



## NEWS RELEASE

# SkyWater Announces Proposed CHIPS Funding to Enhance Domestic Semiconductor Production and Capabilities

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Federal investment of up to \$16M and State of MN pledge of \$19M expected to result in total outside CapEx investments exceeding \$350M during this decade

BLOOMINGTON, Minn.--(BUSINESS WIRE)-- **SkyWater Technology** (NASDAQ: SKYT), the trusted technology realization partner, announced that it has signed a preliminary memorandum of terms (PMT) valued at up to \$16 million with the CHIPS for America program, which is administered by the U.S. Department of Commerce. This proposed funding would provide federal incentives to enhance production capabilities at SkyWater's Minnesota facility.

This funding through the CHIPS Act will accelerate modernization and equipment upgrades to enhance production for customers in the aerospace and defense as well as biomedical, industrial, thermal imaging and quantum computing markets. As a Department of Defense (DOD) DMEA Category 1A Trusted Supplier, SkyWater is a key semiconductor supplier to the U.S. government and is committed to providing the lab-to-fab capabilities needed to support the nation's defense programs.

The proposed \$16 million CHIPS Program award will be combined with \$19 million in incentives from the State of Minnesota's Forward Fund. The newly announced state and federal incentives will complement SkyWater's existing and planned customer-funded CapEx co-investments totaling \$320 million through 2026, bringing the expected combined outside investment levels now to over \$350 million during this decade. SkyWater will also utilize the Advanced Manufacturing Investment Tax Credit which is expected to be up to 25% of qualified capital expenditures.

Through the proposed CHIPS funding, SkyWater expects to:

- Increase its U.S.-based 200 mm semiconductor technology development and production capacity by 30%
- Create approximately 70 new jobs to support the workforce in Bloomington, Minnesota
- Modernize its facility to meet the escalating demand for domestically produced microelectronics
- Ensure a consistent supply of trusted silicon for critical DOD and commercial programs
- Accelerate technology development and time to market for customers.

From the outset of the government plan to create a program to support the semiconductor industry, SkyWater was working to bolster the nation's supply of chips. Today, the company is immersed in many facets of the CHIPS program, including lending expertise in substrates and process engineering for advanced packaging, underwriting workforce initiatives at the federal and local level, and participating as a core partner in the DOD's Microelectronics Commons network to support warfighter applications.

"We are pleased to receive this important CHIPS funding, including the Advanced Manufacturing Investment Tax Credit to expand our nation's onshore capacity. We've been the beneficiary of significant government program awards over the past several years, and we're proud of our role in helping to expand the domestic microelectronics infrastructure and strengthen the U.S. supply chain," said **SkyWater CEO, Thomas Sonderman**. "As America's Trusted Foundry, through our business model and expanding capabilities, we are creating a national asset for technology development, which is in a critical state domestically. We have been working to meet the specific needs of the Defense Industrial Base and commercial companies, developing the technologies of the future. The investments today are another milestone along this path."

"The Biden-Harris Administration's bipartisan CHIPS and Science Act is making targeted investments to meet market demands for technology critical to our national and economic security," said **U.S. Secretary of Commerce Gina Raimondo**. "Today's proposed investments across Texas and Minnesota would help bolster domestic chip production and help secure our supply chain for decades to come."

"If we want to continue leading the global economy, we must be a country that makes stuff, invents things, and exports to the world. This significant investment in SkyWater Technology will transform domestic semiconductor manufacturing," said **U.S. Senator Amy Klobuchar (D-MN)**. "I'm proud to have worked with SkyWater Technology to secure the resources needed to ensure Minnesota remains at the forefront of technological innovation. This is good for our state's workers and businesses."

## About SkyWater Technology

SkyWater (NASDAQ: SKYT) is a U.S.-based semiconductor manufacturer and a DMEA-accredited Category 1A

Trusted Supplier. SkyWater's Technology as a Service model streamlines the path to production for customers with development services, volume production and heterogeneous integration solutions in its U.S. facilities. This pioneering model enables innovators to co-create the next wave of technology within diverse categories including mixed-signal CMOS, ROICs, rad-hard ICs, MEMS, superconducting ICs, photonics and advanced packaging. SkyWater serves the growing markets of aerospace & defense, automotive, biomedical, industrial and quantum computing. For more information, visit: [www.skywatertechnology.com](http://www.skywatertechnology.com).

## SkyWater Technology Forward-Looking Statements

This press release contains "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements based on the Company's current expectations or forecasts of future events. These statements are subject to risks and uncertainties that may cause actual results to differ materially. Key factors that could cause the Company's actual results to be different than expected or anticipated include, but are not limited to: our goals and strategies; our future business development, financial condition and results of operations; our ability to continue operating our fabrication facilities at full capacity; our ability to appropriately respond to changing technologies on a timely and cost-effective basis; our customer relationships and our ability to retain and expand our customer relationships; our ability to accurately predict our future revenues for the purpose of appropriately budgeting and adjusting our expenses; our expectations regarding dependence on our largest customers; our ability to diversify our customer base and develop relationships in new markets; the performance and reliability of our third-party suppliers and manufacturers; our ability to procure tools, materials, and chemicals; our ability to control costs, including our operating and capital expenses; the size and growth potential of the markets for our solutions, and our ability to serve and expand our presence in those markets; the level of demand in our customers' end markets; our ability to attract, train and retain key qualified personnel in a competitive labor market; adverse litigation judgments, settlements or other litigation-related costs; changes in trade policies, including the imposition of tariffs; our ability to raise additional capital or financing; our ability to accurately forecast demand; the level and timing of U.S. government program funding; our ability to maintain compliance with certain U.S. government contracting requirements; regulatory developments in the United States and foreign countries; our ability to protect our intellectual property rights; our ability to meet our long-term growth targets; and other factors discussed in the "Risk Factors" section of the annual report on Form 10-K the Company filed with the SEC on March 15, 2024 and in other documents that the Company files with the SEC, which are available at <http://www.sec.gov>. The Company assumes no obligation to update any forward-looking statements, which speak only as of the date of this press release.

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