

MEMSCAP

THE POWER OF A SMALL WORLD



2023 EARNINGS

FY 2023: HYPER GROWTH AND PROFITABILITY
CONSOLIDATED REVENUE: +50.7%
ADJUSTED EBITDA¹: 23.2% OF REVENUE
STRENGTHENED FINANCIAL FUNDAMENTALS
WITH A STRONG BALANCE SHEET
CONFIRMATION OF THE 4G PLAN'S AMBITION

- 50.7% revenue growth in FY 2023
- Adjusted EBITDA¹ for FY 2023 to EUR 3,263 thousand (23.2% of revenue)
- Operating profit of EUR 2,477 thousand for FY 2023 (17.6% of revenue)
- Net profit of EUR 2,140 thousand for FY 2023 (15.2% of revenue)
- Increased available cash from EUR 5 456 thousand to EUR 6,237 thousand as of December 31, 2023
- Net available cash (excluding lease liabilities) of EUR 6,109 thousand as of December 31, 2023
- A year that secures the trajectory of the 4G Plan and strengthens the overall assets of the Group
- Shareholders and investors video conference - Thursday, March 28, 2024 at 11:00 a.m.

Grenoble (France) – March 27, 2024 – 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 2023 financial year ending December 31, 2023.

Analysis of the consolidated income statement

In line with the previous quarterly press releases, MEMSCAP reported an audited revenue of EUR 14,073 thousand for FY 2023 compared to EUR 9,336 thousand for FY 2022, thus a growth of 50.7% for FY 2023.

Consolidated revenue distribution by market segment, over FY 2023 and presented in accordance with IFRS 5, is as follows:

<i>Market segments / Revenue</i> <i>(In thousands of euros)</i>	2022	2022 (%)	2023	2023 (%)
Aerospace	6,729	72%	8,801	63%
Medical	2,480	27%	3,589	26%
Optical communications	--	--	1,555	11%
Others (<i>Royalties from licensed trademarks</i>)	128	1%	128	1%
Total revenue from continuing operations	9,336	100%	14,073	100%

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

Revenue from continuing operations for FY 2023 increased by +50.7% in euros and by +54.7% in US dollars compared to FY 2022. Sales made in US dollars represented approximately 62% of consolidated revenue from continuing operations in FY 2023.

Aerospace sales amounted to EUR 8,801 thousand (+EUR 2,072 thousand / +30.8% vs. FY 2022) and confirmed the strong recovery of this business in the wake of FY 2021 and following the weakening impacts of the Covid-19 pandemic. The Aerospace business represents 62.5% of consolidated revenue from continuing operations (FY 2022: 72.1%) and remains the Group's leading market segment. Medical sales amounted to EUR 3,589 thousand and also demonstrated high levels of activity, showing an increase of EUR 1,109 thousand compared to FY 2022 (+44.7% vs 2022).

The optical communications division, whose commercial activities started in January 2023 following the implementation of a fabless organization, recorded a revenue of EUR 1,555 thousand for FY 2023.

Royalties from licensed trademarks, including the loma brand, contributed to a revenue of EUR 128 thousand, consistent with the previous financial year.

Analysis of the consolidated income statement

MEMSCAP's consolidated earnings for FY 2023, and presented in accordance with IFRS 5, are given within the following table:

<i>In thousands of euros</i>	2022	2023
Revenue from continuing operations	9,336	14,073
Cost of revenue	(5,659)	(8,033)
Gross margin	3,677	6,040
<i>% of revenue</i>	<i>39.4%</i>	<i>42.9%</i>
Operating expenses*	(3,441)	(3,563)
Operating profit / (loss)	236	2,477
Financial profit / (loss)	7	(304)
Income tax expense	(92)	(33)
Net profit / (loss) from continuing operations	151	2,140
Profit / (loss) after tax from discontinued operations	897	--
Net profit / (loss)	1,048	2,140

(Financial data were subject to an audit by the Group's statutory auditors who will issue their reports at a later date. On March 27th, 2024, the MEMSCAP's board of directors authorized the release of the FY 2023 consolidated financial statements. Any apparent discrepancies in totals are due to rounding.)

* Net of research & development grants.

The significant increase in sales volumes, as well as the product mix effect, impacted the Group's gross margin rate, which stood at 42.9% compared to 39.4% in the previous year. The consolidated gross margin thus amounted to EUR 6,040 thousand compared to EUR 3,677 thousand for FY 2022.

Operating expenses, net of research and development grants, amounted to EUR 3,563 thousand compared to EUR 3,441 million for FY 2022. Net of research and development grants, the amount of research and development expenses was EUR 1,402 thousand for FY 2023, compared to EUR 1,510 thousand for the previous year, and included the development of new generations of avionics products. Net research and development expenses, including grants, thus represented 10.0% of the consolidated revenue (2022: 16.2%). As part of the Group's business growth, sales and administrative expenses increased by +18.7% and +8.0%, respectively, for FY 2023 compared to FY 2022.

The average full-time equivalent workforce of the Group related to continuing operations increased from 41.3 employees in FY 2022 to 54.5 employees in FY 2023, representing a growth of +31.9%.

For FY 2023, the Group posted an operating profit from continuing operations of EUR 2,477 thousand (17.6% of revenue) compared to an operating profit of EUR 236 thousand for FY 2022. The net financial loss of EUR 304 thousand for FY 2023 (2022: Non-significant net financial gain), included notably a foreign exchange loss of EUR 234 thousand (2022: Foreign exchange gain of EUR 138 thousand). The tax expense recognized over FY 2023 and FY 2022 corresponded to the variation in deferred tax assets. This tax expense had no impact on the Group's cash position.

The Group therefore reported a net profit after tax from continuing operations of EUR 2,140 thousand (15.2% of revenue) for FY 2023 compared to a net profit of EUR 151 thousand for FY 2022.

Including the profit of continuing and discontinued operations, the Group reported a net profit of EUR 2,140 thousand (15.2% of revenue) for FY 2023 compared to a net profit of EUR 1,048 thousand for FY 2022. It is recalled that the net profit for FY 2022 included the exceptional capital gain of EUR 1,754 thousand resulting from the sale of assets dedicated to the foundry activity (Custom Products – Discontinued operations in FY 2022) held by the Group's US subsidiary.

Evolution of the Group's cash / Consolidated shareholders' equity

The adjusted EBITDA¹ for continuing operations in FY 2023 amounted to EUR 3,263 thousand (23.2% of revenue) compared to EUR 1,443 thousand for FY 2022. It is noted that research and development costs were fully recognized as expenses and were not capitalized in the Group's balance sheet over FY 2023.

As of December 31, 2023, the Group posted available cash of EUR 6,237 thousand (December 31, 2022: EUR 5,456 thousand) including cash investments (Corporate bonds / investment securities) recorded under non-current financial assets. In a context of very strong business growth and increased production, MEMSCAP generated a positive cash flow from continuing operational activities of EUR 1,752 thousand compared to EUR 1,411 thousand in FY 2022.

As of December 31, 2023, the amount of debts and financial borrowings (excluding lease liabilities) stood at EUR 128 thousand, and net available cash (excluding lease liabilities) amounts to EUR 6,109 thousand.

As of December 31, 2023, MEMSCAP shareholders' equity totalled EUR 17,676 thousand (December 31, 2022: EUR 15,587 thousand).

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

The financial year 2023 initiates MEMSCAP's trajectory towards its ambition expressed in the 4G Plan 2026. The Aerospace / Medical segment remains the main driver both in terms of growth and profitability. The optical communications, while remaining a profitability support factor for the Group, continue to display significant volatility due to the Asian context and investments dedicated to optical fiber.

“Growth and profitability in financial year 2023 reinforce our initial ambition outlined in the 4G Plan 2026. Regarding our aerospace activities, MEMSCAP teams are currently focused on providing industrial and commercial solutions for the engine control market and winning an increasing number of innovative programs to prepare the post-2026 period.” said Jean Michel Karam, President and CEO of MEMSCAP. “In the medical sector, we are expanding the use of our sensors for a variety of applications. MEMSCAP's high profitability, strong balance sheet, together with our expertise combined with solid entry barriers resulting of years of development, now allow us to select our partners and target markets and refine a sustainable high-margin model that is not subject to price erosion. Regardless of the intrinsic volatility of the optical communications market, our growth engines in Aerospace and Medical support the trajectory of the 4G plan and its landing in 2026.”

Shareholders and investors video conference - Thursday, March 28, 2024 at 11:00 a.m.

Thank you for registering and sending your questions in advance using the following link:

[Registration for the video conference](#)

Q1 2024 earnings: April 29, 2024

Annual meeting of shareholders: May 31, 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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MEMSCAP is listed on Euronext
Paris (Euronext Paris - Memscap
- ISIN code: FR0010298620 -
Ticker symbol: MEMS)



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2023

	<i>31 December 2023</i>	<i>31 December 2022</i>
	€000	€000
Assets		
Non-current assets		
Property, plant and equipment.....	937	901
Goodwill and intangible assets.....	6 682	6 888
Right-of-use assets.....	5 354	4 764
Other non-current financial assets.....	1 436	1 276
Employee benefit net asset.....	1	6
Deferred tax asset.....	106	137
	14 516	13 972
Current assets		
Inventories.....	4 054	2 578
Trade and other receivables.....	2 714	2 494
Prepayments.....	197	222
Cash and short-term deposits.....	4 801	4 180
	11 766	9 474
Total assets	26 282	23 446
Equity and liabilities		
Equity		
Issued capital.....	1 869	1 869
Share premium.....	17 972	17 972
Treasury shares.....	(134)	(144)
Retained earnings.....	1 095	(242)
Foreign currency translation.....	(3 126)	(3 868)
	17 676	15 587
Non-current liabilities		
Lease liabilities.....	4 646	4 479
Interest-bearing loans and borrowings.....	26	128
Employee benefit liability.....	80	69
	4 752	4 676
Current liabilities		
Trade and other payables.....	2 780	2 487
Lease liabilities.....	937	576
Interest-bearing loans and borrowings.....	102	101
Provisions.....	35	19
	3 854	3 183
Total liabilities	8 606	7 859
Total equity and liabilities	26 282	23 446

CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 December 2023

	2023	2022
Continuing operations	€000	€000
Sales of goods and services	14 073	9 336
Revenue	14 073	9 336
Cost of sales	(8 033)	(5 659)
Gross profit	6 040	3 677
Other income	142	402
Research and development expenses	(1 548)	(1 912)
Selling and distribution costs	(801)	(675)
Administrative expenses.....	(1 356)	(1 256)
Operating profit / (loss)	2 477	236
Finance costs	(380)	(141)
Finance income.....	76	148
Profit / (loss) for the year from continuing operations before tax	2 173	243
Income tax expense	(33)	(92)
Profit / (loss) for the year from continuing operations	2 140	151
Discontinued operations		
Profit/(loss) after tax for the year from discontinued operations	--	897
Profit / (loss) for the year	2 140	1 048
Earnings per share:		
- Basic, for profit / (loss) for the year attributable to ordinary equity holders of the parent (in euros)	€ 0.286	€ 0.140
- Diluted, for profit / (loss) for the year attributable to ordinary equity holders of the parent (in euros)	€ 0.278	€ 0.140
- Basic, profit / (loss) for the year from continuing operations attributable to ordinary equity holders of the parent (in euros).....	€ 0.286	€ 0.020
- Diluted, profit / (loss) for the year from continuing operations attributable to ordinary equity holders of the parent (in euros).....	€ 0.278	€ 0.020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	2023	2022
	€000	€000
Profit / (loss) for the year	2 140	1 048
Items that will not be reclassified subsequently to profit or loss		
Actuarial gains / (losses).....	(30)	(25)
Elimination of intra-group restructuring operations ⁽¹⁾	(1 195)	(25)
Income tax on items that will not be reclassified to profit or loss	--	--
Total items that will not be reclassified to profit or loss	(1 225)	(25)
Items that may be reclassified subsequently to profit or loss		
Net gain / (loss) on available-for-sale financial assets	108	(135)
Exchange differences on translation of foreign operations	742	(1 089)
Income tax on items that may be reclassified to profit or loss	--	--
Total items that may be reclassified to profit or loss	850	(1 224)
Other comprehensive income for the year, net of tax	(375)	(1 249)
Total comprehensive income for the year, net of tax	1 765	(201)

⁽¹⁾ The transfer of the "Optical Communications" activities from the US subsidiary Memscap Inc. to its parent company Memscap S.A., finalized in the second half of 2023, is similar to a restructuring operation exclusively internal to the Group, the effects of which have been eliminated in consolidation. Consequently, this operation has no impact on the consolidated income statement for the financial year, on the asset and debt items of the consolidated balance sheet as well as on the total amount of shareholders' equity for the 2023 financial year.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

<i>(In thousands of euros, except for number of shares)</i>	<i>Number of shares</i>	<i>Issued capital</i>	<i>Share premium</i>	<i>Treasury shares</i>	<i>Retained earnings</i>	<i>Foreign currency translation</i>	<i>Total shareholders' equity</i>
		€000	€000	€000	€000	€000	€000
At 1 January 2022	7 476 902	1 869	17 972	(144)	(1 130)	(2 779)	15 788
Profit for the year	--	--	--	--	1 048	--	1 048
Other comprehensive income for the year, net of tax	--	--	--	--	(160)	(1 089)	(1 249)
Total comprehensive income	--	--	--	--	888	(1 089)	(201)
Treasury shares	--	--	--	--	--	--	--
At 31 December 2022	7 476 902	1 869	17 972	(144)	(242)	(3 868)	15 587
At 1 January 2023	7 476 902	1 869	17 972	(144)	(242)	(3 868)	15 587
Profit for the year	--	--	--	--	2 140	--	2 140
Other comprehensive income for the year, net of tax	--	--	--	--	(1 117)	742	(375)
Total comprehensive income	--	--	--	--	1 023	742	1 765
Treasury shares	--	--	--	10	--	--	10
Share-based payments	--	--	--	--	314	--	314
At 31 December 2023	7 476 902	1 869	17 972	(134)	1 095	(3 126)	17 676

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2023

	2023	2022
	€000	€000
Operating activities:		
Net profit / (loss) for the year.....	2 140	1 048
Profit/(loss) after tax for the year from discontinued operations	--	897
Profit / (loss) for the year from continuing operations.....	2 140	151
Non-cash items written back:		
Amortization and depreciation.....	721	1 065
Loss / (capital gain) on disposal of fixed assets	17	35
Other non-financial activities	410	120
Accounts receivable.....	(328)	(51)
Inventories.....	(1 598)	(577)
Other debtors	120	250
Accounts payable.....	(163)	341
Other liabilities	433	77
Net cash flows from operating activities - continuing operations	1 752	1 411
Net cash flows used in operating activities - discontinued operations.....	--	(1 311)
Total net cash flows from operating activities	1 752	100
Investing activities:		
Purchase of fixed assets.....	(346)	(261)
Proceeds from sale / (purchase) of other non-current financial assets.....	(145)	(84)
Net cash flows used in investing activities - continuing operations	(491)	(345)
Net cash flows from investing activities - discontinued operations	--	1 694
Total net cash flows from / (used in) investing activities	(491)	1 349
Financing activities:		
Repayment of borrowings	(101)	(120)
Payment of principal portion of lease liabilities	(502)	(586)
Sale / (purchase) of treasury shares	10	--
Net cash flows used in financing activities - continuing operations	(593)	(706)
Net cash flows used in financing activities - discontinued operations	--	--
Total net cash flows used in financing activities	(593)	(706)
Net foreign exchange difference	(47)	(211)
Increase / (decrease) in net cash and cash equivalents	621	532
Opening cash and cash equivalents balance	4 180	3 648
Closing cash and cash equivalents balance	4 801	4 180