



MEMSCAP - EARNINGS FOR THE 2020 FINANCIAL YEAR:

POSITIVE OPERATING CASH FLOW AT +EUR 1.5 MILLION

STRONG GROWTH OF THE MEDICAL BUSINESS

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

Consolidated revenue at EUR 11.1 million for FY 2020

Positive annual EBITDA at +EUR 0.8 million

Operating loss at -EUR 0.3 million – Net loss at -EUR 0.5 million

Consolidated available cash at EUR 4.2 million as of December 31, 2020

Grenoble (France) – March 24, 2021 – 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 2020 financial year ending December 31, 2020.

Analysis of the consolidated income statement

In line with the previous quarterly press releases, MEMSCAP reported an audited revenue of EUR 11.1 million for FY 2020 (US\$ 12.7 million) compared to EUR 12.8 million for FY 2019 (US\$ 14.3 million).

It is to be noted that sales made in US dollar represented approximately 66% of the Group's revenue in 2020.

Consolidated revenue distribution by market segment, over FY 2020, is as follows:

Market segments / Revenue (In million euros)	FY 2020	%	FY 2019	%
Aerospace	4.6	41%	6.8	53%
Optical communications / Adaptive optics	2.4	22%	3.5	27%
Medical / Biomedical	3.5	32%	1.7	13%
Others	0.5	5%	0.8	7%
Total	11.1	100%	12.8	100%

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

Despite the impact of the Covid-19 pandemic on the avionics business (-EUR 2.2 million / -32.2% vs. 2019), the consolidated sales of the Standard Products division (Norway - excluding dermo-cosmetics segment) showed a limited decrease of -4.2% vs. 2019 thanks to the strong development of the division's medical segment. The consolidated sales of the medical segment grew by EUR 1.8 million and more than doubled in FY 2020.

The deterioration of the economic context, as well as the unavailability of industrial equipment at the US site following a technical incident at the end of FY 2020, impacted the volumes of the Custom Products division. Custom Products sales decreased by -EUR 1.2 million / -28.8% compared to FY 2019.

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Focus on the MEMSCAP's Norwegian subsidiary

The MEMSCAP's Norwegian subsidiary operates the Standard products division including the Group's avionics and medical businesses (excluding the dermo-cosmetics segment). Despite the impact of the Covid-19 pandemic on the sales of the avionics business, the strong growth in the medical business associated with cost control programs enabled a significant increase in the segment operating profit of the division, which amounted to EUR 1.6 million for FY 2020 against a profit of EUR 0.9 million for FY 2019.

Standard products division* (In million euros)	FY 2020	FY 2019	Var. mEUR / Var. %
Segment revenue	7.9	8.3	-0.3 / -4.2%
Segment operating profit	1.6	0.9	+0.7 / +73.9%

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

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

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Analysis of the consolidated income statement

MEMSCAP's consolidated earnings for FY 2020 are given within the following table:

<i>In million euros</i>	FY 2020	FY 2019
Revenue	11.1	12.8
Standard products*	8.0	8.5
Custom products	3.1	4.3
Cost of revenue	(8.0)	(8.7)
Gross margin	3.1	4.1
% of revenue	28%	32%
Operating expenses**	(3.4)	(3.9)
Operating profit / (loss)	(0.3)	0.1
Financial profit / (loss)	(0.2)	(0.0)
Income tax expense	(0.1)	(0.1)
Net profit / (loss)	(0.5)	(0.0)

(Financial data were subject to an audit by the Group's statutory auditors who will issue their reports at a later date. On March 23rd, 2021, the MEMSCAP's board of directors authorized the release of the FY 2020 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 volume effect related to the activities of the Custom Products division as well as the decrease in sales relating to the avionics market segment impacted the Group's gross margin rate, which stood at 28.2% compared to 31.8% for from the previous year. The consolidated gross margin thus amounted at EUR 3.1 million compared to EUR 4.1 million for FY 2019.

Thanks to specific cost control programs in FY 2020 in the context of the Covid-19 pandemic, operating expense showed a significant reduction. Operating expenses, net of research and development grants, amounted to EUR 3.4 million compared to EUR 3.9 million for FY 2019. Research and development expenses, net of grants, amounted to EUR 1.3 million for FY 2020 and represented 11.3% of consolidated sales (FY 2019: EUR 1.6 million / 12.4% of consolidated sales). Sales and administrative expenses respectively fell by -14.1% and -6.3%. In addition, the total number of full-time equivalent employees in the Group decreased from 65.3 in FY 2019 to 63.7 in FY 2020, a reduction of -2.4%.

For FY 2020, the Group posted an operating loss of EUR 0.3 million compared to an operating profit of EUR 0.1 million for FY 2019. The net financial loss for FY 2020 (including a net foreign exchange loss of EUR 0.1 million) amounted to EUR 0.2 million in FY 2020 compared with a non-significant net financial loss for FY 2019 (including a net foreign exchange gain of EUR 0.1 million). The tax expense recognized over FY 2020 and FY 2019 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 0.5 million for FY 2020 compared to a non-significant net loss for FY 2019.

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

For FY 2020, the Group posted a positive EBITDA at EUR 0.8 million compared to EUR 1.5 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 1.5 million against a cash generation of EUR 1,0 million for FY 2019.

On December 31, 2020, the Group reported available cash at EUR 4.2 million (December 31, 2019: EUR 3.4 million) including cash investments (Corporate bonds) 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, 2020.

MEMSCAP shareholders' equity totalled EUR 15.6 million on December 31, 2020 (December 31, 2019: EUR 16.7 million).

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MEMSCAP
The Power of a Small World™



Analysis and perspectives / Impact of Covid-19 pandemic

The 2020 financial year was marked by the Covid-19 pandemic which particularly affected the avionics sector, the Group's leading market segment. However, the diversity of its businesses allows MEMSCAP to face the effects of such a major health and economic crisis. The significant growth of the Group's medical business over FY 2020 confirms the impact of this strategy as well as the Group's resilience and adaptation in a particularly degraded context. MEMSCAP Group expects the trend related to the medical business to continue in FY 2021.

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 2021 earnings: April 27, 2021

Annual meeting of shareholders: May 28, 2021

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





CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2020

	<i>31 December 2020</i>	<i>31 December 2019</i>
	€000	€000
Assets		
Non-current assets		
Property, plant and equipment.....	1 693	1 757
Goodwill and intangible assets.....	7 305	7 804
Right-of-use assets.....	5 486	5 934
Other non-current financial assets.....	1 217	1 254
Deferred tax asset.....	284	412
	15 985	17 161
Current assets		
Inventories.....	2 604	3 111
Trade and other receivables.....	2 558	2 938
Prepayments.....	306	186
Other current financial assets.....	58	47
Cash and short-term deposits.....	2 952	2 204
	8 478	8 486
Total assets	24 463	25 647
Equity and liabilities		
Equity		
Issued capital.....	1 869	1 867
Share premium.....	18 783	18 775
Treasury shares.....	(133)	(131)
Retained earnings.....	(1 752)	(1 204)
Foreign currency translation.....	(3 178)	(2 601)
	15 589	16 706
Non-current liabilities		
Lease liabilities.....	5 126	5 685
Interest-bearing loans and borrowings.....	348	127
Employee benefit liability.....	35	56
	5 509	5 868
Current liabilities		
Trade and other payables.....	2 317	2 083
Lease liabilities.....	582	588
Interest-bearing loans and borrowings.....	447	324
Provisions.....	19	78
	3 365	3 073
Total liabilities	8 874	8 941
Total equity and liabilities	24 463	25 647



CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 December 2020

	2020	2019
	€000	€000
Continuing operations		
Sales of goods and services	11 121	12 779
Revenue	11 121	12 779
Cost of sales.....	(7 989)	(8 720)
Gross profit	3 132	4 059
Other income.....	326	497
Research and development expenses	(1 586)	(2 077)
Selling and distribution costs.....	(658)	(766)
Administrative expenses.....	(1 482)	(1 581)
Operating profit / (loss)	(268)	132
Finance costs	(212)	(185)
Finance income.....	35	157
Profit / (loss) for the year from continuing operations before tax	(445)	104
Income tax expense.....	(100)	(136)
Profit / (loss) for the year from continuing operations	(545)	(32)
Profit / (loss) for the year	(545)	(32)
Earnings per share:		
- Basic, for profit / (loss) for the year attributable to ordinary equity holders of the parent (in euros).....	€ (0.073)	€ (0.004)
- Diluted, for profit / (loss) for the year attributable to ordinary equity holders of the parent (in euros)	€ (0.073)	€ (0.004)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	2020	2019
	€000	€000
Profit / (loss) for the year	(545)	(32)
Items that will not be reclassified subsequently to profit or loss		
Actuarial gains / (losses)	2	(69)
Income tax on items that will not be reclassified to profit or loss.....	--	--
Total items that will not be reclassified to profit or loss	2	(69)
Items that may be reclassified subsequently to profit or loss		
Net gain / (loss) on available-for-sale financial assets.....	(5)	95
Exchange differences on translation of foreign operations.....	(577)	40
Income tax on items that may be reclassified to profit or loss.....	--	--
Total items that may be reclassified to profit or loss	(582)	135
Other comprehensive income for the year, net of tax	(580)	66
Total comprehensive income for the year, net of tax	(1 125)	34



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

<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 2019	7 468 340	1 867	18 775	(130)	(1 199)	(2 641)	16 672
Loss for the year	--	--	--	--	(32)	--	(32)
Other comprehensive income for the year, net of tax	--	--	--	--	26	40	66
Total comprehensive income	--	--	--	--	(6)	40	34
Treasury shares	--	--	--	(1)	--	--	(1)
Share-based payment	--	--	--	--	1	--	1
At 31 December 2019	7 468 340	1 867	18 775	(131)	(1 204)	(2 601)	16 706
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



CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2020

	2020	2019
	€000	€000
Cash flows from operating activities:		
Net profit / (loss) for the year	(545)	(32)
Non-cash items written back:		
Amortization and depreciation	1 166	1 247
Loss / (capital gain) on disposal of fixed assets	24	35
Other non-financial activities	83	87
Accounts receivable	149	(49)
Inventories	325	(274)
Other debtors	(30)	16
Accounts payable	259	(72)
Other liabilities	31	(6)
Total net cash flows from operating activities	1 462	952
Cash flows from investing activities:		
Purchase of fixed assets	(497)	(388)
Proceeds from sale / (purchase) of financial assets	(2)	118
Total net cash flows from investing activities	(499)	(270)
Cash flows from financing activities:		
Proceeds from borrowings	734	--
Repayment of borrowings	(183)	(108)
Payment of lease liabilities	(563)	(573)
Sale / (purchase) of treasury shares	(2)	(2)
Proceeds from issue of shares	10	--
Total net cash flows from financing activities	(4)	(683)
Net foreign exchange difference	(21)	(53)
Increase / (decrease) in net cash and cash equivalents	938	(54)
Opening cash and cash equivalents balance	1 990	2 044
Closing cash and cash equivalents balance	2 928	1 990