

MEMSCAP

THE POWER OF A SMALL WORLD



MEMSCAP – Q3 2023:

44.9% QUARTERLY REVENUE
GROWTH

CONFIRMATION OF THE
PROFITABLE HYPER-GROWTH
MODEL

- 44.9% quarterly revenue growth
- 52.3% revenue growth in the first 9 months of 2023
- Quarterly adjusted EBITDA¹ of EUR 616 thousand, bringing the adjusted EBITDA¹ for the first 9 months of 2023 to EUR 2,293 thousand (22.7% of revenue)
- Quarterly operating profit of EUR 500 thousand, with a cumulative operating profit of EUR 1,659 thousand for the first 9 months of 2023 (16.4% of revenue)
- Quarterly net profit of EUR 304 thousand, resulting in a cumulative net profit of EUR 1,437 thousand for the first 9 months of 2023 (14.2% of revenue)
- Increased available cash to EUR 5,355 thousand as of September 30, 2023
- Significant growth in the Group's activities is expected to continue into the fourth quarter of 2023
- Shareholders and investors video conference - Tuesday, October 24, 2023 at 09:30 a.m.

Grenoble (France) – October 23, 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 third quarter of 2023 ending September 30, 2023.

Analysis of consolidated revenue

Consolidated revenue from continuing operations (non-audited) for the third quarter of 2023 was EUR 3,011 thousand compared to EUR 2,078 thousand for the third quarter of 2022, thus a growth of 44.9% and 52.3% for the first 9 months of 2023.

The distribution of consolidated revenue from continuing operations by market segment for the third quarter of 2023 and for the first 9 months of 2023 is as follows:

<i>Market segments / Revenue (In thousands of euros) – Non-audited</i>	Q3 2022 (3 months)	Q3 2022 (%)	Jan.-Sept. 2022 (9 months)	Jan.-Sept. 2022 (%)	Q3 2023 (3 months)	Q3 2023 (%)	Jan.-Sept. 2023 (9 months)	Jan.-Sept. 2023 (%)
Aerospace	1,388	67%	4,880	74%	1,963	65%	6,478	64%
Medical	647	31%	1,659	25%	814	27%	2,523	25%
Optical communications	--	--	--	--	209	7%	1,007	10%
Others (<i>Royalties from licensed trademarks</i>)	42	2%	94	1%	25	1%	92	1%
Total revenue from continuing operations	2,078	100%	6,633	100%	3,011	100%	10,100	100%

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

Consolidated sales for the third quarter of 2023 confirmed the strong momentum across all of the Group's businesses.

The aerospace segment, the Group's largest market, increased by 41.4% compared to the third quarter of 2022. Sales in the medical segment increased by 25.8% during the same period.

Similar to the previous quarter, deliveries related to the optical communications business continued to be constrained due to the ongoing modernization of certain industrial equipment by the Group's subcontractor. The optical communications division maintains a particularly high order backlog as of September 30, 2023.

Analysis of consolidated income statement

MEMSCAP's consolidated earnings for the third quarter of 2023 and the first 9 months of 2023 are given within the following table:

<i>In thousands of euros – Non-audited</i>	Q3 2022 (3 months)	Jan.-Sept. 2022 (9 months)	Q3 2023 (3 months)	Jan.-Sept. 2023 (9 months)
Revenue from continuing operations	2,078	6,633	3,011	10,100
Cost of revenue	(1,230)	(4,071)	(1,723)	(5,754)
Gross margin	848	2,562	1,288	4,346
% of revenue	40.8%	38.6%	42.8%	43.0%
Operating expenses*	(832)	(2,516)	(787)	(2,688)
Operating profit / (loss)	16	45	500	1,659
Financial profit / (loss)	11	106	(196)	(172)
Income tax expense	(19)	(57)	(1)	(49)
Net profit / (loss) from continuing operations	8	94	304	1,437
Profit / (loss) after tax from discontinued operations	(68)	(726)	--	--
Net profit / (loss)	(60)	(631)	304	1,437

* Net of research & development grants.

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

The gross margin rate, representing 42.8% of consolidated revenue compared to 40.8% in the third quarter of 2022, increased by 2.0 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 1,288 thousand compared to EUR 848 thousand for the third quarter of 2022.

Operating expenses, net of research and development grants, amounted to EUR 787 thousand compared to an amount of EUR 832 thousand for the third quarter of 2022.

For the third quarter of 2023, the Group posted an operating profit from continuing operations of EUR 500 thousand compared to an operating profit of EUR 16 thousand for the third quarter of 2022. The financial income for the third quarter of 2023 was mainly affected by an unfavourable exchange rate effect during this quarter. The tax expense recognized over the third 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 304 thousand in the third quarter of 2023 compared to a net profit of EUR 8 thousand in the third quarter of 2022.

The Group therefore reported a net profit of EUR 304 thousand in the third quarter of 2023 (10.1% of consolidated revenue) compared to a net loss of EUR 60 thousand in the third quarter of 2022 including discontinued operations.

MEMSCAP reported an adjusted EBITDA¹ of EUR 616 thousand for the third quarter of 2023 and EUR 2,293 thousand for the first 9 months of 2023, representing 22.7% of consolidated revenue. It is noted that research and development costs were fully recognized as expenses during this 9-month period and were not capitalized in the Group's balance sheet.

Over the third quarter of 2023, the Group reported increased available liquidities (cash and related investments), totalling EUR 5,355 thousand as of September 30, 2023. At that date, the total amount of financial borrowings, excluding lease obligations, was limited to EUR 153 thousand.

The increase in available cash reflected the Group's ability to generate a strong operational cash flow in a context of hyper-growth and associated working capital requirements.

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.

Perspectives

MEMSCAP's operational and financial achievements for the first 9 months of 2023 confirm the trajectory to 2026 outlined in the 4G plan focused on achieving an average annual hyper-growth rate of 20% coupled with high levels of profitability.

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

Q4 2023 revenue and earnings: January 24, 2024.

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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