation was conducted in the year to 31 March 2021 by Fenn Wright and Lambert Smith Hampton, Commercial Property Consultants. The property is currently being marketed for sale.

19 Investments

Company	2025 £'000	2024 £'000
Cost of investment in subsidiary undertakings:		
As at 1 April	21,168	10,372
Additions – acquisitions	—	10,796
Impairment of subsidiary undertaking	(1,941)	—
As at 31 March	19,227	21,168

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

The Group is headed by the Company, CML Microsystems Plc. Details of the subsidiary undertakings of the Company are as follows:

Name	Country of incorporation	Percentage held	Status	Holding
CML Microcircuits (UK) Ltd	England	100%	Trading in England	Direct
PRFI Ltd	England	100%	Trading in England	Direct
CML Microcircuits (USA) Inc	USA	100%	Trading in USA	Direct
Microwave Technology Inc	USA	100%	Trading in USA	Direct
CML Microcircuits (Singapore) Pte Ltd	Singapore	100%	Trading in Singapore	Direct
Wuxi Sicomm Technologies, Inc	China	100%	Trading in China	Indirect
Shanghai Futlake Investment Consulting Co., Ltd	China	100%	Holding company	Direct

All of the above companies are holding or trading companies involved in the design, manufacture and marketing of specialised electronic devices for use in the telecommunications, radio and data communications industries. The above all share the same reporting date as the Company, with the exception of the two Chinese subsidiaries above which have, in line with Chinese laws and regulations, a 31 December year end. The Group has accordingly taken the financial results and financial position of these Chinese subsidiaries up to 31 March 2025.

Company registered addresses/locations are as follows:

CML Microcircuits (UK) Ltd	Oval Park, Langford, Maldon, Essex, CM9 6WG England
PRFI Ltd	Oval Park, Langford, Maldon, Essex, CM9 6WG England
CML Microcircuits (USA) Inc	301 North Main Street, Suite 2206, Winston Salem, NC 27101, USA
Microwave Technology Inc	47757 Warm Springs Boulevard, Fremont, CA, 94539, USA
CML Microcircuits (Singapore) Pte Ltd	150 Kampong Ampat, 05-03A KA Centre, Singapore 368324
Wuxi Sicomm Technologies, Inc	Room 101, Chuangyuan Building, No. 21-1 Changjiang Road, Wuxi, Jiangsu, China
Shanghai Futlake Investment Consulting Co., Ltd	Room B02, F16, No. 2188 Huangxing Road, Yangpu District, Shanghai, China

20 Inventories

	Group	
	2025 £'000	2024 £'000
Raw materials	3,558	1,641
Work in progress	1,025	967
Finished goods	1,080	1,064
	5,663	3,672



Notes to the financial statements continued

for the year ended 31 March 2025

21 Trade receivables and prepayments

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Amounts falling due within one year:				
Trade receivables	1,626	2,647	—	—
Trade receivables – intercompany	—	—	190	195
Other receivables	386	190	14	9
Other receivables – intercompany	—	—	4,680	1,250
Prepayments and accrued income	855	897	95	120
	2,867	3,734	4,979	1,574

Disclosure of credit risk and associated disclosures are provided in note 23.

22 Cash, cash equivalents and fixed term deposits

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Cash equivalents	2,762	3,095	2,762	—
Cash at bank	5,020	8,167	2,137	8,093
	7,782	11,262	4,899	8,093
Short-term cash deposits	2,136	6,951	—	5,000
	9,918	18,213	4,899	13,093

Disclosure of foreign currency risk is provided in note 23. Cash, cash equivalents and fixed term deposits as per the Statement of Cash Flows includes cash equivalents and cash at bank totalling for the Group £7,782,000 (2024: £11,262,000) and the Company £4,899,000 (2024: £8,093,000). There is an unlimited cross guarantee between the parent company and the two UK subsidiaries as listed in note 19.

23 Financial instruments

Financial instruments

The Group’s financial instruments can comprise cash balances, overdraft facilities and items such as trade receivables and trade payables and leased liabilities that arise directly from its operations. The overall objective of the Board is to reduce risks where possible within a competitive, dynamic and flexible trading environment.

Capital market risk is discussed below. The risks arising from the Group’s financial instruments are interest rate risk, liquidity risk and foreign currency risk. The policies for managing these risks are summarised below and have been applied throughout the year.

Credit and cash flow risk

The Group has little exposure to credit and cash flow risk. It is, and has been throughout the year under review, the Group’s policy that no trading in financial instruments shall be undertaken. The maximum credit exposure of financial instruments within the scope of IFRS 9 Financial Instruments, without taking account of collateral, is represented by the carrying amount for trade receivables, other receivables and cash and cash equivalents included in the Statement of Financial Position. Credit risk on cash and cash equivalents is managed by depositing funds with high rated banks.

Capital market risk

The Board considers capital to be the carrying amount of equity and debt. The Group presently does not have any external debt with the exception to right-of-use assets. Its overall capital objective is, in the light of changes in economic conditions, to maintain a strong and efficient capital base to support the Group’s strategic growth objectives, provide progressive returns to shareholders and safeguard the Group’s status as a going concern.

Interest rate and liquidity risk

Cash balances are placed so as to maximise interest earned while maintaining the liquidity requirements of the business.

The Directors regularly review the placing of cash balances. A significant movement in LIBOR or the transition to SONIA would be required to have a material impact on the cash flow of the Group. The gross overdraft facility provided by the Group’s principal bankers is £400,000 (2024: £500,000), and US\$100,000 (2024: US\$100,000), and is subject to renewal annually.

Foreign currency risk

The Group has overseas subsidiary operations in the US, China and Singapore. As a result, the Group’s Sterling Statement of Financial Position could be affected by movements in the US Dollar, Chinese Renminbi and Singapore Dollar to Sterling exchange rates. At 31 March 2025, the Group had cash and cash equivalents denominated in foreign currencies of approximately £2.9m (2024: £4.4m), of which approximately 97% (2024: 92%) was denominated in US Dollars, 2% in Chinese Renminbi (2024: 5%) and 1% (2024: 3%) in Singapore Dollars. As national currency of China, the Chinese Renminbi is subject to foreign exchange controls made by that country. The effects of foreign exchange recognised in the income statement amounted to a gain of £123,000 (2024: loss of £127,000).

Financial instruments recognised in the consolidated statement of financial position

The term financial assets in the following table refers to financial assets measured at amortised cost in accordance with IFRS 9 definitions.

	Group		Company	
	2025 Amortised cost £'000	2024 Amortised cost £'000	2025 Amortised cost £'000	2024 Amortised cost £'000
Current financial assets				
Trade and other receivables	2,012	2,837	4,884	1,454
Fixed term deposits	2,136	6,951	—	5,000
Cash equivalents	2,762	3,095	2,762	—
Cash at bank	5,020	8,167	2,137	8,903
Total	11,930	21,050	9,783	15,357

Trade and other receivables are all due within six months.

At 31 March 2025, \$552,000 (2024: \$574,000) of trade receivables were denominated in Sterling, \$1,059,000 (2024: \$2,073,000) and in US Dollars. The Directors consider that the carrying amount of trade and other receivables approximate to their fair value. Cash, cash equivalents and deposits of \$9,918,000 (2024: \$18,213,000) comprise cash and short-term deposits held by the Group treasury function. The carrying amount of these assets approximates to their fair values.

Impairment of financial assets

The Group and Company’s credit risk management practices and how they relate to the recognition and measurement of expected credit losses is set out below.

Definition of default

The loss allowance on all financial assets is measured by considering the probability of default.

Receivables are considered to be in default when the principal or any interest is significantly more than the associated credit terms past due, based on an assessment of past payment practices and the likelihood of such overdue amounts being recovered.

Determination of credit-impaired financial assets

The Group and Company considers financial assets to be “credit-impaired” when the following events, or combinations of several events, have occurred before the year end:

- significant financial difficulty of the counterparty arising from significant downturns in operating results and/or significant unavoidable cash requirements when the counterparty has insufficient finance from internal working capital resources, external funding and/or Group support;
- a breach of contract, including receipts being more than materially past due; or
- it becoming probable that the counterparty will enter bankruptcy or liquidation.



Notes to the financial statements continued

for the year ended 31 March 2025

23 Financial instruments continued

Write-off policy

Receivables are written off by the Group when there is no reasonable expectation of recovery, such as when the counterparty is known to be going bankrupt, or into liquidation or administration. Receivables will also be written off when the amount is more than materially past due.

Impairment of trade receivables

The Group and Company calculates lifetime expected credit losses for trade receivables using a portfolio approach. Receivables are grouped based on the credit terms offered and the type of product sold. The probability of default is determined at the year end based on the ageing of the receivables and historical data about default rates on the same basis. That data is adjusted if the Group and Company determines that historical data is not reflective of expected future conditions due to changes in the nature of its customers and how they are affected by external factors such as economic and market conditions.

The average credit period was 26 days (2024: 42 days). There were no impairment losses recognised on any financial assets measured at amortised cost as at 31 March 2025 (2024: £Nil). Based on the profile of the Group and Company's trade receivables, history of bad debts and looking forward to future events which may affect recoverability of receivables, £Nil loss allowance provision has been recognised (2024: £15,000). At 31 March 2025, of the £1,611,000 (2024: £2,647,000) trade receivables outstanding, they were all within 0-60 days (2024: all within 0-60 days).

The term financial liabilities in the following table refers to financial liabilities measured at amortised cost in accordance with IFRS 9 definitions.

	Group		Company	
	2025 Amortised cost £'000	2024 Amortised cost £'000	2025 Amortised cost £'000	2024 Amortised cost £'000
Current financial liabilities				
Trade and other payables	3,153	5,364	2,192	3,691
Accruals	1,207	1,503	344	435
Lease liabilities	395	219	—	—
Total	4,755	7,086	2,536	4,126
	Group		Company	
	2025 Amortised cost £'000	2024 Amortised cost £'000	2025 Amortised Cost £'000	2024 Amortised cost £'000
Non-current financial liabilities				
Trade and other payables	447	2,509	447	2,509
Lease liabilities	1,863	637	—	—
Total	2,310	3,146	447	2,509

At 31 March 2025, the total financial liabilities consisted of £1,640,000 (2024: £1,870,000) denominated in Sterling, £1,794,000 (2024: £2,043,000) in US Dollars, and £315,000 in Chinese Renminbi (2024: £358,000).

The maturity of the gross contractual undiscounted cash flows due on the Group's and Company's financial liabilities with the exception of lease liabilities and deferred consideration of the acquisition of Microwave Technology Inc are all less than six months. Group financial liabilities totalling £2,945,000 (2024: £3,334,000) and Company financial liabilities totalling £379,000 (2024: £522,000) equal the gross contractual cash flows. The gross contractual cash flows relating to lease liabilities for the Group total £2,534,000 (2024: £928,000) with £476,000 (2024: £249,000) within twelve months and £2,058,000 (2024: £679,000) greater than twelve months. The gross contractual cash flows relating to deferred consideration for the Group and Company total £2,514,000 (2024: £6,113,000) with £2,509,000 (2024: £3,603,000) within twelve months and £447,000 greater than twelve months (2024: £2,509,000).

Sensitivity analysis

Foreign currency sensitivity

The following table details the Group's sensitivity to a 10% change in exchange rates against the Sterling equivalents. The sensitivity analysis of the Group's exposure to foreign exchange risk at the reporting date has been determined based on the change taking place at the beginning of the financial year and held constant throughout the reporting period. There is no foreign exchange risk in relation to the Company.

	US\$ impact		RMB impact	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
10% movement in rates will have an impact on:				
Profit before taxation	723	664	(29)	(29)
Cash	289	402	6	20
Equity	1,093	905	297	336

The Group and Company closely monitors its access to bank and other credit facilities in comparison to its outstanding commitments on a regular basis to ensure that it has sufficient funds to meet the obligations of the Group as they fall due. The Board receives regular forecasts that estimate the cash flows over the next twelve months, so that management can ensure that sufficient financing is in place as it is required. Detailed analysis of the debt facilities held and available to the Group are disclosed in this note above.

24 Trade and other payables

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Amounts falling due within one year:				
Trade payables	483	797	83	49
Other taxation and social security costs	448	585	35	87
Deferred income	25	76	—	—
Other payables	2,670	4,567	2,109	3,642
Accruals	1,207	1,503	344	435
	4,833	7,528	2,571	4,213

Other payables in both the Group and Company includes the deferred consideration on the acquisition of Microwave Technology Inc, £2,067,000 (2024: £3,603,000).

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Amounts falling due within one year:				
Provisions	196	208	—	—
	196	208	—	—

A provision of £196,000 (2024: £208,000) has been recognised on acquisition of MwT in relation to building lease dilapidations.

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Amounts falling due more than one year:				
Other payables	447	2,509	447	2,509
	447	2,509	447	2,509

Other payables in both the Group and Company includes the deferred consideration in the acquisition of Microwave Technology Inc. £447,000 (2024: £2,509,000).



Notes to the financial statements continued
for the year ended 31 March 2025

24 Trade and other payables continued
Lease liabilities

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Current lease liabilities	395	219	—	—
Non-current lease liabilities	1,863	637	—	—
	2,258	856	—	—
				£'000
1 April 2023				1,052
Acquisition				44
Additions				273
Disposals				(44)
Interest expense				33
Repayment of lease liabilities				(502)
At 31 March 2024				856
Additions				2,200
Interest expense				86
Repayment of lease liabilities				(884)
31 March 2025				2,258

The Group's total cash outflow for all leases in the year was £884,000 (2024: £502,000).

25 Current tax liabilities/assets

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Current tax liabilities	(47)	(16)	—	—
Current tax assets	—	190	—	—

£Nil (2024: £178,000) of the current tax asset is an R&D claim that by its nature is subject to HMRC approval.

26 Deferred tax

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Provision for deferred taxation comprises:				
Accelerated capital allowances	(1,375)	(1,297)	(996)	(940)
Tax losses carried forward	1,254	109	—	—
Pensions	269	424	269	424
Share-based payments	—	43	—	43
Research and development	(3,260)	(3,077)	—	—
Other	(643)	(638)	1	1
	(3,755)	(4,436)	(726)	(472)
Deferred tax asset	1,569	788	270	468
Deferred tax liability	(5,324)	(5,224)	(996)	(940)
	(3,755)	(4,436)	(726)	(472)
At 1 April	(4,436)	(3,577)	(472)	(283)
Foreign exchange difference	11	4	—	—
Deferred tax liability introduced on acquisition	—	(414)	—	—
Deferred tax credited/(charged) in income statement for year (see note 10)	977	(281)	53	(21)
Deferred tax (charged)/credited on share-based payments	(106)	(258)	(106)	(258)
Deferred tax (credited)/charged to Statement of Total Comprehensive Income	(201)	90	(201)	90
At 31 March	(3,755)	(4,436)	(726)	(472)

The financial statements include a deferred tax asset of £1,569,000 (2024: £788,000) of which £Nil (2024: £Nil) arises as a result of trading losses. In accordance with the requirement of IAS 12 Income Taxes, the Directors have considered the likely recovery of this deferred tax asset. The Directors have taken into account expected future taxable profits and expect an improvement in profitability and profits in future periods and that this will be sustained. Accordingly, the Directors have satisfied themselves that it is appropriate to recognise the above deferred tax asset. The deferred gain of £201,000 (2024: deferred loss of £90,000) relates to the retirement benefit obligation (see note 27). The Directors consider the deferred tax asset relating to the retirement benefit obligation to be recoverable on the basis that the deficit is a long-term liability that will be satisfied from future profitability.

In accordance with the requirement of IAS 12 Income Taxes, the Directors have considered the likely recovery of any deferred tax asset as part of this process.



Notes to the financial statements continued

for the year ended 31 March 2025

27 Retirement benefit obligations

Explanation of current pension schemes in operation worldwide – defined contribution schemes

The Group operates several pension schemes, mostly of a defined contribution nature, around the world. Today, the majority of the Group’s employees are members of defined contribution schemes. All schemes are operated by trustees, independent of operation by the Group and Company. The Trustees are responsible for the operation and governance of the schemes.

Defined contribution pension schemes pay fixed contributions from Group companies (where applicable) to employees’ individual investment funds. There is therefore no further liability on the Group balance sheet relating to defined contribution pension schemes. For the defined contribution schemes operated throughout the Group the employer contributions are generally up to 6% (2024: 6%) of eligible salary but are subject to minimum employee contributions.

Explanation of UK defined benefit pension scheme (closed to new members on 1 April 2002)

Following the triennial valuation of the defined benefit scheme as at 31 March 2023, the Group considers that the contribution rates set at the last valuation date are sufficient to eliminate the deficit over the agreed period and that regular contributions, which are based on service costs, will not increase significantly.

The total contributions to the schemes over the year were:

	2025 £'000	2024 £'000
Pension contributions		
UK defined benefit pension scheme (discussed further below)	—	—
Defined contribution pension schemes (UK and overseas)	1,168	1,108
	1,168	1,108

In relation to the UK defined contribution scheme, the Group had outstanding contributions of £84,500 (2024: £73,300). Contributions to the UK defined benefit pension scheme for administrative expenses are discussed further below in this note.

Details from this point to the end of this note relate to the UK defined benefit scheme only

This part of the note therefore details the financial and demographic assumptions made in estimating the defined benefit obligation, together with an analysis of the components of the pension liability. The Consolidated Statement of Financial Position therefore includes a retirement benefit liability which is the expected future cash flows to be paid out by the UK defined benefit scheme, offset by assets held by that scheme to meet those liabilities.

Historically, the majority of the Group’s employees in the UK were members of a defined benefit scheme (which is governed by the UK Pensions Regulator) that was closed to new members on 1 April 2002 and with effect from 31 March 2009 future pension accrual ceased for the remaining active members. Under the UK defined benefit pension scheme’s trust deed the Company has the authority to appoint up to two-thirds of the Trustees. Currently there is one member-appointed Trustee and two Company-appointed Trustees. The Trustees of this defined benefit pension scheme are also responsible for the scheme’s investment strategy, as well as the operation and governance of that scheme.

Triennial actuarial funding valuation and IAS 19 Employee Benefits accounting valuation

The pension scheme is subject to a full actuarial valuation every three years using assumptions agreed between the Trustees and the Company. The latest available triennial actuarial funding valuation of the defined benefit scheme in the UK was prepared as at 31 March 2023. The purpose of this valuation is to design a funding plan to ensure that the pension scheme has sufficient funds available to meet future defined benefit payments. Most recent Statutory Funding Objective triennial actuarial valuation carried out by an independent professionally qualified actuary, as at 31 March 2023, resulted in a net pension surplus of £126,000 (1 April 2020: net pension (deficit) of £2,242,000). The market value of the assets of the scheme as at 31 March 2023 was £15,695,000 (1 April 2020: £19,144,000) and the actuarial valuation showed that these assets had sufficient coverage at 101% (1 April 2020: 90%) of the benefits which accrued to members, after allowing for expected future increases in these benefits.

The main actuarial assumptions used were allowance for future investment returns; ie. the discount rate, of 5.4% pa. both before and after retirement; pensions accrued prior to 6 April 1997 and after April 2005 will increase in payment at 3% pa. compound; pensions accrued between 6 April 1997 and 6 April 2005 will increase in payment at 5% pa.; ie. in line with RPI subject to a minimum 3% pa.; pensions accrued between 6 April 2005 and 31 March 2009 will increase in payment at 3% pa. compound and early leaver revaluations will be at 2.45% pa.

The valuation calculated under the funding valuation basis of £126,000 pension surplus above is different to the accounting valuation presented in the Group Consolidated Statement of Financial Position, which shows a net pension liability of £1,076,000. Differences arise between the funding valuation and accounting valuation, mainly due to the use of different assumptions in valuing the liabilities in accordance with the accounting standard IAS 19 Retirement Benefits, together with any changes in market conditions between the two valuation dates of 31 March 2023 and 31 March 2025. Therefore, for funding valuation purposes the liabilities are determined based on assumptions set by the Trustees following consultation with the Company and the scheme actuaries. For example, the discount rate used for the most recent funding valuation is based on a 3.65% discount rate, whereas in the financial statements the liabilities are determined in accordance with IAS 19 and this accounting valuation uses a discount rate predicated on high quality (AA) corporate bond yields of an appropriate term equating to 4.8%.

Funding of the defined benefit scheme is agreed with the Trustees following each triennial actuarial valuation and the following funding agreement has been put in place from 1 April 2024 until the earlier of any revised settlement arising from the next triennial valuation or by 31 March 2027 (“future revised date”); all administration expenses of running the scheme are met directly by the scheme and all PPF levies (and any minor scheme expenses eg. Pensions Regulator levies) will be paid from the scheme and will not be reimbursed by the employer. The next triennial actuarial funding valuation will be as at 31 March 2026.

The net pension liability recognised in these consolidated financial statements has been calculated reflecting the most recent accounting valuation under IAS 19 to reflect the assets and liabilities of the scheme as at 31 March 2025, using assumptions further in this note. As at the last valuation date, the present value of the defined benefit obligation included approximately £7,709,000 (2024: £8,101,000) relating to deferred members and £8,194,000 (2024: £9,124,000) relating to pension members.

Risk management

The cost of the UK defined benefit pension scheme depends on a number of assumptions of future events. Future contribution requirements may emerge if those estimated assumptions are not borne out in practice or if different assumptions are agreed. Specific risks mitigated by the Trustees where possible in the investment strategy include: any changes in future expectations of price inflation, including reducing real rates of return; changes in the discount rate used to value the pension liabilities; interest rate risk on pension asset matching liabilities held; the return on assets being different to that assumed; concentration of plan assets in equities versus liquidity risk of holding assets which may be difficult to sell; counterparty credit risk including, but not limited to, fund manager risk; currency risks where investments are held in overseas markets via pooled investment vehicles; impact of bond rate on liabilities held; any movements in asset values not matched by similar movements in the value of liabilities, perhaps caused by pricing risks; and any unanticipated changes in life expectancy which may have a bearing on the size of the scheme liabilities. The investment strategy for the defined benefit pension scheme is discussed further in this note.

Financial and demographic assumptions

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages), the discount rate of liabilities applied being the most significant:

a) Financial assumptions

	2025	2024
Discount rate	5.6%	4.8%
Future salary increases	n/a	n/a
Expected duration of liabilities (years)	10	10
Pension revaluation in deferment (Consumer Prices Index – max. 5.0%)	2.1%	2.2%
Pension escalation in payment (Retail Prices Index – max. 5.0%, min. 3.0% from 6 April 1997 to 5 April 2005)	3.1%	3.2%
Proportion of employees opting for early retirement	0%	0%
Inflation assumption	3.6%	3.6%

The difference between the expected investment returns on the scheme’s assets and the actual investment return was a loss of £1,342,000 (2024: loss of £452,000).

b) Demographic assumptions

	2025	2024
Assumed life expectancy in years, on retirement at 65		
Retiring today		
Males	21.3	21.5
Females	23.8	23.9
Retiring in 20 years		
Males	22.6	22.7
Females	25.2	25.3



Notes to the financial statements continued

for the year ended 31 March 2025

27 Retirement benefit obligations continued

Financial and demographic assumptions continued

b) Demographic assumptions continued

On the basis of the previous assumptions, the amounts that have been charged to administration expenses within the income statement and the Statement of Total Comprehensive Income for the years to 31 March 2025 and 31 March 2024 are as follows:

	2025 £'000	2024 £'000
Amounts recognised in the Consolidated Income Statement are as follows:		
Administration expenses (see details above)	(99)	(72)
Net interest on deficit	(84)	(59)
Total	(183)	(131)
Amounts recognised in the Consolidated Statement of Total Comprehensive Income:		
Actual return on assets less return implied by net interest income	(608)	(250)
Experience gain/(loss) on liabilities	69	(563)
Change in assumptions:		
Discount rate	1,407	—
Inflation rate	21	—
Demographic assumptions	(86)	452
Re-measurement of defined benefit obligation recognised in equity	803	(361)
Amounts recognised in the Consolidated Statement of Financial Position:		
Present value of funded obligations	(15,903)	(17,225)
Fair value of plan assets	14,827	15,529
Deficit under IAS 19 as reported by the actuary	(1,076)	(1,696)

The main reason for the decreased deficit in the IAS 19 accounting position relates to the changes in assumptions as shown in a) Financial assumptions contained in this note. The pension plan assets do not include ordinary shares issued by the sponsoring employer nor do they include property occupied by the sponsoring employer.

Sensitivity to significant assumptions

Significant assumptions	Change in assumption %	Change in defined benefit obligation %
Discount rate	+/- 0.5% pa.	-4.9%/+5.4%
RPI	+/- 0.5% pa.	+1.5%/-1.9%
Assumed life expectancy	+1 year	+3.3%

These sensitivities have been derived by the actuary using similar methodologies consistent with the rest of the disclosure.

Analysis of changes in the funded status of the scheme over the period:

	2025 £'000	2024 £'000
Funded status at start of period	(1,696)	(1,204)
Amount charged to income statement	(183)	(131)
Actuarial gain/(loss) (recognised in other comprehensive income)	803	(361)
Funded status at end of period	(1,076)	(1,696)

The weighted average duration of scheme liabilities at the end of the year is 10 years (2024: 10 years).

Present value of the defined benefit obligation

Changes in the present value of the defined benefit obligation are as follows:

	2025 £'000	2024 £'000
Opening defined benefit obligation	17,225	16,929
Expenses incurred (including GMP equalisation)	—	72
Interest cost	810	798
Actuarial (gain)/loss	(1,411)	111
Benefits paid (including expenses)	(721)	(685)
Closing defined benefit obligation	15,903	17,225
Comprising:		
Deferred members	7,709	8,101
Pension members	8,194	9,124

The actuarial gain due to the change in demographic assumptions was £1,342,000 (2024: actuarial gain of £452,000) and the actuarial loss due to the change in financial assumptions was £608,000 (2024: actuarial loss of £250,000).

Fair value of defined benefit plan assets

Changes in the fair value of the plan assets are as follows:

	2025 £'000	2024 £'000
Opening fair value of plan assets	15,529	15,725
Interest income on assets	726	739
Actuarial loss on assets	(608)	(250)
Benefits paid	(721)	(613)
Expenses paid	(99)	(72)
Closing fair value of plan assets	14,827	15,529

The return on plan assets excluding net interest was £118,000 (2024: £489,000). The interest income on plan assets is calculated using the assets, market conditions and the long-term expected rate of interest set at the start of the accounting period. The Company has contributed £Nil (2024: £Nil) as contributions to the CML Microsystems Plc Retirement Benefits Scheme and expects to contribute £Nil in the next accounting year.

The following is a breakdown of plan assets held at each respective balance sheet date:

Asset class	Year ended 31 March 2025		Year ended 31 March 2024	
	Market value £'000	% of total assets	Market value £'000	% of total assets
Equities (all quoted)	10,301	70%	7,510	48%
Cash	544	3%	5,147	33%
Bonds	3,010	20%	2,189	14%
Other	972	7%	683	5%
Closing fair value of plan assets	14,827	100%	15,529	100%

Note: all assets listed above have a quoted market price in an active market or have been independently priced and reconciled to the underlining market prices and are valued using their bid values in accordance with IAS 19. The pension scheme no longer invests in bonds or property following a change in investment strategy.

The Trustees' investment strategy has the objectives to generate an appropriate level of investment returns to improve the financial position of the scheme (thereby improving security for its members); to manage cash flow requirements to ensure there are sufficient assets and cash flows available (to pay for member benefits as they arise); and to protect the financial position (in so doing limiting the scope for adverse investment experience impacting on members). The Trustees' strategic asset allocation is determined after considering written advice from the investment advisor and is designed to strike the appropriate balance between these objectives. Liability matching assets are selected by the Trustees having regard to the nature of the scheme's liability profile and are expected to react to changes in market conditions in a similar way to liabilities. Growth assets are expected to deliver long-term returns in excess of liability growth. Current allocations are 0% of liability matching assets and 100% growth assets but this is monitored and rebalanced at the discretion of the Trustees and, moreover, on a day-to-day basis management of the assets delegated to the investment managers who have knowledge and experience for managing the investments. The Trustees, in conjunction with the investment advisor, regularly review each of the investment managers to ensure that the managers remain competent and assets continue to be managed in accordance with the managers' mandates (the scheme objectives being implemented within an acceptable level of risk).



Notes to the financial statements continued
for the year ended 31 March 2025

27 Retirement benefit obligations continued
Fair value of defined benefit plan assets continued

Assets are held predominantly on regulated markets, as so defined in legislation. Any investments that do not trade on regulated markets are kept to a prudent level. To ensure the safekeeping of assets, ownership and day-to-day control of the assets is undertaken by custodian organisations which are independent of the sponsoring employer and the investment managers. Where pooled investment vehicles are used, the custodians will typically be appointed by the investment manager.

28 Share capital and share options

	2025 £'000	2024 £'000
Authorised		
25,000,000 ordinary shares of 5p each (2024: 25,000,000 ordinary shares of 5p each)	1,250	1,250
Issued and fully paid		
At 1 April		
16,504,754 ordinary shares of 5p each (at 1 April 2024: 15,912,744)	825	796
Issued in year: Nil ordinary shares (2024: 592,010 as a result of Microwave Technology acquisition) of 5p were issued in the year	—	29
At 31 March		
16,504,754 ordinary shares of 5p (at 31 March 2024: 16,504,754)	825	825

The Company has only one class of ordinary share with no special rights, preferences or restrictions attached to them, including on the distribution of dividends or the repayment of capital.

Long-Term Incentive Plan

On 23 March 2022, the Company approved at the General Meeting a scheme which is UK HM Revenue & Customs approved and has an addendum for issuing unapproved options. The Company has the authority to grant options up to a limit, at any time, such that no more than 10% of the issued share capital is available under option.

The number of shares over which options remained in force at the year end, along with a reconciliation of option movements and their exercise period and price, is shown below:

	Ordinary shares of 5p each					2025 Number
	2024 Number	Granted Number	Cancelled Number	Exercised Number	Forfeited Number	
From 31 March 2025 to 30 March 2032 at £0.05	49,420	—	—	—	—	49,420
From 31 March 2026 to 30 March 2033 at £0.05	36,258	—	—	—	—	36,258
From 30 April 2028 to 29 April 2034 at £0.05	—	65,559	—	—	—	65,559
	85,678	65,559	—	—	—	151,237

Of the total outstanding at the end of the year none were potentially exercisable at the prices detailed in the table above.

During the year the Company issued 65,559 Long-Term Incentive Options at a price of £0.05p per share on 30 April 2024 to those that qualified for the scheme.

Share options

The Company has a number of approved and unapproved share option schemes in place for the benefit of its employees. At the 2008 AGM an Enterprise Management Incentive share option plan was approved. On 18 November 2011 a further scheme was approved which is UK HM Revenue & Customs approved and has an addendum for issuing unapproved options. On 23 March 2022 the Company approved at the General Meeting a further scheme which is UK HM Revenue & Customs approved and has an addendum for issuing unapproved options. The Company has the authority to grant options up to a limit, at any time, such that no more than 10% of the issued share capital is available under option.

The number of shares over which options remained in force at the year end, along with a reconciliation of option movements and their exercise period and price, is shown below:

	Ordinary shares of 5p each				2025 Number
	2024 Number	Granted Number	Exercised Number	Forfeited Number	
From 25 September 2018 to 25 September 2025 at £3.51	53,758	—	—	—	53,758
From 22 December 2019 to 22 December 2026 at £3.70	20,000	—	—	—	20,000
From 1 August 2020 to 1 August 2027 at £4.58	30,911	—	—	—	30,911
From 19 March 2022 to 18 March 2029 at £2.79	107,158	—	—	—	107,158
From 4 April 2023 to 3 April 2030 at £2.31	175,393	—	(30,500)	—	144,893
From 27 September 2024 to 26 September 2031 at £4.05	322,734	—	—	(22,758)	299,976
From 6 September 2025 to 5 September 2032 at £3.83	15,000	—	—	—	15,000
From 14 August 2026 to 13 August 2033 at £4.34	23,514	—	—	—	23,514
From 2 October 2026 to 1 October 2033 at £4.35	70,686	—	—	(8,941)	61,745
From 7 December 2026 to 6 December 2033 at £3.72	33,602	—	—	—	33,602
From 4 July 2027 to 3 July 2034 at £3.01	—	413,884	—	(31,637)	382,247
	852,756	413,884	(30,500)	(63,336)	1,172,804

Of the total outstanding at the end of the year, 656,698 share options were potentially exercisable at the prices detailed in the table above (2024: 387,220 share options). The weighted average market price of the share options exercised in the year was 316.9p (2024: 466.3p). The weighted average exercise price of options exercised in the year was 231.0p (2024: 233.9p). Options are forfeited due to the employees concerned leaving employment with the Group. The weighted average share option price of the share options forfeited in the year was 393.3p (2024: 409.50p). The weighted average exercise price of all options exercisable is 343.1p (2024: 286.2p) and the weighted average expected remaining contractual life is three years (2024: three years).

During the year the Company issued 413,384 share options over its own 5p ordinary shares at a price of £3.01p per share on 4 July 2024 to staff.

29 Other equity reserves

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Share premium				
At 1 April	2,327	2,462	2,327	2,462
Issued in the year: 30,500 ordinary shares from treasury as a result of employees exercising their options (2024: 49,859 shares issued)	(69)	(135)	(69)	(135)
At 31 March	2,258	2,327	2,258	2,327

This reserve is a result of the premium being paid for the issue of shares over their par value.

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Capital redemption reserve				
At 1 April	8,372	8,372	8,372	8,372
At 31 March	8,372	8,372	8,372	8,372

The capital redemption reserve represents the nominal value of own shares purchased and cancelled by the Company.



Notes to the financial statements continued
for the year ended 31 March 2025

29 Other equity reserves continued

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Other reserve				
At 1 April	3,073	—	3,073	—
Issued in the year: Nil (2024: 592,010 ordinary shares as a result of Microwave Technology Inc acquisition)	—	3,073	—	3,073
Correction to valuation of 592,010 ordinary shares issued in 2024	(144)	—	(144)	—
At 31 March	2,929	3,073	2,929	3,073

The other reserve is a result of 592,010 ordinary shares being issued over their par value as part of the consideration in the acquisition of Microwave Technology Inc on 3 October 2023.

	Group				Company			
	2025 Number	2025 £'000	2024 Number	2024 £'000	2025 Number	2025 £'000	2024 Number	2024 £'000
Treasury shares – own share reserve								
At 1 April	360,675	(1,822)	72,634	(324)	360,675	(1,822)	72,634	(324)
Purchased in the year	350,500	(897)	337,900	(1,750)	350,500	(897)	337,900	(1,750)
Issued in the year	(121,280)	544	(49,859)	252	(121,280)	544	(49,859)	252
At 31 March	589,895	(2,175)	360,675	(1,822)	589,895	(2,175)	360,675	(1,822)

The treasury shares reserve represents the nominal value of own shares purchased by the Company. 350,500 treasury shares were purchased in the year. The maximum number of treasury shares held at any point during the year was 593,895.

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Share-based payments reserve				
At 1 April	666	488	666	488
Options exercised or released	(33)	(36)	(33)	(36)
Charged in year	284	214	284	214
At 31 March	917	666	917	666

Options are granted with a fixed exercise price equal to the market price of the shares under option at the date of the grant. The contractual life of an option is ten years. Awards under the share option scheme are typically for all employees throughout the Group. Options granted under the share option scheme become exercisable on the third anniversary of the grant date. Options were valued using the Black-Scholes model. The share option charge for the year was £284,000 (2024: £214,000).

The fair value per option granted and the assumptions used in the calculation are as follows:

Long-Term Incentive Plan

Grant date	30/04/24	31/03/23	31/03/22
Share price at grant date (£)	3.8067	5.25	3.38
Exercise price (£)	0.05	0.05	0.05
Number of employees	2	2	1
Shares under option	65,559	36,258	49,420
Vesting period (years)	4	4	4
Expected volatility	29.51%	31.04%	25.81%
Option life (years)	10	10	10
Expected life (years)	4	4	4
Risk-free rate	4.13%	3.49%	1.74%
Expected dividend yield	2.71%	2.26%	1.00%
Possibility of ceasing employment before vesting	4.5%	4.5%	4.5%
Fair value per option (£)	3.37	4.75	3.20

Share option plan

Grant date	04/07/24	07/12/23	02/10/23	14/08/23	06/09/22	27/09/21
Share price at grant date (£)	3.01	3.72	4.35	4.34	3.83	4.05
Exercise price (£)	3.01	3.72	4.35	4.34	3.83	4.05
Number of employees	149	1	18	1	1	125
Shares under option	413,884	33,602	70,686	23,514	15,000	373,709
Vesting period (years)	3	3	3	3	3	3
Expected volatility	33.35%	26.56%	24.19%	27.98%	24.46%	44.64%
Option life (years)	10	10	10	10	10	10
Expected life (years)	3	3	3	3	3	3
Risk-free rate	4.20%	3.99%	4.39%	4.60%	3.01%	1.08%
Expected dividend yield	2.77%	2.35%	2.32%	2.31%	2.29%	3.32%
Possibility of ceasing employment before vesting	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Fair value per option (£)	0.67	0.71	0.78	0.90	0.63	0.46

Grant date	04/04/20	19/03/19	01/08/17	22/12/16	25/09/15
Share price at grant date (£)	2.31	2.79	4.58	3.70	3.475
Exercise price (£)	2.31	2.79	4.58	3.70	3.51
Number of employees	9	203	47	1	158
Shares under option	227,122	703,400	84,521	20,000	400,131
Vesting period (years)	3	3	3	3	3
Expected volatility	31.42%	31.63%	19.37%	16.02%	33.20%
Option life (years)	10	10	10	10	10
Expected life (years)	3	3	3	3	3
Risk-free rate	0.31%	1.19%	1.10%	1.15%	1.83%
Expected dividend yield	2.49%	1.67%	1.84%	1.86%	1.92%
Possibility of ceasing employment before vesting	4.5%	4.5%	4.5%	4.5%	4.5%
Fair value per option (£)	0.41	0.56	0.54	0.35	0.73

The expected volatility is based on 90 days' trading prior to the grant date. The expected life is the average expected period to exercise. The risk-free rate of return is the yield to redemption on UK gilt strips with four-year maturity.

Company only	2025 £'000	2024 £'000
Merger reserve		
At 1 April and 31 March	316	316

This reserve relates to the acquisition in 1995 of Integrated Micro Systems Limited. In accordance with the provisions of Section 612 of the Companies Act 2006, the Company transferred to merger reserve the premium arising on shares issued as part of the acquisition.

Group	2025 £'000	2024 £'000
Foreign exchange reserve		
At 1 April	(111)	1,042
Retranslation of overseas subsidiaries	(501)	(1,153)
At 31 March	(612)	(111)

This reserve represents the foreign exchange differences arising from the retranslation of financial statements of foreign subsidiaries.



Notes to the financial statements continued

for the year ended 31 March 2025

29 Other equity reserves continued

Share option plan continued

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Retained earnings				
At 1 April	37,746	37,918	20,587	22,369
(Loss)/profit for the year	(18)	2,060	(1,171)	450
Dividends paid	(1,765)	(1,739)	(1,765)	(1,739)
Cancellation/transfer of share-based payments	33	36	33	36
Net actuarial gain/(loss)	803	(361)	803	(361)
Deferred tax (loss)/gain on actuarial gain/(loss)	(201)	90	(201)	90
Deferred tax on share-based payments	(106)	(258)	(106)	(258)
At 31 March	36,492	37,746	18,180	20,587

This reserve represents the movement in retained earnings of the Group in the year.

30 Capital commitments

Capital commitments which have been authorised by the balance sheet date represent a three-year purchasing commitment with two suppliers for £1,096,000 (2024: £349,000) and £26,200 (2024: £48,000) in relation to intangible assets. No provision has been made in these financial statements for these capital commitments.

31 Leases

The Group as a lessee

The following table shows how lease expenses have been included in the income statement, broken down between amounts charged to operating profit and amounts charged to finance costs:

	Leased offices £'000	Office equipment £'000	Motor vehicle £'000	Total £'000
Depreciation – right-of-use assets	879	8	12	899
Charged to operating profit	879	8	12	899
Finance expense – lease liabilities	83	1	2	86
Charged to profit before taxation	83	1	2	86

At 31 March 2025, the Group had not entered into any leases to which it was committed but had not yet commenced.

The Group and Company as a lessor

Property rental income earned during the year was £Nil (2024: £Nil). The investment property is classified as held for sale.

32 Notes to the cash flow statement

Group	2025 £'000	2024 £'000
Movement in working capital:		
Increase in inventories	(1,995)	(405)
Decrease/(increase) in receivables	873	(685)
Decrease in payables	(1,079)	(876)
	(2,201)	(1,966)

Analysis of changes in net cash – Group:

	Net cash at 1 April 2024 £'000	Cash flow £'000	Exchange movement £'000	Net cash at 31 March 2025 £'000
Cash and cash equivalents	11,262	(3,391)	(89)	7,782
Fixed term deposit	6,951	(4,767)	(48)	2,136
	18,213	(8,158)	(137)	9,918

Company	2025 £'000	2024 £'000
Movement in working capital:		
Decrease in receivables	25	130
Decrease in payables	(69)	(452)
	(44)	(322)

Analysis of changes in net cash – Company:

	Net cash at 1 April 2024 £'000	Cash flow £'000	Exchange movement £'000	Net cash at 31 March 2025 £'000
Cash and cash equivalents	8,093	(3,165)	(29)	4,899
Fixed term deposit	5,000	(5,000)	—	—
	13,093	(8,165)	(29)	4,899

33 Related party transactions

Transactions and balances with operating companies that were eliminated in the consolidation consist of:

Company	2025 £'000	2024 £'000
Management fees charged to subsidiary undertakings by parent:		
CML Microcircuits (UK) Ltd	1,248	1,248
PRFI Ltd	120	180
	1,368	1,428

Dividends paid to parent:

Received from CML Microcircuits (Singapore) Pte Ltd	271	275
Received from Wuxi Sicomm Technologies, Inc	693	781
	964	1,056

Trade balances outstanding:

Owed to CML Microsystems Plc by Wuxi Sicomm Technologies, Inc	190	195
Owed to CML Microsystems Plc by CML Microcircuits (UK) Ltd	4,400	1,250
Owed to CML Microsystems Plc by PRFI Ltd	280	—
	4,870	1,445

Contributions to the Group's pension schemes

Contributions to the Group's defined contribution pension schemes by the Group as employer consisted of £1,168,000 in the year (2024: £1,108,000).

Group and Company

Key management personnel consist of the Board of Directors and transactions during the year (included within remuneration disclosed in notes 7 and 8) were as follows:

Group and Company	2025 £'000	2024 £'000
Employee benefits	602	596
Pension contributions	64	39
Share-based payments	79	70
	745	705

34 Listings

CML Microsystems Plc's ordinary shares are traded on the Alternative Investment Market (AIM) of the London Stock Exchange and the Company is incorporated and domiciled in the UK. The Company's registered address is: Oval Park, Langford, Maldon, Essex, CM9 6WG, England.

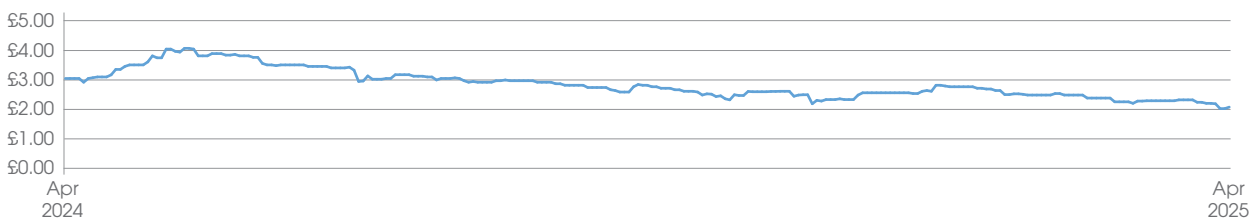


Five-year record

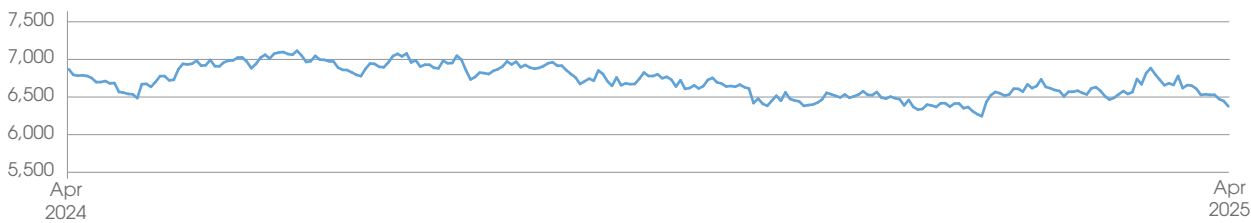
	2025 £'000	2024 £'000	2023 £'000	2022 £'000	2021 Restated £'000
Income statement					
Revenue (continuing operations)	22,899	22,893	20,643	16,964	13,101
Revenue (discontinued operations)	—	—	—	—	9,505
Total revenue ¹	22,899	22,893	20,643	16,964	13,101
Gross profit ¹	15,899	16,210	15,611	12,795	9,455
Gross profit percentage ¹	69.43%	70.81%	75.62%	75.42%	72.17%
Profit before taxation before exceptionals	881	2,515	3,158	1,503	10
(Loss)/profit before taxation ¹	(766)	2,515	5,216	1,737	10
(Loss)/profit after taxation ¹	(18)	2,060	4,810	1,238	802
Adjusted EBITDA ²	5,218	5,703	5,901	4,308	2,731
EPS¹					
Basic	9.95p	13.00p	30.29p	7.45p	141.13p
Diluted ¹	9.93p	12.86p	29.93p	7.35p	140.56p
Statement of financial position					
Shareholders' equity ¹	49,006	51,077	50,754	49,853	53,447
Net cash, cash equivalents and fixed term deposits	9,918	18,213	22,259	25,042	31,914
Dividends per ordinary share					
Dividends proposed/paid per 5p ordinary share ¹	11.00p	11.00p	11.00p	9.00p	52.00p
<div>1. As reported in the year's Annual Report for continuing operations and EPS before pre-exceptional items. 2. Adjusted EBITDA is defined as profit from operations before all interest, tax, depreciation and amortisation charges and before share-based payments.</div>					
	Number of shares 2025	Number of shares 2024	Number of shares 2023	Number of shares 2022	Number of shares 2021
Ordinary shares of 5p allotted, issued and fully paid, excluding shares held in treasury	15,914,859	16,144,079	15,840,110	16,660,932	16,551,685
Shares held in treasury	589,895	360,675	72,634	638,467	638,467
Total ordinary shares of 5p allotted, issued and fully paid	16,504,754	16,504,754	15,912,744	17,299,399	17,190,152

Shareholder information

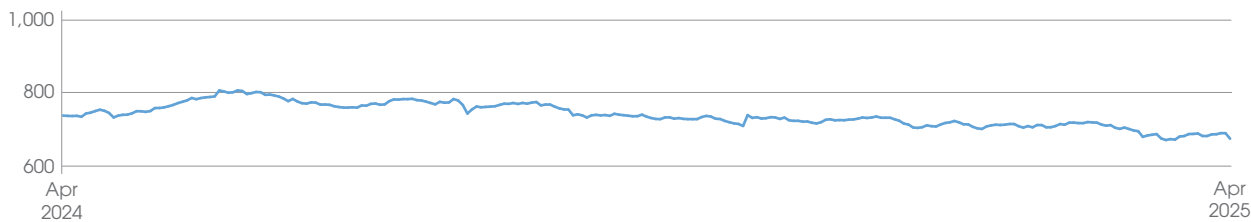
CML Microsystems Plc share price - for the year ended 31 March 2025



TechMARK 100 Index - for the year ended 31 March 2025



AIM All Share - for the year ended 31 March 2025



Financial calendar
2025

5 August	AGM
30 September	Half-year end
18 November	Anticipated date for half-year results

2026

31 March	Year end
23 June	Anticipated date for preliminary results announcement of year-end 2026 results



Glossary

5G	Fifth Generation Cellular Network Technology
AIM	Alternative Investment Market
CAGR	Compound Annual Growth Rate
DTR	Disclosure and Transparency Rules
EBITDA	Earnings before interest, tax, depreciation and amortisation
EPS	Earnings per share
FRC	Financial Reporting Council
GaAs	Gallium Arsenide
GaN	Gallium Nitride
GMP	Guaranteed Minimum Pension
IAS	International Accounting Standard
IASB	International Accounting Standards Board
IC	Integrated Circuit
IFRS	International Financial Reporting Standards
IIoT	Industrial Internet of Things
IoT	Internet of Things
IP	Intellectual Property
ISA	International Standard on Auditing
M2M	Machine-to-Machine
OEM	Original Equipment Manufacturer
R&D	Research and Development
RDEC	Research and development expenditure credit
RF	Radio Frequency
RFID	Radio Frequency Identification
ROI	Return on Investment
SoC	System on Chip
TSR	Total shareholder return
VP	Vice-President
WEF	World Economic Forum

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