



**MEMSCAP – FIRST HALF 2022 EARNINGS:
NET AND OPERATIONAL PROFITABILITY FROM CONTINUING OPERATIONS
POSITIVE OPERATING CASH FLOW FROM CONTINUING OPERATIONS AT +0.8 MILLION EUROS**

HIGH LEVEL OF ACTIVITY OF THE AVIONICS BUSINESS

FINALISATION OF THE FABLITE PROGRAM EXPECTED IN THE 4TH QUARTER OF 2022

Half-year revenue from continuing operations at 4.6 million euros (5.7 million euros including sales from discontinued operations)

Half-year net profit from continuing operations at 0.1 million euros

Half-year EBITDA from continuing operations at 0.7 million euros

Grenoble (France) – August 31, 2022 – 06:30 PM.

MEMSCAP (NYSE Euronext: MEMS), the leading provider of innovative solutions based on MEMS (micro-electro-mechanical systems) technology, today announced its earnings for the first half of 2022 ending June 30, 2022.

Restructuring of the US operations / Revenue and consolidated earnings for the first half of 2022

As previously announced, the MEMSCAP Group has initiated the restructuring phase of its US operations as part of the progress of the FABLITE program. This program is progressing according to the management's plans and should be completed before the end of the 4th quarter of 2022.

In accordance with IFRS 5 “Non-current assets held for sale and discontinued operations”, revenue from the US operations was excluded from revenue from continuing operations and included in the consolidated income statement via the loss after tax from discontinued operations.

In accordance with the previous quarterly press releases, consolidated revenue for the first half of 2022, excluding US operations, amounted to 4.6 million euros (5.0 million US dollars) compared to 4.2 million euros (5.1 million US dollars) for the restated first half of 2021. Including sales from discontinued operations, consolidated revenue amounted to 5.7 million euros (6.2 million US dollars) over the first half of 2022.

Consolidated revenue distribution by market segment, over the first half of 2022, is as follows:

Market segments / Revenue (M€)	For the 6 months ended 30 June 2022		For the 6 months ended 30 June 2021 <i>(Restated)</i>		Var. 1 ^{er} sem. 2022 / 2021 <i>(M€) (%)</i>	
		%		%		
Aerospace	3.5	77%	2.3	56%	+1.2	+49%
Medical	1.0	22%	1.8	43%	-0.8	-44%
Others	0.1	1%	0.1	1%	-0.0	-13%
Total revenue from continuing operations	4.6	100%	4.2	100%	+0.4	+9%
Revenue from discontinued operations – IFRS 5 <i>(US operations)</i>	1.2	--	1.2	--	-0.0	-3%

(Any apparent discrepancies in totals are due to rounding. In accordance with IFRS 5, items related to the 2021 financial year were restated in order to present comparative information for discontinued operations.)

Sales from continuing operations for the first half of 2022 confirmed the strong recovery of the avionics business, up +1.2 million euros (+49%) compared to the first half of 2021. The evolution of business volumes related to the medical business (-0.8 million euros) resulted from the annual delivery schedules marked by particularly high delivery levels from one client in the first half of 2021. The avionics business thus represented 77% of sales from continuing operations for the first half of 2022 compared to 56% for the restated first half of 2021.

Sales of the US operations, classified as discontinued operations, amounted to 1.2 million euros (1.3 million US dollars) for the first half of 2022 compared to 1.2 million euros (1.4 million US dollars) for the first half of 2021.

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MEMSCAP's consolidated earnings for the first half of 2022 are given within the following table:

<i>In million euros</i>	Q1 2021 <i>(Restated)</i>	Q2 2021 <i>(Restated)</i>	H1 2021 <i>(Restated)</i>	Q1 2022	Q2 2022	H1 2022
Revenue from continuing operations	2.2	2.0	4.2	2.3	2.3	4.6
Cost of revenue	(1.1)	(1.2)	(2.4)	(1.4)	(1.4)	2.8
Gross margin	1.0	0.8	1.8	0.8	0.9	1.7
% of revenue	49%	39%	44%	37%	38%	38%
Operating expenses*	(0.8)	(0.7)	(1.5)	(0.8)	(0.9)	(1.7)
Operating profit / (loss)	0.3	0.1	0.3	0.0	(0.0)	0.0
Financial profit / (loss)	(0.0)	(0.0)	(0.0)	(0.1)	0.2	0.1
Income tax expense	(0.0)	(0.0)	(0.0)	0.0	(0.0)	(0.0)
Net profit / (loss) from continuing operations	0.3	0.0	0.3	(0.0)	0.1	0.1
Profit / (loss) after tax from discontinued operations	(0.4)	(0.1)	(0.5)	(0.4)	(0.3)	(0.7)
Net profit / (loss)	(0.1)	(0.1)	(0.2)	(0.4)	(0.1)	(0.6)

(Any apparent discrepancies in totals are due to rounding. In accordance with IFRS 5, items related to the 2021 financial year were restated in order to present comparative information for discontinued operations.)
* Net of research & development grants.

(Financial data were subject to a limited review by the Group's statutory auditors. On August 31, 2022, MEMSCAP's board of directors authorized the release of the interim condensed consolidated financial statements on June 30, 2022.)

The evolution of the sales mix led to a consolidated gross margin of 1.7 million euros for the first half of 2022, 38% of consolidated sales, compared to 1.8 million euros for the restated first half of 2021, representing 44% of consolidated sales.

The amount of operating expenses at 1.7 million euros for the first half of 2022 was up compared to the restated first half of 2021 (+0.2 million euros). This evolution resulted from an increasing R&D activity for the period.

The Group therefore reported consolidated operating earnings from continuing operations at the breakeven point for the first half of 2022 compared to an operating profit of 0.3 million euros for the restated first half of 2021. It should be noted that the net foreign exchange gain related to operating activities, recorded in financial income, amounted to 0.2 million euros over this half-year period. The Group thus posted a half-year net profit from continuing operations of 0.1 million euros compared to a net profit from continuing operations of 0.3 million euros for the restated first half of 2021.

The net loss from discontinued operations related to the Group's US operations amounted to 0.7 million euros for the first half of 2022 compared to 0.5 million euros for the restated first half of 2021. It is recalled that the Group's US subsidiary benefited in the first half of 2021 from a PPP (Paycheck protection program) state subsidy of 0.2 million euros.

Considering the net loss from discontinued operations related to the Group's US operations, the net consolidated loss amounted to 0.6 million euros for the first half of 2022 compared to a net loss of 0.2 million euros for the restated first half of 2021.

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

For the first half of 2022, the Group posted a positive EBITDA from continuing operations of 0.7 million euros compared to 0.9 million euros for the restated first half of 2021. Operating cash flows from continuing operations amounted to +0.8 million euros for the first half of 2022 compared to +1.2 million euros for the restated first half of 2021.

In addition, net cash used by operating activities from discontinued operations (the Group's US operations) amounted to 0.6 million euros for the first half of 2022 compared to 0.3 million euros for the restated first half of 2021.

Taking into account cash flows used by investing activities (0.1 million euros) and cash flows used by financing activities (0.4 million euros), the Group's net cash was down 0.3 million euros for the first half of 2022 compared to an increase of 0.4 million euros for the restated first half of 2021.

As of June 30, 2022, the Group reported available liquidities at 4.4 million euros (5.3 million euros as of December 31, 2021) including investment securities recorded under non-current financial assets for an amount of 1.0 million euros. In addition to this amount, the Group had unused available credit lines for an amount of 0.4 million euros on the same date.

Current financial debt, including lease liabilities under IFRS 16, was 0.7 million euros as of June 30, 2022 compared to 1.0 million euros as of December 31, 2021. MEMSCAP shareholders' equity totalled 14.8 million euros as of June 30, 2022 compared to 15.8 million euros as of December 31, 2021.

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Analysis and perspectives

As previously mentioned, the Norwegian entity, including the avionics and medical businesses of the Group, will become the operational core of the MEMSCAP Group at the end of the restructuring phase of the US operations. These activities over the first half of 2022 posted historically high levels of sales thanks to the renewed momentum of the avionics business.

The ongoing FABLITE program should lead to a significant improvement in the Group's operating profitability.

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Q3 2022 Earnings: October 20, 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

Interim condensed consolidated financial statements at 30 June 2022

	30 June 2022	31 December 2021
	€000	€000
Assets		
Non-current assets		
Property, plant and equipment.....	953	1 662
Goodwill and intangible assets.....	7 128	7 238
Right-of-use assets	5 131	5 224
Other non-current financial assets.....	1 041	1 385
Employee benefit net asset.....	34	35
Deferred tax asset.....	190	229
	14 477	15 773
Current assets		
Inventories	1 972	2 493
Trade and other receivables.....	2 286	2 824
Prepayments	253	426
Cash and short-term deposits	3 343	3 919
	7 854	9 662
Assets held for sale.....	1 743	--
	9 597	9 662
Total assets	24 074	25 435
Equity and liabilities		
Equity		
Issued capital.....	1 869	1 869
Share premium.....	17 972	17 972
Treasury shares	(150)	(144)
Retained earnings	(1 842)	(1 130)
Foreign currency translation	(3 052)	(2 779)
	14 797	15 788
Non-current liabilities		
Lease liabilities	4 838	4 989
Interest-bearing loans and borrowings	178	229
Employee benefit liability.....	69	67
	5 085	5 285
Current liabilities		
Trade and other payables	1 494	3 375
Lease liabilities	582	577
Interest-bearing loans and borrowings	100	390
Provisions	19	20
	2 195	4 362
Liabilities directly associated with the assets held for sale	1 997	--
	4 192	4 362
Total liabilities	9 277	9 647
Total equity and liabilities	24 074	25 435



CONSOLIDATED STATEMENT OF INCOME

Interim condensed consolidated financial statements at 30 June 2022

	<i>For the six months ended 30 June</i>		
	2022	<i>(Restated)</i> 2021	<i>(Published)</i> 2021
	€000	€000	€000
Continuing operations			
Sales of goods and services	4 555	4 191	5 382
Revenue	4 555	4 191	5 382
Cost of sales	(2 841)	(2 351)	(3 811)
Gross profit	1 714	1 840	1 571
Other income	204	174	174
Research and development expenses	(945)	(725)	(755)
Selling and distribution costs	(306)	(299)	(312)
Administrative expenses.....	(638)	(646)	(816)
Operating profit / (loss)	29	344	(138)
Finance costs	(87)	(75)	(75)
Finance income.....	182	50	50
Profit / (loss) for the period from continuing operations before tax	124	319	(163)
Income tax expense	(38)	(47)	(47)
Profit / (loss) for the period from continuing operations	86	272	(210)
Discontinued operations			
Profit/(loss) after tax for the period from discontinued operations.....	(657)	(482)	--
Profit / (loss) for the period	(571)	(210)	(210)
Earnings per share:			
- Basic, for profit / (loss) for the period attributable to ordinary equity holders of the parent (in euros)	€ (0,077)	€ (0,028)	€ (0,028)
- Diluted, for profit / (loss) for the period attributable to ordinary equity holders of the parent (in euros)	€ (0,077)	€ (0,028)	€ (0,028)
- Basic, profit / (loss) for the period from continuing operations attributable to ordinary equity holders of the parent (in euros).....	€ 0,012	€ 0,037	€ (0,028)
- Diluted, profit / (loss) for the period from continuing operations attributable to ordinary equity holders of the parent (in euros).....	€ 0,012	€ 0,037	€ (0,028)

In accordance with IFRS 5, items related to the 2021 financial year were restated in order to present comparative information for discontinued operations.



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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Interim condensed consolidated financial statements at 30 June 2022

	<i>For the six months ended 30 June</i>	
	2022	2021
	€000	€000
Profit / (loss) for the period	(571)	(210)
Items that will not be reclassified subsequently to profit or loss		
Remeasurement gain/(loss) on defined benefit plans.....	--	--
Income tax on items that will not be reclassified to profit or loss.....	--	--
Total items that will not be reclassified to profit or loss	--	--
Items that may be reclassified subsequently to profit or loss		
Net gain / (loss) on other non-current financial assets.....	(141)	114
Exchange differences on translation of foreign operations	(273)	229
Income tax on items that may be reclassified to profit or loss	--	--
Total items that may be reclassified to profit or loss	(414)	343
Other comprehensive income for the period, net of tax	(414)	343
Total comprehensive income for the period, net of tax	(985)	133



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Interim condensed consolidated financial statements at 30 June 2022

<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>
		<i>€000</i>	<i>€000</i>	<i>€000</i>	<i>€000</i>	<i>€000</i>	<i>€000</i>
At 1 January 2021	7 476 902	1 869	18 783	(133)	(1 752)	(3 178)	15 589
Loss for the period	--	--	--	--	(210)	--	(210)
Other comprehensive income for the period, net of tax	--	--	--	--	114	229	343
Total comprehensive income	--	--	--	--	(96)	229	133
Retained earnings offset with share premium	--	--	(811)	--	811	--	--
Treasury shares	--	--	--	--	--	--	--
At 30 June 2021	7 476 902	1 869	17 972	(133)	(1 037)	(2 949)	15 722
At 1 January 2022	7 476 902	1 869	17 972	(144)	(1 130)	(2 779)	15 788
Loss for the period	--	--	--	--	(571)	--	(571)
Other comprehensive income for the period, net of tax	--	--	--	--	(141)	(273)	(414)
Total comprehensive income	--	--	--	--	(712)	(273)	(985)
Treasury shares	--	--	--	(6)	--	--	(6)
At 30 June 2022	7 476 902	1 869	17 972	(150)	(1 842)	(3 052)	14 797



CONSOLIDATED CASH FLOW STATEMENT

Interim condensed consolidated financial statements at 30 June 2022

	<i>For the six months ended 30 June</i>		
	2022	<i>(Restated)</i> 2021	<i>(Published)</i> 2021
	€000	€000	€000
Operating activities:			
Net profit / (loss) for the period	(571)	(210)	(210)
Profit/(loss) after tax for the period from discontinued operations	(657)	(482)	--
Profit / (loss) for the period from continuing operations	86	272	(210)
Non-cash items written back:			
Amortization and depreciation	499	476	591
Loss / (capital gain) on disposal of fixed assets	35	31	31
Other non-financial activities	52	88	88
Accounts receivable	212	403	212
Inventories	(202)	73	146
Other debtors	(52)	(126)	(127)
Accounts payable	149	5	229
Other liabilities	20	27	27
Net cash flows from operating activities - continuing operations	799	1 249	987
Net cash flows used in operating activities - discontinued operations	(614)	(262)	--
Total net cash flows from operating activities	185	987	987
Investing activities:			
Purchase of fixed assets	(223)	(15)	(56)
Proceeds from sale / (purchase) of other non-current financial assets	155	(111)	(111)
Net cash flows used in investing activities - continuing operations	(68)	(126)	(167)
Net cash flows used in investing activities - discontinued operations	(7)	(41)	--
Total net cash flows used in investing activities	(75)	(167)	(167)
Financing activities:			
Repayment of borrowings	(70)	(104)	(104)
Payment of principal portion of lease liabilities	(298)	(303)	(303)
Sale / (purchase) of treasury shares	(6)	--	--
Net cash flows used in financing activities - continuing operations	(374)	(407)	(407)
Net cash flows used in financing activities - discontinued operations	--	--	--
Total net cash flows used in financing activities	(374)	(407)	(407)
Net foreign exchange difference	(41)	12	12
Increase / (decrease) in net cash and cash equivalents	(305)	425	425
Opening cash and cash equivalents balance	3 648	2 928	2 928
Closing cash and cash equivalents balance	3 343	3 353	3 353

In accordance with IFRS 5, items related to the 2021 financial year were restated in order to present comparative information for discontinued operations.