

# MEMSCAP

THE POWER OF A SMALL WORLD



## EARNINGS FOR THE 2022 FINANCIAL YEAR

### FINANCIAL YEAR 2022: A MAJOR STEP IN THE DEVELOPMENT OF THE MEMSCAP GROUP

- Finalisation of the FABLITE program transforming the profitability profile of MEMSCAP
- Strong momentum in the Aerospace business, the Group's leading market segment
- Positive annual EBITDA from continuing operations at EUR 1,443 thousand
- Annual operating profit at EUR 236 thousand
- Annual net profit of the Group at EUR 1,048 thousand
- Consolidated available cash at EUR 5,456 thousand as of December 31, 2022
- Launch of the 4G Plan covering the period 2023 - 2026
- Expected intensification of the growth and profitability momentum over FY 2023

**Grenoble (France) – March 28, 2023 – 06:30 PM.**

MEMSCAP (Euronext Paris: MEMS), leading provider of high-accuracy, high-stability pressure sensor solutions for the aerospace and medical markets using MEMS technology (Micro Electro Mechanical Systems), today announced its earnings for the 2022 financial year ending December 31, 2022.

#### **Analysis of the consolidated income statement**

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 profit / (loss) after tax from discontinued operations. In line with the previous quarterly press releases, MEMSCAP reported an audited revenue of EUR 9,336 thousand for FY 2022 compared to EUR 8,538 thousand for FY 2021 (Restated). Including sales from discontinued operations, consolidated revenue amounted to EUR 11,271 thousand over FY 2022.

Consolidated revenue distribution by market segment, over FY 2022 and presented in accordance with IFRS 5, is as follows:

Market segments / Revenue (In thousands of euros)	2021 (Restated)	2021 (%)	2022	2022 (%)
Aerospace	5,388	63%	6,729	72%
Medical	3,014	35%	2,479	27%
Others (Royalties from licensed trademarks)	135	2%	128	1%
<b>Total revenue from continuing operations</b>	<b>8,538</b>	<b>100%</b>	<b>9,336</b>	<b>100%</b>
Revenue from discontinued operations – IFRS 5 (US operations – Custom products)	2,858	--	1,935	--

(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.)

Revenue from continuing operations for FY 2022 increased by +9.4% in euros compared to FY 2021 (Restated). Sales made in US dollars represented approximately 60% of consolidated revenue from continuing operations in FY 2022.

Aerospace sales amounted to EUR 6,729 thousand (+EUR 1,340 thousand / +24.9% vs. FY 2021) and confirmed the strong recovery of this business in the wake of FY 2021 and following the weakening impacts of the Covid-19 pandemic. The Aerospace business represents 72% of consolidated revenue from continuing operations (FY 2021 - Restated: 63%) and remains the Group's leading market segment. Medical sales amounted to EUR 2,479 thousand and were down EUR 535 thousand compared to FY 2021 (-17.7% vs. FY 2021) due to delivery schedules of significant customers.

Revenue from discontinued operations (US Custom products division dedicated to foundry business) amounted to EUR 1,935 thousand compared to EUR 2,858 thousand for FY 2021.

### Analysis of the consolidated income statement

MEMSCAP's consolidated earnings for FY 2022, and presented in accordance with IFRS 5, are given within the following table:

In thousands of euros	2021 (Restated)	2022
<b>Revenue from continuing operations</b>	<b>8,538</b>	<b>9,336</b>
Cost of revenue	(4,911)	(5,659)
<b>Gross margin</b>	<b>3,627</b>	<b>3,677</b>
% of revenue	42.5%	39.4%
Operating expenses*	(3,047)	(3,441)
<b>Operating profit / (loss)</b>	<b>580</b>	<b>236</b>
Financial profit / (loss)	(46)	7
Income tax expense	(57)	(92)
<b>Net profit / (loss) from continuing operations</b>	<b>477</b>	<b>151</b>
Profit / (loss) after tax from discontinued operations	(805)	897
<b>Net profit / (loss)</b>	<b>(328)</b>	<b>1,048</b>

(Financial data were subject to an audit by the Group's statutory auditors who will issue their reports at a later date. On March 28<sup>th</sup>, 2023, the MEMSCAP's board of directors authorized the release of the FY 2022 consolidated financial statements. In accordance with IFRS 5, items related to the 2021 financial year were restated in order to present comparative information for discontinued operations. Any apparent discrepancies in totals are due to rounding.)

\* Net of research & development grants.

### **Continuing operations**

The product mix effect, particularly in the first half of FY 2022, impacted the Group's gross margin rate which stood at 39.4% compared to 42.5% for FY 2021 (Restated). The consolidated gross margin thus amounted to EUR 3,677 thousand compared to EUR 3,627 thousand for FY 2021 (Restated).

Operating expenses, net of research and development grants, amounted to EUR 3,441 thousand compared to EUR 3,047 thousand for FY 2021 (Restated), i.e. an annual increase of 12.9%. This change was notably due to the increase of the research and development expenses net of grants (EUR 1,510 thousand for FY 2022 compared to EUR 1,177 thousand for FY 2021 - Restated) including the development of new generations of aerospace products. In addition, the total number of full-time equivalent employees in the Group was 41.3 people in FY 2022 compared to 42.6 people in FY 2021 (Restated).

For FY 2022, the Group posted an operating profit from continuing operations of EUR 236 thousand compared to an operating profit of EUR 580 thousand for FY 2021 (Restated). The tax expense recognized over FY 2022 and FY 2021 (Restated) 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 profit after tax from continuing operations of EUR 151 thousand for FY 2022 compared to a net profit of EUR 477 thousand for FY 2021.

### **Discontinued operations**

As part of the FABLITE program, the US Custom products division, including the design and manufacturing of MEMS components for third parties and the related foundry services, was sold in December 2022. In accordance with IFRS 5, the net profit / (loss) relating to this business was recognized in profit / (loss) after tax from discontinued operations from.

For FY 2022, the profit after tax from discontinued operations amounted to EUR 897 thousand and included:

- The loss after tax relating to the division's operating activities, i.e. EUR 857 thousand for FY 2022 compared to a loss of EUR 805 thousand for FY 2021 (Restated).
- The net income from the disposal of this discontinued business, i.e. a profit of EUR 1,754 thousand.

### **Net profit of the Group**

Including the profit of continuing and discontinued operations, the Group reported a net profit of EUR 1,048 thousand for FY 2022 compared to a net loss of EUR 328 thousand for FY 2021 (Restated).

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

EBITDA from continuing operations for FY 2022 amounted to EUR 1,443 thousand. Including change in working capital requirements, positive cash flow from operating activities related to continuing operations amounted to EUR 1,411 thousand.

As of December 31, 2022, the Group posted available cash of EUR 5,456 thousand (December 31, 2021: EUR 5,304 thousand) including cash investments (Corporate bonds / investment securities) recorded under non-current financial assets.

As of December 31, 2022, MEMSCAP shareholders' equity totalled EUR 15,587 thousand (December 31, 2021: EUR 15,788 thousand).

### **Analysis and perspectives – Launch of the 2026 4G Plan**

Pursuant to the FABLITE program, MEMSCAP completed in December 2022 the sale of its assets related to the foundry business (Custom products division). These assets, previously held by the Group's US subsidiary, includes the US production plant, teams, equipment, technologies and related customers. As a part of this deal, MEMSCAP entered in a strategic supply agreement for variable optical attenuators (VOA) chips and wafers with the acquirer of the foundry business and finalised the implementation of its VOA fabless organisation. Following this new industrial organisation, MEMSCAP retains the design and the distribution of the VOA and fully outsources the manufacturing of these products dedicated to the optical communications market.

The success of the FABLITE program within the initial deadline set by the company's management, strongly positions the MEMSCAP Group for a new stage in its development. The 4G Plan launched in the 1<sup>st</sup> quarter of 2023 highlights solid development prospects for Aerospace and Medical businesses, experiencing structural growth in its already addressed markets, as well as in new applications.

The growth of the Aerospace business over the next 3 years is based on the MEMSCAP's current portfolio of customers, particularly in air data computers (ADC), control systems for cabin air pressure and ground test systems (GTS). The Group will keep on addressing the growing business of the UAV (Unmanned Aerial Vehicle). MEMSCAP also intends to strengthen its growth by penetrating the engine control market both in engine monitoring units (EMU) and in full authority digital engine controls (FADEC). This milestone requires the qualification of the new family of sensors developed under the STEGS programs (Sensor Technology for Green and Safe Jet Engines) funded in previous years by the Norwegian government and which aims for safer and green engines.

Growth drivers for the MEMSCAP's Medical business rely on the development of the Group's current markets, i.e. pressure measurement solutions, used as medical accessories for monitoring patients in intensive care units, as well as sensors integrated in medical devices and solutions to be implanted in the human body. In addition, MEMSCAP is developing solutions for the urology market (which already represented 7% of the 2022 Medical sales), lung/heart and angiography devices.

In parallel, MEMSCAP is set to increase significantly the profitability of its niche market of variable optical attenuators (VOA) for fiber optic systems thanks to the new fabless organization.

Benefiting from its investments in R&D, the intensification of its marketing activity and the momentum of its high value-added markets, MEMSCAP expects an average annual growth rate of its sales around 20% between 2022 and 2026. This growth should be clearly effective from the 2023 financial year.

"MEMSCAP's teams successfully completed the FABLITE program within established timeframes and closed the 2022 financial year with the opening of a new chapter concerning the development of the Group." declares Jean Michel Karam, Chairman and CEO of MEMSCAP. "Following the completion of this major milestone, MEMSCAP is now fully focused on its 4G development plan aimed at Consecutive, Competitive, Profitable and Responsible Group business Growth."

**Q1 2023 earnings: April 27, 2023**

**Annual meeting of shareholders: May 31, 2023**

#### About MEMSCAP

MEMSCAP is a leading provider MEMS based pressure sensors, best-in-class in term of precision and stability (very low drift) for two market segments: aerospace and medical.

MEMSCAP also provides variable optical attenuators (VOA) for the optical communications market.

#### CONTACTS

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MEMSCAP is listed on Euronext  
Paris <sup>TM</sup>  
Segment C - Code ISIN:  
FR0010298620 - MEMS.



MEMS

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2022

	<i>31 December 2022</i>	<i>31 December 2021</i>
	<b>€000</b>	<b>€000</b>
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment.....	901	1 662
Goodwill and intangible assets.....	6 888	7 238
Right-of-use assets .....	4 764	5 224
Other non-current financial assets.....	1 276	1 385
Employee benefit net asset.....	6	35
Deferred tax asset .....	137	229
	<b>13 972</b>	<b>15 773</b>
<b>Current assets</b>		
Inventories .....	2 578	2 493
Trade and other receivables.....	2 494	2 824
Prepayments .....	222	426
Cash and short-term deposits .....	4 180	3 919
	<b>9 474</b>	<b>9 662</b>
<b>Total assets</b>	<b>23 446</b>	<b>25 435</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Issued capital.....	1 869	1 869
Share premium.....	17 972	17 972
Treasury shares .....	(144)	(144)
Retained earnings .....	(242)	(1 130)
Foreign currency translation .....	(3 868)	(2 779)
	<b>15 587</b>	<b>15 788</b>
<b>Non-current liabilities</b>		
Lease liabilities .....	4 479	4 989
Interest-bearing loans and borrowings .....	128	229
Employee benefit liability.....	69	67
	<b>4 676</b>	<b>5 285</b>
<b>Current liabilities</b>		
Trade and other payables .....	2 487	3 375
Lease liabilities .....	576	577
Interest-bearing loans and borrowings .....	101	390
Provisions .....	19	20
	<b>3 183</b>	<b>4 362</b>
<b>Total liabilities</b>	<b>7 859</b>	<b>9 647</b>
<b>Total equity and liabilities</b>	<b>23 446</b>	<b>25 435</b>

## CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 December 2022

	<b>2022</b>	<i>(Restated)</i> <b>2021</b>	<i>(Published)</i> <b>2021</b>
	<b>€000</b>	<b>€000</b>	<b>€000</b>
<b>Continuing operations</b>			
Sales of goods and services .....	9 336	8 538	11 396
<b>Revenue</b> .....	<b>9 336</b>	<b>8 538</b>	<b>11 396</b>
Cost of sales .....	(5 659)	(4 911)	(8 101)
<b>Gross profit</b> .....	<b>3 677</b>	<b>3 627</b>	<b>3 295</b>
Other income .....	402	474	474
Research and development expenses .....	(1 912)	(1 651)	(1 721)
Selling and distribution costs .....	(675)	(636)	(662)
Administrative expenses.....	(1 256)	(1 234)	(1 611)
<b>Operating profit / (loss)</b> .....	<b>236</b>	<b>580</b>	<b>(225)</b>
Finance costs .....	(141)	(144)	(144)
Finance income.....	148	98	98
<b>Profit / (loss) for the year from continuing operations before tax</b> .....	<b>243</b>	<b>534</b>	<b>(271)</b>
Income tax expense .....	(92)	(57)	(57)
<b>Profit / (loss) for the year from continuing operations</b> .....	<b>151</b>	<b>477</b>	<b>(328)</b>
<b>Discontinued operations</b>			
Profit/(loss) after tax for the year from discontinued operations .....	897	(805)	--
<b>Profit / (loss) for the year</b> .....	<b>1 048</b>	<b>(328)</b>	<b>(328)</b>
Earnings per share:			
- Basic, for profit / (loss) for the year attributable to ordinary equity holders of the parent (in euros) .....	€ 0.140	€ (0.044)	€ (0.044)
- Diluted, for profit / (loss) for the year attributable to ordinary equity holders of the parent (in euros) .....	€ 0.140	€ (0.044)	€ (0,044)
- Basic, profit / (loss) for the year from continuing operations attributable to ordinary equity holders of the parent (in euros).....	€ 0.020	€ 0.064	€ (0.044)
- Diluted, profit / (loss) for the year from continuing operations attributable to ordinary equity holders of the parent (in euros).....	€ 0.020	€ 0.064	€ (0.044)

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

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	<b>2022</b>	<b>2021</b>
	<b>€000</b>	<b>€000</b>
<b>Profit / (loss) for the year</b> .....	<b>1 048</b>	<b>(328)</b>
<b>Items that will not be reclassified subsequently to profit or loss</b>		
Actuarial gains / (losses).....	(25)	8
Income tax on items that will not be reclassified to profit or loss .....	--	--
<b>Total items that will not be reclassified to profit or loss</b> .....	<b>(25)</b>	<b>8</b>
<b>Items that may be reclassified subsequently to profit or loss</b>		
Net gain / (loss) on available-for-sale financial assets .....	(135)	131
Exchange differences on translation of foreign operations .....	(1 089)	399
Income tax on items that may be reclassified to profit or loss .....	--	--
<b>Total items that may be reclassified to profit or loss</b> .....	<b>(1 224)</b>	<b>530</b>
<b>Other comprehensive income for the year, net of tax</b> .....	<b>(1 249)</b>	<b>538</b>
<b>Total comprehensive income for the year, net of tax</b> .....	<b>(201)</b>	<b>210</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 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>
		€000	€000	€000	€000	€000	€000
<b>At 1 January 2021</b> .....	<b>7 476 902</b>	<b>1 869</b>	<b>18 783</b>	<b>(133)</b>	<b>(1 752)</b>	<b>(3 178)</b>	<b>15 589</b>
Loss for the year .....	--	--	--	--	(328)	--	(328)
Other comprehensive income for the year, net of tax .....	--	--	--	--	139	399	538
<b>Total comprehensive income</b> .....	--	--	--	--	<b>(189)</b>	<b>399</b>	<b>210</b>
Retained earnings offset with share premium .....	--	--	(811)	--	811	--	--
Treasury shares .....	--	--	--	(11)	--	--	(11)
<b>At 31 December 2021</b> .....	<b>7 476 902</b>	<b>1 869</b>	<b>17 972</b>	<b>(144)</b>	<b>(1 130)</b>	<b>(2 779)</b>	<b>15 788</b>
<b>At 1 January 2022</b> .....	<b>7 476 902</b>	<b>1 869</b>	<b>17 972</b>	<b>(144)</b>	<b>(1 130)</b>	<b>(2 779)</b>	<b>15 788</b>
Profit for the year .....	--	--	--	--	1 048	--	1 048
Other comprehensive income for the year, net of tax .....	--	--	--	--	(160)	(1 089)	(1 249)
<b>Total comprehensive income</b> .....	--	--	--	--	<b>888</b>	<b>(1 089)</b>	<b>(201)</b>
Treasury shares .....	--	--	--	--	--	--	--
<b>At 31 December 2022</b> .....	<b>7 476 902</b>	<b>1 869</b>	<b>17 972</b>	<b>(144)</b>	<b>(242)</b>	<b>(3 868)</b>	<b>15 587</b>



## CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2022

	2022	(Restated) 2021	(Published) 2021
	€000	€000	€000
<b>Operating activities:</b>			
Net profit / (loss) for the year .....	1 048	(328)	(328)
Profit/(loss) after tax for the year from discontinued operations .....	897	(805)	--
Profit / (loss) for the year from continuing operations.....	151	477	(328)
Non-cash items written back:			
Amortization and depreciation.....	1 065	955	1 191
Loss / (capital gain) on disposal of fixed assets .....	35	40	40
Other non-financial activities .....	120	31	31
Accounts receivable.....	(51)	70	(135)
Inventories.....	(577)	340	252
Other debtors .....	250	(278)	(279)
Accounts payable.....	341	60	851
Other liabilities .....	77	(23)	(28)
<b>Net cash flows from operating activities - continuing operations .....</b>	<b>1 411</b>	<b>1 672</b>	<b>1 595</b>
Net cash flows used in operating activities - discontinued operations.....	(1 311)	(77)	--
<b>Total net cash flows from operating activities .....</b>	<b>100</b>	<b>1 595</b>	<b>1 595</b>
<b>Investing activities:</b>			
Purchase of fixed assets.....	(261)	(26)	(146)
Proceeds from sale / (purchase) of other non-current financial assets.....	(84)	(46)	(46)
<b>Net cash flows used in investing activities - continuing operations .....</b>	<b>(345)</b>	<b>(72)</b>	<b>(192)</b>
Net cash flows from / (used in) investing activities - discontinued operations .....	1 694	(120)	--
<b>Total net cash flows from / (used in) investing activities .....</b>	<b>1 349</b>	<b>(192)</b>	<b>(192)</b>
<b>Financing activities:</b>			
Repayment of borrowings .....	(120)	(205)	(205)
Payment of principal portion of lease liabilities .....	(586)	(580)	(580)
Sale / (purchase) of treasury shares .....	--	(11)	(11)
Change in restricted cash.....	--	58	58
<b>Net cash flows used in financing activities - continuing operations .....</b>	<b>(706)</b>	<b>(738)</b>	<b>(738)</b>
Net cash flows used in financing activities - discontinued operations .....	--	--	--
<b>Total net cash flows used in financing activities .....</b>	<b>(706)</b>	<b>(738)</b>	<b>(738)</b>
Net foreign exchange difference .....	(211)	55	55
<b>Increase / (decrease) in net cash and cash equivalents .....</b>	<b>532</b>	<b>720</b>	<b>720</b>
<b>Opening cash and cash equivalents balance .....</b>	<b>3 648</b>	<b>2 928</b>	<b>2 928</b>
<b>Closing cash and cash equivalents balance .....</b>	<b>4 180</b>	<b>3 648</b>	<b>3 648</b>

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