



## Everspin Reports Unaudited Fourth Quarter and Full Year 2022 Financial Results

March 1, 2023

*Everspin reports its best year in company history - continues to see positive growth and profitability with strong fourth quarter results.*

CHANDLER, Ariz.--(BUSINESS WIRE)--Mar. 1, 2023-- Everspin Technologies, Inc. (NASDAQ: MRAM), the market leader in MRAM, today announced preliminary unaudited financial results for the fourth quarter and full year ended December 31, 2022.

### Fourth Quarter and Full Year 2022 Highlights

- 2022 full year revenue increased \$4.9 million, or 9%, to \$60.0 million from \$55.1 million in the prior year.
- Q4'22 revenue increased \$0.5 million, or 3%, to \$15.7 million from \$15.2 million for Q3'22.
- Everspin reported record net income for 2022 of \$6.1 million, this is an increase of \$1.8 million, or 41% from net income for 2021 of \$4.3 million.
- Adjusted EBITDA for 2022 improved to \$11.8 million, compared to \$9.6 million for 2021.
- Basic EPS for 2022 was \$0.30 compared to \$0.22 in 2021.
- Ended Q4'22 with cash and equivalents of \$26.8 million, which is an increase from \$21.4 million reported for 2021, and \$23.4 million reported for the end of Q3'22.
- Everspin generated cash flows from operating activities of \$9.5 million for 2022 compared to \$9.4 million in 2021.

"The Everspin team delivered all-time record revenue of \$60.0M for the year 2022 driven by strong demand in industrial, automotive and transportation markets," said Sanjeev Aggarwal, President & CEO. "We maintained and improved our gross margins through operational efficiency as we managed our suppliers for more capacity to meet the demand. Our recently introduced xSPI family of STT-MRAM products is gaining traction in the industry and we expect it to drive new opportunities."

### Fourth Quarter 2022 Results

Total revenue for the fourth quarter of 2022 was \$15.7 million, an increase of 3% from the \$15.2 million reported in the third quarter of 2022. This is compared to \$18.2 million of revenue in the fourth quarter of 2021 that was driven by \$4.0 million recognized as revenue in the fourth quarter 2021 related to a one-time patent sale.

MRAM product sales in the fourth quarter of 2022, which includes both Toggle and STT-MRAM revenue, was \$14.6 million in the fourth quarter of 2022, and remained consistent with the third quarter of 2022. This is an increase of 15% compared to \$12.6 million in the fourth quarter of 2021.

Licensing, Royalties, Patents and Other revenue in the fourth quarter of 2022 was \$1.1 million compared to \$0.7 million in the third quarter of 2022 and \$5.6 million in the fourth quarter of 2021.

The increase in total revenue for the fourth quarter of 2022 compared to the third quarter of 2022 was due to strong toggle demand and sales along with \$0.3 million in revenue from a new licensing arrangement entered into in the fourth quarter of 2022.

Gross margin for the fourth quarter of 2022 was 51.4%, compared to 58.8% in the prior quarter and 62.8% in the fourth quarter of 2021. The decline in gross margin is partly due to a large patent sale that was recognized in 2021 but not in 2022, and increased supplier costs. Going forward, Everspin remains open to evaluating patent sale and licensing IP deals that align with its objectives, although timing is challenging to forecast.

GAAP operating expenses was \$7.5 million in the fourth quarter of 2022, compared to \$7.1 million in the third quarter of 2022 and \$7.7 million in the fourth quarter of 2021. GAAP operating expenses decreased in the fourth quarter of 2022 compared to the fourth quarter of 2021 as a result of reduced development costs related to the new STT 28nm product that went into low volume production and recorded first sales in the fourth quarter of 2022.

GAAP net income for the fourth quarter of 2022 was \$0.6 million, or \$0.03 per basic share, based on 20.1 million weighted-average basic common shares outstanding. This is compared to net income of \$1.9 million, or \$0.09 per basic share, in the third quarter of 2022 and net income of \$3.7 million, or \$0.19 per basic share, in the fourth quarter of 2021.

Cash and cash equivalents as of the end of the fourth quarter of 2022 were \$26.8 million, compared to \$23.4 million as of the end

of the third quarter of 2022, and \$21.4 million as of the end of the fourth quarter of 2021.

Everspin generated cash flows from operating activities of \$5.2 million in the fourth quarter of 2022, compared to \$0.9 million in the third quarter of 2022, and \$6.4 million in the fourth quarter of 2021.

### **Business Outlook**

For the first quarter 2023, Everspin is confident in its future opportunities and ability to navigate macroeconomic challenges. Everspin expects total revenue in a range of \$14.1 million to \$14.8 million. Everspin expects GAAP net income per basic share to be between breakeven and \$0.05, primarily influenced by expenses related to next generation 28nm STT MRAM product development and price increases from its suppliers.

This outlook is dependent on Everspin's current expectations, which may be impacted by, among other things, evolving external conditions, such as the resurgence of COVID-19 and its variants, local safety guidelines, worsening impacts due to supply chain constraints or interruptions, including due to the recent military conflict in Ukraine and recent market volatility, semiconductor downturn and the other risk factors described in Everspin's filings with the Securities and Exchange Commission (the "SEC"), including its Annual Report on Form 10-K for the fiscal year ended December 31, 2021, its Quarterly Reports on Form 10-Q filed with the SEC during 2022, as well as in its subsequent filings with the SEC.

### **Use of Non-GAAP Financial Measures**

Everspin supplements the reporting of its financial information determined under generally accepted accounting principles in the United States of America (GAAP) with Adjusted EBITDA, which is a non-GAAP financial measure. Everspin defines Adjusted EBITDA as net income adjusted for interest expense, taxes, depreciation and amortization, stock-based compensation expense, and restructuring costs if any.

Everspin's management and board of directors use Adjusted EBITDA to understand and evaluate its operating performance and trends, to prepare and approve its annual budget and to develop short-term and long-term operating and financing plans. Accordingly, Everspin believes that Adjusted EBITDA provides useful information for investors in understanding and evaluating its operating results in the same manner as its management and board of directors. Adjusted EBITDA is a non-GAAP financial measure and should be considered in addition to, not as superior to, or as a substitute for, net income reported in accordance with GAAP. Moreover, other companies may define Adjusted EBITDA differently, which limits the usefulness of this measure for comparisons with such other companies. Everspin encourages investors to review its financial statements and publicly-filed reports in their entirety and not to rely on any single financial measure.

### **Conference Call**

Everspin will host a conference call for analysts and investors on Wednesday, March 1, 2023, at 5:00 p.m. Eastern Time. Interested participants can pre-register online to receive a telephone number and a unique passcode at:

<https://register.vevent.com/register/BI04765d4422f44cbd84676412c4bb3bee>

The conference call will be broadcast live in listen-only mode at:

<https://edge.media-server.com/mmc/p/svhtcoq3>

The registration link and archived webcast will be available in the Investor Relations section of Everspin's website at [investor.everspin.com](http://investor.everspin.com).

### **About Everspin Technologies**

Everspin Technologies, Inc. is the world's leading provider of Magnetoresistive RAM (MRAM). Everspin MRAM delivers the industry's most robust, highest performance non-volatile memory for Industrial IoT, Data Center, and other mission-critical applications where data persistence is paramount. Headquartered in Chandler, Arizona, Everspin provides commercially available MRAM solutions to a large and diverse customer base. For more information, visit [www.everspin.com](http://www.everspin.com). NASDAQ: MRAM.

### **Cautionary Statement Regarding Forward-Looking Statements**

This press release contains forward-looking statements regarding future results that involve risks and uncertainties that could cause actual results or events to differ materially from the expectations disclosed in the forward-looking statements, including, but not limited to the statements made in Mr. Aggarwal's quote and under the caption "Business Outlook." Forward-looking statements are identified by words such as "expects" or similar expressions. These include, but are not limited to, Everspin's future financial performance, including the outlook for first quarter 2023 results. Actual results could differ materially from these forward-looking statements as a result of certain risks and uncertainties, including, without limitation, the risks set forth under the caption "Risk Factors" in Everspin's Annual Report on Form 10-K for the year ended December 31, 2021 filed with the SEC on March 9, 2022, and its Quarterly Reports on Form 10-Q filed with the SEC during 2022, as well as in its subsequent filings with the SEC. Any forward-looking statements made by Everspin in this press release speak only as of the date on which they are made and subsequent events may cause these expectations to change. Everspin disclaims any obligations to update or alter these forward-looking statements in the future, whether as a result of new information, future events or otherwise, except as required by law.

**EVERSPIN TECHNOLOGIES, INC.**  
**Balance Sheets**  
(In thousands, except share and per share amounts)  
(Unaudited)

|   | <b>December 31,</b> |             |
|---|---------------------|-------------|
|   | <b>2022</b>         | <b>2021</b> |
| <b>Assets</b>   |                     |             |
| Current assets:   |                     |             |
| Cash and cash equivalents   | \$ 26,795           | \$ 21,409   |
| Accounts receivable, net  | 10,665              | 8,193       |
| Inventory   | 6,683               | 6,396       |
| Prepaid expenses and other current assets   | 604                 | 762         |
| Total current assets  | 44,747              | 36,760      |
| Property and equipment, net   | 3,883               | 973         |
| Right-of-use assets   | 6,641               | 913         |
| Other assets  | 62                  | 734         |
| Total assets  | \$ 55,333           | \$ 39,380   |
| <b>Liabilities and Stockholders' Equity</b>   |                     |             |
| Current liabilities:  |                     |             |
| Accounts payable  | \$ 2,778            | \$ 1,776    |
| Accrued liabilities   | 3,533               | 3,579       |
| Deferred revenue  | 821                 | 832         |
| Current portion of long-term debt   | 2,594               | 3,370       |
| Lease liabilities, current portion  | 1,122               | 724         |
| Other liabilities   | 27                  | 50          |
| Total current liabilities   | 10,875              | 10,331      |
| Long-term debt, net of current portion  | —                   | 1,529       |
| Lease liabilities, net of current portion   | 5,580               | 68          |
| Long-term income tax liability  | 214                 | 214         |
| Total liabilities   | \$ 16,669           | \$ 12,142   |
| Commitments and contingencies (Note 5)  |                     |             |
| Stockholders' equity:   |                     |             |
| Preferred stock, \$0.0001 par value per share; 5,000,000 shares authorized; no shares issued and outstanding as of December 31, 2022 and 2021                       | —                   | —           |
| Common stock, \$0.0001 par value per share; 100,000,000 shares authorized; 20,374,288 and 19,858,460 shares issued and outstanding as of December 31, 2022 and 2021 | 2                   | 2           |
| Additional paid-in capital  | 185,364             | 180,067     |
| Accumulated deficit   | (146,702)           | (152,831)   |
| Total stockholders' equity  | 38,664              | 27,238      |
| Total liabilities and stockholders' equity  | \$ 55,333           | \$ 39,380   |

**EVERSPIN TECHNOLOGIES, INC.**  
**Statements of Income and Comprehensive Income**  
(In thousands, except share and per share amounts)  
(Unaudited)

|   | <b>Year Ended December 31,</b> |             |
|---|--------------------------------|-------------|
|   | <b>2022</b>                    | <b>2021</b> |
| Product sales   | \$ 55,032                      | \$ 43,931   |
| Licensing, royalty, patent, and other revenue         | 4,953                          | 11,215      |
| Total revenue   | 59,985                         | 55,146      |
| Cost of product sales                                 | 25,112                         | 21,045      |
| Cost of licensing, royalty, patent, and other revenue | 928                            | 1,029       |
| Total cost of sales                                   | 26,040                         | 22,074      |

|  |                   |                   |
|--|-------------------|-------------------|
| Gross profit   | 33,945            | 33,072            |
| Operating expenses: <sup>1</sup>                     |                   |                   |
| Research and development                             | 11,108            | 12,628            |
| General and administrative                           | 11,741            | 10,949            |
| Sales and marketing                                  | 4,869             | 4,460             |
| Total operating expenses                             | <u>27,718</u>     | <u>28,037</u>     |
| Income from operations                               | 6,227             | 5,035             |
| Interest expense                                     | (274)             | (547)             |
| Other income (expense), net                          | 190               | (141)             |
| Net income before income taxes                       | 6,143             | 4,347             |
| Income tax expense                                   | (14)              | (4)               |
| Net income and comprehensive income                  | <u>\$ 6,129</u>   | <u>\$ 4,343</u>   |
| Net income per common share:                         |                   |                   |
| Basic  | <u>\$ 0.30</u>    | <u>\$ 0.22</u>    |
| Diluted  | <u>\$ 0.29</u>    | <u>\$ 0.22</u>    |
| Weighted average shares of common stock outstanding: |                   |                   |
| Basic  | <u>20,130,336</u> | <u>19,400,124</u> |
| Diluted  | <u>20,775,925</u> | <u>19,972,145</u> |

<sup>1</sup>Operating expenses include stock-based compensation as follows:

|                                |                 |                 |
|--------------------------------|-----------------|-----------------|
| Research and development       | \$ 1,704        | \$ 1,280        |
| General and administrative     | 2,190           | 1,465           |
| Sales and marketing            | 514             | 482             |
| Total stock-based compensation | <u>\$ 4,408</u> | <u>\$ 3,227</u> |

**EVERSPIN TECHNOLOGIES, INC.**  
**Statements of Cash Flows**  
(In thousands)  
(Unaudited)

|   | <b>Year Ended December</b> |                |
|---|----------------------------|----------------|
|   | <b>31,</b>                 |                |
|   | <b>2022</b>                | <b>2021</b>    |
| <b>Cash flows from operating activities</b>                                       |                            |                |
| Net income  | \$ 6,129                   | \$ 4,343       |
| Adjustments to reconcile net income to net cash provided by operating activities: |                            |                |
| Depreciation and amortization   | 982                        | 1,455          |
| Gain on sale of property and equipment  | (167)                      | —              |
| Stock-based compensation  | 4,408                      | 3,227          |
| Non-cash warrant revaluation  | (23)                       | 19             |
| Non-cash interest expense   | 105                        | 319            |
| Changes in operating assets and liabilities:                                      |                            |                |
| Accounts receivable   | (2,472)                    | (586)          |
| Inventory   | (287)                      | (675)          |
| Prepaid expenses and other current assets   | 158                        | (492)          |
| Other assets  | (28)                       | 11             |
| Accounts payable  | 563                        | (571)          |
| Accrued liabilities   | (46)                       | 1,696          |
| Deferred revenue  | (11)                       | 832            |
| Lease liabilities   | 182                        | (219)          |
| Net cash provided by operating activities   | <u>9,493</u>               | <u>9,359</u>   |
| <b>Cash flows from investing activities</b>                                       |                            |                |
| Purchases of property and equipment   | (2,788)                    | (1,030)        |
| Proceeds received from sale of property and equipment                             | 202                        | —              |
| Net cash used in investing activities   | <u>(2,586)</u>             | <u>(1,030)</u> |
| <b>Cash flows from financing activities</b>                                       |                            |                |

|  |                  |                  |
|--|------------------|------------------|
| Payments on long-term debt   | (2,400)          | (3,400)          |
| Payments of debt issuance costs  | (10)             | (11)             |
| Proceeds from exercise of stock options and purchase of shares in employee stock purchase plan | 889              | 1,892            |
| Net cash used in financing activities  | <u>(1,521)</u>   | <u>(1,519)</u>   |
| Net increase in cash and cash equivalents  | 5,386            | 6,810            |
| Cash and cash equivalents at beginning of period   | 21,409           | 14,599           |
| Cash and cash equivalents at end of period   | <u>\$ 26,795</u> | <u>\$ 21,409</u> |
| <b>Supplementary cash flow information:</b>  |                  |                  |
| Interest paid  | <u>\$ 169</u>    | <u>\$ 228</u>    |
| Operating cash flows paid for operating leases   | <u>\$ 1,320</u>  | <u>\$ 1,603</u>  |
| Financing cash flows paid for finance leases   | <u>\$ 11</u>     | <u>\$ —</u>      |
| <b>Non-cash investing and financing activities:</b>  |                  |                  |
| Right-of-use assets obtained in exchange for operating lease liabilities                       | <u>\$ 6,837</u>  | <u>\$ —</u>      |
| Right-of-use assets obtained in exchange for finance lease liabilities                         | <u>\$ 36</u>     | <u>\$ —</u>      |
| Purchases of property and equipment in accounts payable and accrued liabilities                | <u>\$ 807</u>    | <u>\$ 340</u>    |
| Bonus settled in shares of common stock  | <u>\$ —</u>      | <u>\$ 364</u>    |

**EVERSPIN TECHNOLOGIES, INC.**  
**Adjusted EBITDA Reconciliation**  
(In thousands)  
(Unaudited)

|  | <b>Year Ended December 31,</b> |                 |
|--|--------------------------------|-----------------|
|  | <b>2022</b>                    | <b>2021</b>     |
| <b>Adjusted EBITDA reconciliation:</b> |                                |                 |
| Net income                             | \$ 6,129                       | \$ 4,343        |
| Depreciation and amortization          | 982                            | 1,455           |
| Stock-based compensation expense       | 4,408                          | 3,227           |
| Interest expense                       | 274                            | 547             |
| Income tax expense                     | 14                             | 4               |
| Adjusted EBITDA                        | <u>\$ 11,807</u>               | <u>\$ 9,576</u> |

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