



MEMSCAP - EARNINGS FOR THE 2021 FINANCIAL YEAR:

POSITIVE OPERATING CASH FLOW AT +EUR 1.6 MILLION

GROWTH OF THE AVIONIC BUSINESS

RESILIENCE OF THE GROUP IN THE CONTEXT OF THE COVID-19 PANDEMIC

Consolidated revenue at EUR 11.4 million for FY 2021, up +3% in euros and +6% in dollars

Positive annual EBITDA at +EUR 1.0 million

Operating loss at -EUR 0.2 million – Net loss at -EUR 0.3 million

Consolidated available cash at EUR 5.3 million as of December 31, 2021, up +1.1 million vs. December 31, 2020

Grenoble (France) – March 25, 2022 – 07:30 AM.

MEMSCAP (NYSE Euronext: MEMS), the leading provider of innovative solutions based on MEMS (micro-electro-mechanical systems) technology, today announced its earnings for the 2021 financial year ending December 31, 2021.

Analysis of the consolidated income statement

In line with the previous quarterly press releases, MEMSCAP reported an audited revenue of EUR 11.4 million for FY 2021 (US\$ 13.5 million) compared to EUR 11.1 million for FY 2020 (US\$ 12.7 million).

Consolidated revenue distribution by market segment, over FY 2021, is as follows:

Market segments / Revenue (In million euros)	FY 2021	%	FY 2020	%
Aerospace	5.4	47%	4.6	41%
Medical / Biomedical	3.3	29%	3.5	32%
Optical communications / Adaptive optics	2.0	18%	2.4	22%
Others	0.7	6%	0.5	5%
Total	11.4	100%	11.1	100%

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

Revenue for FY 2021 increased by +2.5% in euros and +6.4% in US dollars compared to FY 2020. It is to be noted that sales made in US dollars represented approximately 69% of the consolidated revenue for FY 2021 (2020: 66%).

Sales of the Standard Products division (+EUR 0.5 million / +6.2% vs. 2020) benefited from the recovery of the avionics segment (+EUR 0.8 million / +17.2% vs. 2020) despite the context of the Covid-19 pandemic. Sales of medical segment of the division decreased by EUR 0.3 million compared to FY 2020, this previous financial year having been marked by high volumes of activity. The growth rate of the medical segment was +98.2% vs. FY 2019 and +59.7% vs. FY 2018. On the other side, the avionics business remains the Group's leading market segment, representing 47.3% of the consolidated revenue (2020: 41.3%), with annual sales of EUR 5.4 million (2020: EUR 4.6 million).

The unavailability of industrial equipment at the US site during the first half of 2021, due to a technical incident at the end of FY 2020 year, impacted the sales of the Custom Products division (including the Optical Communications / Adaptive optics segment). The division's sales were thus down -EUR 0.2 million / -7.3% compared to FY 2020.

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Analysis of the consolidated income statement

MEMSCAP's consolidated earnings for FY 2021 are given within the following table:

<i>In million euros</i>	FY 2021	FY 2020
Revenue	11.4	11.1
Standard products*	8.5	8.0
Custom products	2.9	3.1
Cost of revenue	(8.1)	(8.0)
Gross margin	3.3	3.1
% of revenue	29%	28%
Operating expenses**	(3.5)	(3.4)
Operating profit / (loss)	(0.2)	(0.3)
Financial profit / (loss)	(0.0)	(0.2)
Income tax expense	(0.1)	(0.1)
Net profit / (loss)	(0.3)	(0.5)

(Financial data were subject to an audit by the Group's statutory auditors who will issue their reports at a later date. On March 24th, 2022, the MEMSCAP's board of directors authorized the release of the FY 2021 consolidated financial statements. Any apparent discrepancies in totals are due to rounding.)

** Including the royalties from the dermo-cosmetics segment.*

*** Net of research & development grants.*

The positive volume effect related to the activities of the Standard Products division, due to the increase of the avionics business, impacted the Group's gross margin rate which stood at 28.9% compared to 28.2% for the previous year. The consolidated gross margin thus amounted to EUR 3.3 million compared to EUR 3.1 million for FY 2020.

Operating expenses, net of research and development grants, amounted to EUR 3.5 million compared to EUR 3.4 million for FY 2020, i.e. an annual increase of 3.5%. It is recalled that selling and administrative expenses were subject to specific cost reduction programs during 2020 in the context of the Covid-19 pandemic. Research and development expenses, net of grants, amounted to EUR 1.2 million for FY 2021 and represented 11.3% of consolidated sales (FY 2020: EUR 1.3 million / 11.3% of consolidated sales). In addition, the total number of full-time equivalent employees in the Group was 58.6 in FY 2021 compared to 63.7 in FY 2020.

For FY 2021, the Group posted an operating loss of EUR 0.2 million compared to an operating loss of EUR 0.3 million for FY 2020. The net financial loss was non-significant in FY 2021 (including a net foreign exchange gain of EUR 0.1 million) compared with a net financial loss amounted to EUR 0.2 million for FY 2020 (including a net foreign exchange loss of EUR 0.1 million). The tax expense recognized over FY 2021 and FY 2020 corresponded to the change in deferred tax assets. This tax expense had no impact on the Group's cash position.

The Group therefore reported a net loss of EUR 0.3 million for FY 2021 compared to a net loss of EUR 0.5 million for FY 2020.

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

For FY 2021, the Group posted a positive EBITDA at EUR 1.0 million compared to EUR 0.8 million for the previous year. Including the EUR 0.7 million reduction in the working capital requirement, the positive cash flow from operating activities amounted to EUR 1.6 million against a cash generation of EUR 1,5 million for FY 2020.

On December 31, 2021, the Group reported available cash at EUR 5.3 million (December 31, 2020: EUR 4.2 million) including cash investments (Corporate bonds / investment securities) recorded under non-current financial assets. In addition to this amount, the available unused credit lines amounted to EUR 0.4 million on December 31, 2021.

MEMSCAP shareholders' equity totalled EUR 15.8 million on December 31, 2021 (December 31, 2020: EUR 15.6 million).

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MEMSCAP
The Power of a Small World™



Analysis and perspectives / Impact of Covid-19 pandemic

The 2021 financial year was marked by the growth of the avionics business, the Group's leading market segment, despite the context of the Covid 19 pandemic. As the previous financial year, the diversity of its businesses allows MEMSCAP to face the effects of such a major health and economic crisis.

MEMSCAP pursues its strategy focused on avionics, medical and optical communications segments, backed by its own intellectual property, as well as the development of an increased flexibility of its production capacities.

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Q1 2022 earnings: April 27, 2022

Annual meeting of shareholders: May 31, 2022

About MEMSCAP

MEMSCAP is the leading provider of innovative micro-electro-mechanical systems (MEMS)-based solutions. MEMSCAP's products and solutions include components, component designs (IP), manufacturing and related services.

Contacts

Yann Cousinet
Chief Financial Officer
Ph.: +33 (0) 4 76 92 85 00
yann.cousinet@memscap.com

For more information, visit our website at:
www.memscap.com.

MEMSCAP is listed on Euronext Paris™ - Segment C - ISIN: **FR0010298620** - **MEMS**.

MEMS





CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2021

	<i>31 December 2021</i>	<i>31 December 2020</i>
	€000	€000
Assets		
Non-current assets		
Property, plant and equipment.....	1 662	1 693
Goodwill and intangible assets.....	7 238	7 305
Right-of-use assets.....	5 224	5 486
Other non-current financial assets.....	1 385	1 217
Employee benefit net asset.....	35	--
Deferred tax asset.....	229	284
	15 773	15 985
Current assets		
Inventories.....	2 493	2 604
Trade and other receivables.....	2 824	2 558
Prepayments.....	426	306
Other current financial assets.....	--	58
Cash and short-term deposits.....	3 919	2 952
	9 662	8 478
Total assets	25 435	24 463
Equity and liabilities		
Equity		
Issued capital.....	1 869	1 869
Share premium.....	17 972	18 783
Treasury shares.....	(144)	(133)
Retained earnings.....	(1 130)	(1 752)
Foreign currency translation.....	(2 779)	(3 178)
	15 788	15 589
Non-current liabilities		
Lease liabilities.....	4 989	5 126
Interest-bearing loans and borrowings.....	229	348
Employee benefit liability.....	67	35
	5 285	5 509
Current liabilities		
Trade and other payables.....	3 375	2 317
Lease liabilities.....	577	582
Interest-bearing loans and borrowings.....	390	447
Provisions.....	20	19
	4 362	3 365
Total liabilities	9 647	8 874
Total equity and liabilities	25 435	24 463



CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 December 2021

	2021	2020
	€000	€000
Continuing operations		
Sales of goods and services	11 396	11 121
Revenue	11 396	11 121
Cost of sales.....	(8 101)	(7 989)
Gross profit	3 295	3 132
Other income.....	474	326
Research and development expenses	(1 721)	(1 586)
Selling and distribution costs.....	(662)	(658)
Administrative expenses.....	(1 611)	(1 482)
Operating profit / (loss)	(225)	(268)
Finance costs	(144)	(212)
Finance income.....	98	35
Profit / (loss) for the year from continuing operations before tax	(271)	(445)
Income tax expense.....	(57)	(100)
Profit / (loss) for the year from continuing operations	(328)	(545)
Profit / (loss) for the year	(328)	(545)
Earnings per share:		
- Basic, for profit / (loss) for the year attributable to ordinary equity holders of the parent (in euros).....	€ (0.044)	€ (0.073)
- Diluted, for profit / (loss) for the year attributable to ordinary equity holders of the parent (in euros)	€ (0.044)	€ (0.073)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	2021	2020
	€000	€000
Profit / (loss) for the year	(328)	(545)
Items that will not be reclassified subsequently to profit or loss		
Actuarial gains / (losses)	8	2
Income tax on items that will not be reclassified to profit or loss.....	--	--
Total items that will not be reclassified to profit or loss	8	2
Items that may be reclassified subsequently to profit or loss		
Net gain / (loss) on available-for-sale financial assets.....	131	(5)
Exchange differences on translation of foreign operations.....	399	(577)
Income tax on items that may be reclassified to profit or loss.....	--	--
Total items that may be reclassified to profit or loss	530	(582)
Other comprehensive income for the year, net of tax	538	(580)
Total comprehensive income for the year, net of tax	210	(1 125)



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

<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 2020	7 468 340	1 867	18 775	(131)	(1 204)	(2 601)	16 706
Loss for the year	--	--	--	--	(545)	--	(545)
Other comprehensive income for the year, net of tax	--	--	--	--	(3)	(577)	(580)
Total comprehensive income	--	--	--	--	(548)	(577)	(1 125)
Capital increase	8 562	2	8	--	--	--	10
Treasury shares	--	--	--	(2)	--	--	(2)
At 31 December 2020	7 476 902	1 869	18 783	(133)	(1 752)	(3 178)	15 589
At 1 January 2021	7 476 902	1 869	18 783	(133)	(1 752)	(3 178)	15 589
Loss for the year	--	--	--	--	(328)	--	(328)
Other comprehensive income for the year, net of tax	--	--	--	--	139	399	538
Total comprehensive income	--	--	--	--	(189)	399	210
Retained earnings offset with share premium	--	--	(811)	--	811	--	--
Treasury shares	--	--	--	(11)	--	--	(11)
At 31 December 2021	7 476 902	1 869	17 972	(144)	(1 130)	(2 779)	15 788



CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2021

	2021	2020
	€000	€000
Cash flows from operating activities:		
Net profit / (loss) for the year	(328)	(545)
Non-cash items written back:		
Amortization and depreciation	1 191	1 166
Loss / (capital gain) on disposal of fixed assets	40	24
Other non-financial activities	31	83
Accounts receivable	(135)	149
Inventories	252	325
Other debtors	(279)	(30)
Accounts payable	851	259
Other liabilities	(28)	31
Total net cash flows from operating activities	1 595	1 462
Cash flows from investing activities:		
Purchase of fixed assets	(146)	(497)
Proceeds from sale / (purchase) of financial assets	(46)	(2)
Total net cash flows from investing activities	(192)	(499)
Cash flows from financing activities:		
Proceeds from borrowings	--	734
Repayment of borrowings	(205)	(183)
Payment of lease liabilities	(580)	(563)
Sale / (purchase) of treasury shares	(11)	(2)
Change in restricted cash	58	--
Proceeds from issue of shares	--	10
Total net cash flows from financing activities	(738)	(4)
Net foreign exchange difference	55	(21)
Increase / (decrease) in net cash and cash equivalents	720	938
Opening cash and cash equivalents balance	2 928	1 990
Closing cash and cash equivalents balance	3 648	2 928