Stellant Systems, Inc. to Acquire Power Systems Technology Product Line from Comtech

Stellant Systems, Inc. (Stellant) and Comtech Telecommunications Corp. (NASDAQ: CMTL) (Comtech) announced the companies entered into a definitive agreement under which Stellant will acquire Comtech's Power Systems Technology (PST) product line for a total cash purchase price of $40 million, which includes a preliminary sales price of $35 million and contingent consideration up to $5 million based on the achievement of certain targets. The transaction was unanimously approved by the board of directors of both companies. Stellant is a portfolio company of Arlington Capital Partners (Arlington), a Washington-D.C. based private equity firm with extensive experience investing in regulated industries.

The acquisition of the PST product line will strengthen Stellant's portfolio of RF amplification products. PST's rich heritage brings a differentiated set of technologies in t he solid-state power amplification market, a talented work force and an almost entirely complimentary customer set to Stellant. Driving further innovation in solid state technology is a core principle of Stellant's strategic vision to provide customers with best-in-class options across all amplification approaches, including vacuum tube and solid state.

Paul Russell, Chief Executive Officer of Stellant, said, "We are excited about the products and technology that PST brings to Stellant and look forward to investing in its technologies and employees to bring additional value to our customers. This partnership represents an important step in Stellant's strategic vision and is another milestone in the Company's 90-year history of technological innovations."

Peter Manos, a Managing Partner at Arlington Capital Partners, added "PST's market leading frequency and power capabilities with Gallium Nitride solid state power amplification combined with Stellant's dominant frequency and power capabilities with travelling-wave tube power amplification creates, in our view, the technology leader in the market."

"This decision is well aligned with our long-term vision for Comtech, and we are thrilled that our PST product line and associated team will have a tremendous opportunity to grow as part of Stellant," said Ken Peterman, President, and CEO, Comtech. "We intend to use the net proceeds from this transaction to meaningfully reduce our outstanding debt, de-lever the balance sheet, reduce cash interest requirements, and provide flexibility to achieve our near-term strategic goals."

The transaction is expected to close by the end of October 2023, subject to regulatory approvals and customary closing conditions.

Kirkland & Ellis LLP served as legal counsel to Stellant Systems and Arlington Capital Partners. Evercore served as financial advisor and Morgan Lewis as legal counsel to Comtech.