

Element Group of Companies Announces Financial Results for 2023

Moscow. April 22, 2024 – Element Group of Companies, a major Russian microelectronics integrated (IDM) company (hereinafter – the “Group”), has published its financial results for 2023 based on the International Financial Reporting Standards (IFRS).

Financial and operational highlights for 2023:

- **Revenue** grew 46% on year-on-year basis to ₺35.8 billion, primarily driven by a significant surge in demand for Russian domestically produced electronic components.
- **EBITDA** rose 68% year-on-year to ₺8.7 billion due to the Group’s both higher production output and improved operational performance.
- **Net income** increased 93% year-on-year to ₺5.3 billion, gaining from both cost optimization and unit-economy enhancement on production scaling up.
- **Net debt-to-EBITDA ratio** decreased to 1.3x, compared to 1.8x by the end of 2022, due to the Group's enhanced profitability and IPO’s capital cashpile.
- **Capital expenditures** totaled ₺11.8 billion in 2023, compared to ₺3.1 billion in year before. This comprised the Group's increased investment in production facilities extension and deployment of new fabs, as well as in design of new products and production technologies.
 - Investment projects included scaling up integrated circuits production in 200mm wafers, existing fabs upgrade, and chip packaging lines commissioning.
 - The Group’s enterprises unveiled brand-new products, launching mass production of 32-bit RISC-V architecture microcontrollers, as well as a range of communication and navigation chip modules, and a line of both power and MCU electronic components for the industrial and electric- energy sectors end use.
- The personnel headcount grown 22% and reach 8,745. The Group’s business expansion efforts and broad range of unfolding investment projects sustain the Group’s need for hiring qualified professionals, along with bringing them up together with the country’s leading sectoral engineering and technology universities and colleges.

Commenting on the announcement, Element JSC President Ilya Ivantsov said:



“Five years ago, Element Group incorporated the country’s leading microelectronics assets into an end-to-end vertically integrated holding company. Representing more than 50% of Russia’s national electronic components production, our company is the undisputed market leader.

The Group continues to demonstrate strong growth across key financial indicators. Last year, revenue went up 46% and net profit rose 93%. We are well ahead of most major microelectronics manufacturers in the world in terms of revenue and profitability growth pace.

The country’s need to achieve technological sovereignty and, moreover, technological leadership, coupled with the increasing number of end-user industries for Russian microelectronics, pave a solid groundwork for the Group’s future business growth. Given the environment, our strategic priorities for the years to come are accelerated expansion of production capacities, development of new technologies and high value added products, and strengthening the Group’s position in the domestic and international markets.”

Key financial metrics, ₹ million:

	2023	2022	Change
Revenue	35,773	24,425	+46.5%
EBITDA	8,654	5,156	+67.8%
<i>EBITDA margin</i>	<i>24.2%</i>	<i>21.1%</i>	<i>+3.1 pp</i>
Net profit	5,306	2,753	+92.7%
<i>Net profit margin</i>	<i>14.8%</i>	<i>11.3%</i>	<i>+3.5 pp</i>
Net debt	10,927	9,457	+16%
<i>Net debt-to-EBITDA ratio</i>	<i>1.3</i>	<i>1.8</i>	<i>-</i>

About the Company

Element Group is a major electronics integrated design and manufacturing, and Russia’s leading microelectronics player. It comprises over 30 companies producing semiconductor chips and devices, power electronics, packages and modules for chips, and radio-electronic equipment. Company’s products are widely used in a variety of industries.