

MEMSCAP

THE POWER OF A SMALL WORLD

MEMSCAP – FIRST HALF 2024 EARNINGS:

CONSOLIDATED REVENUE GROWTH DRIVEN BY THE STRONG DYNAMISM OF THE AEROSPACE BUSINESS

HALF-YEAR ADJUSTED¹ EBITDA OF 19% OF REVENUE AND CONSOLIDATED HALF-YEAR NET PROFIT OF 14% OF REVENUE

MEMSCAP CONFIRMS ITS TRAJECTORY AND DRIVERS FOR PROFITABLE GROWTH



- Growth of more than 8% in aerospace business leading to a 3% increase in consolidated half-year revenue
- Slight decline in medical activities (-3%) due to the sharp drop in half-year sales relating to implantable solutions (-69%)
- Half-year adjusted¹ EBITDA of EUR 1,410 thousand (19% of revenue)
- Half-year operating profit of EUR 899 thousand (12% of revenue)
- Consolidated half-year net profit of EUR 992 thousand euros (14% of revenue)
- Consolidated available cash at EUR 6,017 thousand as of June 30, 2024
- Intensification of efforts related to the "Engine Control" development and industrialization program
- Increase in sales and marketing resources dedicated to medical activities to expand the number of applications and clients, reducing the volatility of this segment
- Planned emphasis on the Group's sales and technical programs reflected in operating expenses expected to decrease over the coming quarter

Grenoble (France) – September 2, 2024 – 07:30 a.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 first half of 2024 ending June 30, 2024.

Analysis of consolidated revenue

In accordance with the previous quarterly press releases, consolidated revenue from continuing operations for the first half of 2024 amounted to EUR 7,275 thousand compared to EUR 7,089 thousand for the first half of 2023.

Over the first half of 2024, the distribution of consolidated revenue from continuing operations by market segment is as follows:

<i>Market segments / Revenue (In thousands of euros)</i>	H1 2023	H1 2023 (%)	H1 2024	H1 2024 (%)
Aerospace	4,515	64%	4,899	67%
Medical	1,709	24%	1,664	23%
Optical communications	798	11%	667	9%
Others (<i>Royalties from licensed trademarks</i>)	67	1%	45	1%
Total revenue from continuing operations	7,089	100%	7,275	100%

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

Consolidated revenue from continuing operations for the first half of 2024 increased by 3% compared to the first half of 2023.

The aerospace segment, the Group's largest market, recorded revenue of EUR 4,899 thousand for the first half of 2024 (first half of 2023: EUR 4,515 thousand euros), representing an increase of more than 8% compared to the first half of 2023. This segment represents 67% of the Group's consolidated revenue in the first half of 2024 (first half of 2023: 64%).

Revenue from the medical sector amounted to EUR 1,664 thousand for the first half of 2024 (first half of 2023: EUR 1,709 thousand), reflecting a 3% decrease compared to the first half of 2023. This evolution is due to the sharp drop in half-year sales relating to implantable solutions (-69% compared to the first half of 2023). The medical segment represents 23% of the Group's consolidated revenue in the first half of 2024 (first half of 2023: 24%).

The optical communications business, which includes the design and commercialization of variable optical attenuators (VOA) under a fables organization, reported consolidated revenue of EUR 667 thousand for the first half of 2024 (first half of 2023: EUR 798 thousand), accounting for 9% of the Group's consolidated revenue (first half of 2023: 11%).

Royalties from licensed trademarks amounted to EUR 45 thousand for the first half of 2024, a similar level to the first half of 2023 at EUR 67 thousand.

Analysis of consolidated income statement

MEMSCAP's consolidated earnings for the first half of 2024 are given within the following table:

<i>In thousands of euros</i>	H1 2023	H1 2024
Revenue from continuing operations	7,089	7,275
Cost of revenue	(4,030)	(4,339)
Gross margin	3,059	2,936
<i>% of revenue</i>	43.2%	40.4%
Operating expenses*	(1,901)	(2,037)
Operating profit / (loss)	1,158	899
Financial profit / (loss)	23	110
Income tax expense	(47)	(17)
Net profit / (loss)	1,134	992

(Financial data were subject to a limited review by the Group's statutory auditors. On August 30, 2024, MEMSCAP's board of directors authorized the release of the interim condensed consolidated financial statements on June 30, 2024. Any apparent discrepancies in totals are due to rounding.)

* Net of research & development grants.

For the first half of 2024, the gross margin rate stood at 40.4% of consolidated revenue compared to 43.2% in the first half of 2023. It should be noted that the gross margin rate for the first half of 2023 benefited from a particularly favourable product mix. Thus, the gross margin amounts to EUR 2,936 thousand for the first half of 2024 compared to EUR 3,059 thousand for the first half of 2023.

Operating expenses, net of research and development grants, amounted to EUR 2,037 thousand for the first half of 2024 compared to EUR 1,901 thousand for the first half of 2023. In the first half of 2024, these expenses reflected the emphasis on the Group's sales and technical programs. The Group anticipates a decrease in operating costs over the coming quarter following the non-recurrence of some of these expenses linked to this significant effort during the first half.

The average full-time equivalent workforce of the Group increased from 51.7 employees in the first half of 2023 to 61.8 employees in the first half of 2024.

For the first half of 2024, the operating profit from continuing operations amounted to EUR 899 thousand (12% of consolidated revenue) compared to an operating profit of EUR 1,158 thousand (16% of consolidated revenue) for the first half of 2023.

The financial income posted a gain of EUR 110 thousand for the first half of 2024, primarily due to the exchange rate fluctuations of the US dollar and the Norwegian krone, compared to a break-even result for the first half of 2023.

The tax expense recorded for the first half of 2024 and 2023 corresponded to the variation in deferred tax assets. This charge has no impact on the Group's cash flow.

The Group therefore posted a consolidated net profit of EUR 992 thousand for the first half of 2024 (14.0% of consolidated revenue) compared to a net profit of EUR 1,134 thousand for the first half of 2023 (16% of consolidated revenue).

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

Adjusted EBITDA¹ from continuing operations for the first half of 2024 amounted to EUR 1,410 thousand (19% of consolidated revenue) compared to EUR 1 677 thousand for the first half of 2023 (24% of consolidated revenue).

As of June 30, 2024, the Group posted available cash of EUR 6,017 thousand (December 31, 2023: EUR 6,237 thousand) including cash investments (Corporate bonds / investment securities) recorded under non-current financial assets. It should be noted that the inventory amount increased by EUR 943 thousand compared to December 31, 2023.

As of June 30, 2024, MEMSCAP shareholders' equity totalled EUR 18,631 thousand (December 31, 2023: EUR 17,676 thousand).

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

Perspectives

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 plan stands for consistent growth, competitive growth, profitable growth, and responsible growth). The Company is now concentrating on finalizing its "Engine Control" development and industrialization program, which is expected to accelerate growth in the coming years and propel MEMSCAP beyond 2026.

Individual shareholder webinar: Monday, September 02, 2024 – 11:00 a.m.

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

Q3 2024 earnings: October 28, 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)



MEMS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Interim condensed consolidated financial statements at 30 June 2024

	<i>30 June 2024</i>	<i>31 December 2023</i>
	€000	€000
Assets		
Non-current assets		
Property, plant and equipment.....	1 165	937
Goodwill and intangible assets.....	6 644	6 682
Right-of-use assets.....	5 099	5 354
Other non-current financial assets.....	1 513	1 436
Employee benefit net asset.....	1	1
Deferred tax asset.....	88	106
	14 510	14 516
Current assets		
Inventories.....	4 997	4 054
Trade and other receivables.....	3 237	2 714
Prepayments.....	283	197
Cash and short-term deposits.....	4 504	4 801
	13 021	11 766
Total assets	27 531	26 282
Equity and liabilities		
Equity		
Issued capital.....	1 927	1 869
Share premium.....	17 972	17 972
Treasury shares.....	(124)	(134)
Retained earnings.....	2 093	1 095
Foreign currency translation.....	(3 237)	(3 126)
	18 631	17 676
Non-current liabilities		
Lease liabilities.....	4 614	4 646
Interest-bearing loans and borrowings.....	--	26
Employee benefit liability.....	86	80
	4 700	4 752
Current liabilities		
Trade and other payables.....	3 215	2 780
Lease liabilities.....	891	937
Interest-bearing loans and borrowings.....	77	102
Provisions.....	17	35
	4 200	3 854
Total liabilities	8 900	8 606
Total equity and liabilities	27 531	26 282

CONSOLIDATED STATEMENT OF INCOME

Interim condensed consolidated financial statements at 30 June 2024

	<i>For the six months ended 30 June</i>	
	2024	2023
Continuing operations	€000	€000
Sales of goods and services	7 275	7 089
Revenue	7 275	7 089
Cost of sales	(4 339)	(4 030)
Gross profit	2 936	3 059
Other income	147	157
Research and development expenses	(903)	(938)
Selling and distribution costs	(520)	(415)
Administrative expenses.....	(761)	(705)
Operating profit / (loss)	899	1 158
Finance costs	(83)	(97)
Finance income.....	193	120
Profit / (loss) for the period from continuing operations before tax	1 009	1 181
Income tax expense	(17)	(47)
Profit / (loss) for the period from continuing operations	992	1 134
Profit / (loss) for the period	992	1 134
Earnings per share:		
- Basic, for profit / (loss) for the period attributable to ordinary equity holders of the parent (in euros)	€ 0.129	€ 0.152
- Diluted, for profit / (loss) for the period attributable to ordinary equity holders of the parent (in euros)	€ 0.129	€ 0.147
- Basic, profit / (loss) for the period from continuing operations attributable to ordinary equity holders of the parent (in euros).....	€ 0.129	€ 0.152
- Diluted, profit / (loss) for the period from continuing operations attributable to ordinary equity holders of the parent (in euros).....	€ 0.129	€ 0.147

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Interim condensed consolidated financial statements at 30 June 2024

	<i>For the six months ended 30 June</i>	
	2024	2023
	€000	€000
Profit / (loss) for the period	992	1 134
Items that will not be reclassified subsequently to profit or loss		
Actuarial gains / (losses).....	--	--
Income tax on items that will not be reclassified to profit or loss	--	--
Total items that will not be reclassified to profit or loss	--	--
Items that may be reclassified subsequently to profit or loss		
Net gain / (loss) on available-for-sale financial assets.....	42	(34)
Exchange differences on translation of foreign operations	(111)	(778)
Income tax on items that may be reclassified to profit or loss	--	--
Total items that may be reclassified to profit or loss	(69)	(812)
Other comprehensive income for the period, net of tax	(69)	(812)
Total comprehensive income for the period, net of tax	923	322

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Interim condensed consolidated financial statements at 30 June 2024

<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 2023	7 476 902	1 869	17 972	(144)	(242)	(3 868)	15 587
Profit for the period	--	--	--	--	1 134	--	1 134
Other comprehensive income for the period, net of tax	--	--	--	--	(34)	(778)	(812)
Total comprehensive income	--	--	--	--	1 100	(778)	322
Treasury shares	--	--	--	26	--	--	26
Share-based payment	--	--	--	--	144	--	144
At 30 June 2023	7 476 902	1 869	17 972	(118)	1 002	(4 646)	16 079
At 1 January 2024	7 476 902	1 869	17 972	(134)	1 095	(3 126)	17 676
Profit for the period	--	--	--	--	992	--	992
Other comprehensive income for the period, net of tax	--	--	--	--	42	(111)	(69)
Total comprehensive income	--	--	--	--	1 034	(111)	923
Capital increase	230 000	58	--	--	(58)	--	--
Treasury shares	--	--	--	10	--	--	10
Share-based payment	--	--	--	--	22	--	22
At 30 June 2024	7 706 902	1 927	17 972	(124)	2 093	(3 237)	18 631

CONSOLIDATED CASH FLOW STATEMENT

Interim condensed consolidated financial statements at 30 June 2024

	<i>For the six months ended 30 June</i>	
	2024	2023
	€000	€000
Operating activities:		
Net profit / (loss) for the period	992	1 134
Non-cash items written back:		
Amortization and depreciation.....	401	356
Loss / (capital gain) on disposal of fixed assets	8	(3)
Other non-financial activities	34	182
Accounts receivable.....	(439)	(1 367)
Inventories.....	(991)	(597)
Other debtors	(251)	(44)
Accounts payable.....	480	(67)
Other liabilities	(1)	296
Net cash flows from / (used in) operating activities - continuing operations	233	(110)
Investing activities:		
Purchase of fixed assets.....	(144)	(190)
Proceeds from sale / (purchase) of other non-current financial assets.....	(31)	19
Net cash flows used in investing activities - continuing operations	(175)	(171)
Financing activities:		
Repayment of borrowings	(51)	(50)
Payment of principal portion of lease liabilities	(317)	(242)
Sale / (purchase) of treasury shares	10	26
Net cash flows used in financing activities - continuing operations	(358)	(266)
Net foreign exchange difference	3	(40)
Increase / (decrease) in net cash and cash equivalents	(297)	(587)
Opening cash and cash equivalents balance	4 801	4 180
Closing cash and cash equivalents balance	4 504	3 593