



MEMSCAP – Q4 2021:

QUARTERLY SALES UP 16%

Quarterly sales at 3.1 million euros

Significant growth of the avionics business

Operating and net incomes at the breakeven point

Quarterly EBITDA at +0.2 million euros / FY 21 EBITDA at +1.0 million euros

Available liquidities up at 5.3 million euros as of December 31, 2021

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

Analysis of the consolidated income statement

Consolidated revenue for the fourth quarter of 2021 was 3.1 million euros (3.5 million US dollars) compared to 2.7 million euros (3.2 million US dollars) for the fourth quarter of 2020, thus a significant increase of 16%.

Consolidated revenue distribution by market segment, over the fourth quarter of 2021, is as follows:

<i>Market segments / Revenue (M€) – Non-audited</i>	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q4 2020	<i>Var. Q4 21 vs. Q4 20 (M€)</i>	<i>Var. Q4 21 vs. Q3 21 (M€)</i>
Aerospace	0.9	1.4	1.4	1.6	0.8	+0.8	+0.2
Optical communications / Adaptive optics	0.5	0.5	0.5	0.6	0.2	+0.4	+0.1
Medical / Biomedical	1.3	0.6	0.7	0.7	1.4	-0.7	-0.0
Others	0.1	0.2	0.3	0.2	0.3	-0.1	-0.1
Total	2.7	2.7	2.9	3.1	2.7	+0.4	+0.2

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

MEMSCAP's consolidated earnings for the fourth quarter of 2021 are given within the following table:

<i>In million euros – Non-audited</i>	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q4 2020
Revenue	2.7	2.7	2.9	3.1	2.7
Standard products*	2.2	2.0	2.1	2.3	2.3
Custom products	0.6	0.6	0.8	0.8	0.4
Cost of revenue	(2.0)	(1.9)	(2.1)	(2.2)	(1.9)
Gross margin	0.8	0.8	0.9	0.9	0.8
% of revenue	28%	30%	29%	28%	30%
Operating expenses**	(0.9)	(0.8)	(0.9)	(0.9)	(0.7)
Operating profit / (loss)	(0.1)	(0.0)	(0.0)	(0.0)	0.1
Financial profit / (loss)	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)
Income tax expense	(0.0)	(0.0)	(0.0)	0.0	(0.0)
Net profit / (loss)	(0.1)	(0.1)	(0.1)	(0.0)	(0.0)

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

* Including the dermo-cosmetic segment.

** Net of research & development grants.



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The Power of a Small World™



The consolidated revenue for the fourth quarter of 2021 confirmed the recovery of the Group's avionics business previously affected by the Covid-19 pandemic. The avionics business posted quarterly sales of 1.6 million euros (an increase of +0.8 million euros compared to the fourth quarter of 2020) and represented 52% of the Group's quarterly revenue. Consolidated sales from the optical communications business increased by +0.1 million euros compared to the third quarter of 2021 and by +0.4 million euros compared to the fourth quarter of 2020. Quarterly sales from the medical business were in line with the third quarter of 2021. It is reminded that the high level of sales of the medical business during the fourth quarter of 2020 was due to the planification of the sales over the fiscal year and high volumes of deliveries in the fourth quarter of 2020.

For the fourth quarter of 2021, the Group's gross margin rate stood at 28% of consolidated sales compared to 30% for the fourth quarter of 2020. It is reminded that in the fourth quarter of 2020, the Group benefited from an exceptional PPP grant (Paycheck Protection Program) related to the production salary costs of the US plant. This grant amounted to 0.2 million euros and offset the consequences of the Covid-19 pandemic on the Custom products business over the fourth quarter of 2020.

Operating expenses were at 0.9 million euros for the fourth quarter of 2021 compared to 0.7 million euros for the fourth quarter of 2020. It is reminded that the Group's sales / marketing expenses and R&D operations were temporarily reduced in the context of the Covid-19 pandemic during the fourth quarter of 2020.

As a result, the Group posted an operating income at the breakeven point for the fourth quarter of 2021 compared to an operating profit of 0.1 million euros for the fourth quarter of 2020.

Considering the financial income and the change in deferred tax over the period, the Group's net income was at the breakeven point, similar to the fourth quarter of 2020.

EBITDA was 0.2 million euros for the fourth quarter of 2021. EBITDA amounted to 1.0 million euros for FY 2021 versus 0.8 million euros for FY 2020.

Finally, the Group's available liquidities continued to increase and amounted to 5.3 million euros as of December 31, 2021 vs. 4.2 million euros as of December 31, 2020.

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Analysis and perspectives

The third quarter of 2021 confirmed the upward trend of the Group's avionics business initiated in the second quarter of 2021. MEMSCAP posted an EBITDA of 1.0 million euros for FY 2021 and increased its available liquidities which stood at 5.3 million euros as of December 31, 2021.

The potential impact of the pandemic remains very uncertain based on the current available information. MEMSCAP will continue to regularly assess the impact of the Covid-19 pandemic on its business.

MEMSCAP pursues its strategy focused on avionics, medical and optical communications segments as well as increasing the flexibility of its production capabilities.

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FY 2021 financial statements: March 25, 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.

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