



## U.S. Navy Funds Mercury to Develop Photonics Chiplet Manufacturing Capability for Defense Applications

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ANDOVER, Mass., Nov. 02, 2023 (GLOBE NEWSWIRE) -- Mercury Systems, Inc. (NASDAQ: MRCY, [www.mrcy.com](http://www.mrcy.com)), a technology company that delivers mission-critical processing power to the edge, today announced an agreement with the U.S. Navy to develop manufacturing capabilities that would allow commercial photonics chiplets to accelerate edge processing in defense applications.

The Office of the Under Secretary of Defense for Research and Engineering (OUSD(R&E)) Trusted and Assured Microelectronics (T&AM) Program's Project KANAGAWA aims to mature the domestic supply chain and manufacturing processes for multi-chip packages, where co-packaged optics are integrated with electronic integrated circuits to enable long-reach and high-bandwidth data transfer. Compared to conventional copper connections, photonics uses optical fibers to enable orders of magnitude improvement in data bandwidth at a fraction of the power needed. The promise of this technology for defense systems has been well-known for decades, but demonstrations have relied on expensive and custom approaches that are not compatible with high-volume production.

Under a \$3.9 million, 17-month Other Transaction Agreement (OTA) with Naval Surface Warfare Center (NSWC) Crane Division, Mercury gains access to photonics devices developed for the commercial sector by Intel and Ayar Labs. These chiplet devices use optical technology to move data through systems such as data centers at speeds in excess of a terabyte per second. Mercury plans to develop miniaturized and ruggedized packages using photonics chiplets for defense applications to allow edge sensor data to be ingested much faster, enabling faster decision-making in next-generation radar and electronic warfare systems.

"We are excited to partner with the Navy to bring this game-changing commercial technology to the defense community," said Tom Smelker, Mercury's GM of Microsystems. "As we continue to drive innovation in defense microelectronics at the edge and move from board-scale to chip-scale, photonics chiplets will play a key role in advanced packaging and benefit a wide range of systems and platforms."

"Breaking the data transfer bottleneck is a critical objective for the RF & Optoelectronics (RF/OE) program," said Joshua Hawke, USD(R&E) RF/OE Execution Lead. "This partnership with Mercury will proliferate co-packaged optics within the Defense Industrial Base and accelerate adoption of innovative technology by the warfighter."

For more information, visit [mrcy.com](http://mrcy.com) or contact Mercury at [info@mrcy.com](mailto:info@mrcy.com).

### Mercury Systems – Innovation that matters®

Mercury Systems is a technology company that delivers mission-critical processing power to the edge, making advanced technologies profoundly more accessible for today's most challenging aerospace and defense missions. The Mercury Processing Platform allows customers to tap into innovative capabilities from silicon to system scale, turning data into decisions on timelines that matter. Mercury's products and solutions are deployed in more than 300 programs and across 35 countries, enabling a broad range of applications in mission computing, sensor processing, command and control, and communications. Mercury is headquartered in Andover, Massachusetts, and has 24 locations worldwide. To learn more, visit [mrcy.com](http://mrcy.com). (Nasdaq: MRCY)

### Forward-Looking Safe Harbor Statement

This press release contains certain forward-looking statements, as that term is defined in the Private Securities Litigation Reform Act of 1995, including those relating to the Company's focus on enhanced execution of the Company's strategic plan under a refreshed Board and leadership team. You can identify these statements by the words "may," "will," "could," "should," "would," "plans," "expects," "anticipates," "continue," "estimate," "project," "intend," "likely," "forecast," "probable," "potential," and similar expressions. These forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those projected or anticipated. Such risks and uncertainties include, but are not limited to, continued funding of defense programs, the timing and amounts of such funding, general economic and business conditions, including unforeseen weakness in the Company's markets, effects of any U.S. federal government shutdown or extended continuing resolution, effects of geopolitical unrest and regional conflicts, competition, changes in technology and methods of marketing, delays in or cost increases related to completing development, engineering and manufacturing programs, changes in customer order patterns, changes in product mix, continued success in technological advances and delivering technological innovations, changes in, or in the U.S. government's interpretation of, federal export control or procurement rules and regulations, changes in, or in the interpretation or enforcement of, environmental rules and regulations, market acceptance of the Company's products, shortages in or delays in receiving components, supply chain delays or volatility for critical components such as semiconductors, production delays or unanticipated expenses including due to quality issues or manufacturing execution issues, failure to achieve or maintain manufacturing quality certifications, such as AS9100, the impact of the COVID pandemic and supply chain disruption, inflation and labor shortages, among other things, on program execution and the resulting effect on customer satisfaction, inability to fully realize the expected benefits from acquisitions, restructurings, and execution excellence initiatives or delays in realizing such benefits, challenges in integrating acquired businesses and achieving anticipated synergies, effects of shareholder activism, increases in interest rates, changes to industrial security and cyber-security regulations and requirements and impacts from any cyber or insider threat events, changes in tax rates or tax regulations, such as the deductibility of internal research and development, changes to interest rate swaps or other cash flow hedging arrangements, changes to generally accepted accounting principles, difficulties in retaining key employees and customers, which difficulties may be impacted by the termination of the Company's announced strategic review initiative, unanticipated challenges with the transition of the Company's Chief Executive Officer and Chief Financial Officer roles, including any dispute arising with the former CEO over his resignation, unanticipated costs under fixed-price service and system integration engagements, and various other factors beyond our control. These risks and uncertainties also include such additional risk factors as are discussed in the Company's filings with the U.S. Securities and Exchange Commission, including its Annual Report on Form 10-K for the fiscal year ended June 30, 2023 and subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. The Company cautions readers not to place undue reliance upon any such forward-looking statements, which speak only as of the date made. The Company undertakes no obligation to update any forward looking statement to reflect events or circumstances after the date on which such statement is made.

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