

MEMSCAP

THE POWER OF A SMALL WORLD

MEMSCAP – Q2 2023:

PROFITABILITY RISE DRIVEN BY GROUP'S BUSINESS GROWTH

- Growth of quarterly revenue from continuing operations by +50.5%
- Quarterly adjusted EBITDA¹ at EUR 936 thousand (27.4% of consolidated revenue)
- Quarterly operating profit of EUR 653 thousand
- Quarterly net profit of EUR 664 thousand (19.4% of consolidated revenue)
- Confirmation of MEMSCAP profile shift: a solid model of profitable growth

Grenoble (France) – July 25, 2023 – 06:30 p.m.

MEMSCAP (Euronext Paris: MEMS), leading provider of high-accuracy, high-stability pressure sensor solutions for the aerospace and medical markets using MEMS technology (Micro Electro Mechanical Systems), today announced its earnings for the second quarter of 2023 ending June 30, 2023.

Analysis of consolidated revenue

Consolidated revenue from continuing operations (non-audited) for the second quarter of 2023 was EUR 3,421 thousand compared to EUR 2,273 thousand for the second quarter of 2022, thus a growth of 50.5%.

Over the second quarter of 2023, the distribution of consolidated revenue from continuing operations by market segment is as follows:

Market segments / Revenue (In thousands of euros) – Non-audited	Q1 2022	Q2 2022	Q2 2022 (%)	Q1 2023	Q2 2023	Q2 2023 (%)
Aerospace	1,680	1,811	80%	2,389	2,126	62%
Medical	574	438	19%	681	1,028	30%
Optical communications	--	--	--	558	240	7%
Others (Royalties from licensed trademarks)	28	24	1%	40	27	1%
Total revenue from continuing operations	2,282	2,273	100%	3,668	3,421	100%

(Any apparent discrepancies in totals are due to rounding.)

Consolidated sales for the second quarter of 2023 were marked by strong growth in the medical business, with a revenue increase of 2.3 times compared to the second quarter of 2022. The aerospace segment, the Group's largest market, also maintained its high level of activity, up 17.3% compared to the second quarter of 2022.

The optical communications business benefited from a particularly high order backlog. However, due to the ongoing modernization of certain industrial equipment by the Group's subcontractor (the company that acquired MEMSCAP's industrial site in 2022), the delivery volumes have been restricted for this quarter compared to received orders. Nevertheless, the optical communications business, through the implementation of a fabless organization, continued to play a crucial role in enhancing the Group's profitability.

Analysis of consolidated income statement

MEMSCAP's consolidated earnings for the second quarter of 2023 are given within the following table:

<i>In thousands of euros – Non-audited</i>	Q1 2022	Q2 2022	Q1 2023	Q2 2023
Revenue from continuing operations	2,282	2,273	3,668	3,421
Cost of revenue	(1,441)	(1,400)	(2,146)	(1,884)
Gross margin	841	873	1,522	1,536
<i>% of revenue</i>	<i>36.8%</i>	<i>38.4%</i>	<i>41.5%</i>	<i>44.9%</i>
Operating expenses*	(810)	(875)	(1,017)	(883)
Operating profit / (loss)	31	(2)	505	653
Financial profit / (loss)	(80)	175	(1)	24
Income tax expense	0	(38)	(34)	(13)
Net profit / (loss) from continuing operations	(49)	135	470	664
Profit / (loss) after tax from discontinued operations	(394)	(263)	--	--
Net profit / (loss)	(443)	(128)	470	664

* Net of research & development grants.
(Any apparent discrepancies in totals are due to rounding.)

The gross margin rate, representing 44.9% of consolidated revenue compared to 38.4% in the second quarter of 2022, increased by 6.5 percentage points and continued to benefit from the growth in sales volumes and the favourable evolution of the product mix during the quarter. The gross margin thus amounted to EUR 1,536 thousand compared to EUR 873 thousand for the second quarter of 2022.

Operating expenses, net of research and development grants, amounted to EUR 883 thousand compared to an amount of EUR 875 thousand for the second quarter of 2022.

For the second quarter of 2023, the Group posted an operating profit from continuing operations of EUR 653 thousand compared to an operating loss of EUR 2 thousand for the second quarter of 2022. The tax expense recognized over the second quarters of 2022 and 2023 corresponded to the change in deferred tax assets. This tax expense is a non-cash item.

Net profit after tax from continuing operations thus amounted to EUR 664 thousand in the second quarter of 2023 compared to a net profit of EUR 135 thousand in the second quarter of 2022.

The Group therefore reported a net profit of EUR 664 thousand in the second quarter of 2023 (19.4% of consolidated revenue) compared to a net loss of EUR 128 thousand in the second quarter of 2022 including discontinued operations.

Perspectives

Recording a quarterly adjusted EBITDA¹ of EUR 936 thousand in the second quarter of 2023, representing 27.4% of the consolidated revenue (compared to EUR 445 thousand in the second quarter of 2022), and a quarterly net profit of EUR 664 thousand, MEMSCAP demonstrates the successful launch of its 4G plan.

With a recognized expertise and driven by promising and high-visibility markets, MEMSCAP reaffirms its trajectory through 2026, focused on achieving an average annual hyper-growth rate of 20%. 4G stands for **consistent** growth, **competitive** growth, **profitable** growth, and **responsible** growth.

¹ Adjusted EBITDA means operating profit before depreciation, amortisation, and share-based payment charge (IFRS 2) and including foreign exchange gains/losses related to ordinary activities.

Individual shareholder webinar: Wednesday, July 26, 2023 – 5:00 p.m.

Thank you for registering and sending your questions in advance using the following link:
<https://memscap.com/fr/visio/>

Half-year 2023 revenue and earnings: August 31, 2023.

About MEMSCAP

MEMSCAP is a leading provider MEMS based pressure sensors, best-in-class in term of precision and stability (very low drift) for two market segments: aerospace and medical.

MEMSCAP also provides variable optical attenuators (VOA) for the optical communications market.

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