



MEMSCAP - EARNINGS FOR THE 2019 FINANCIAL YEAR:

EBITDA AT EUR 1.5 MILLION FOR FY 19

Consolidated revenue at EUR 12.8 million for FY 19

Avionics business up +9% for FY 19

Operating profit at EUR 0.1 million – Net earnings at the break-even point

Consolidated available cash at EUR 3.4 million as of December 31, 2019

Grenoble (France) – March 23, 2020 – 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 2019 financial year ending December 31, 2019.

Analysis of the consolidated income statement

In line with the previous quarterly press releases, MEMSCAP reported an audited revenue of EUR 12.8 million for FY 2019 compared to EUR 13.0 million for FY 2018. Expressed in US dollar, consolidated sales for FY 2019 amounted to US\$ 14.3 million against US\$ 15.3 million for FY 2018. It is to be noted that sales made in US dollar represented approximately 83% of the Group's revenue in 2019.

Consolidated revenue distribution by market segment, over FY 2019, is as follows:

Market segments / Revenue (In million euros)	FY 2019	%	FY 2018	%
Aerospace	6.8	53%	6.2	48%
Optical communications / Adaptive optics	3.5	27%	4.1	32%
Medical / Biomedical	1.7	13%	2.1	16%
Others	0.8	7%	0.6	4%
Total	12.8	100%	13.0	100%

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

The continued sales growth of the avionics business was confirmed over FY 19 with an annual growth rate of +9% compared to FY 2018. The Group's avionics business accounts for more than 53% of the Group's consolidated sales for FY 2019. The optical communications business, which was impacted by trade tensions between the United States of America and China in Q3 19, reported a -15% evolution compared to FY 2018. This impact appears to be temporary since the optical communications business returned to normative sales in Q4 2019.

The increase in other activities of the Custom products division in FY 2019 offset the decrease in sales observed in the medical segment, a semi-cyclical business.

MEMSCAP's consolidated earnings for FY 2019 are given within the following table:

In million euros	FY 2019	FY 2018 Restated (1)	FY 2018 Published (1)
Revenue	12.8	13.0	13.0
Standard products*	8.5	8.3	8.3
Custom products	4.3	4.7	4.7
Cost of revenue	(8.7)	(8.5)	(8.5)
Gross margin	4.1	4.5	4.4
% of revenue	32%	34%	34%
Operating expenses**	(3.9)	(3.9)	(3.9)
Operating profit / (loss)	0.1	0.6	0.5
Financial profit / (loss)	(0.0)	0.0	0.2
Income tax expense	(0.1)	(0.3)	(0.3)
Net profit / (loss)	(0.0)	0.3	0.3

(Financial data were subject to an audit by the Group's statutory auditors who will issue their reports at a later date. On March 20th, 2020, the MEMSCAP's board of directors authorized the release of the FY 2019 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.

(1) The Group has applied IFRS 16 using the full retrospective approach and the comparative information is not the same as the information previously presented in the prior year's financial statements.

* * *



The financial data for the 2018 financial year and presented in the comments below have been adjusted from the restatements relating to the adoption of IFRS 16, mandatory from 1 January 2019. These "restated" financial data are therefore different from those previously "published" for the 2018 financial year. The Group has applied IFRS 16 using the full retrospective approach with restatement of comparative information. At 31 December 2019, the adoption of IFRS 16 led to an increase of EUR 5.1 million in total consolidated assets and EUR 5.7 million in total consolidated liabilities, resulting in a -EUR.0.6 million reduction in total consolidated equity. For FY 2019 and FY 2018, the adoption of IFRS 16 resulted in a non-significant reduction in net income and an increase in EBITDA of +EUR 0.5 million in these periods.

For FY 2019, the volume effect related to the activities of the Custom products division impacted the Group's gross margin rate, which stood at 32% compared to 34% for FY 2018. The consolidated gross margin thus amounted to EUR 4.1 million compared to EUR 4.5 million for FY 2018.

Operating expenses, net of research and development grants, amounted to EUR 3.9 million for FY 2019, at a similar level than FY 2018. Research and development expenses, net of grants, amounted to EUR 1.6 million for FY 2019 and represented 12% of consolidated sales (FY 2018: EUR 1.5 million / 12% of consolidated sales). Total sales and administrative expenses, at EUR 2.3 million, were slightly down compared to FY 2018 (EUR 2.4 million). In addition, the total number of full-time equivalent employees in the Group rose from 61 in FY 2018 to 65 in FY 2019, an increase of +7%.

For FY 2019, the Group posted an operating profit of EUR 0.1 million compared to an operating profit of EUR 0.6 million for FY 2018. The net financial loss for FY 2019 is not significant and included a foreign exchange gain of EUR 0.2 million, similar to the foreign exchange gain recognized in FY 2018. The tax expense recognized over FY 2019 and FY 2018 corresponded to the change in deferred tax assets related to the Norwegian and US entities of MEMSCAP. This expense had no impact on the Group's cash position.

The Group therefore reported a breakeven net result for FY 2019 compared to a net profit at EUR 0.3 million for FY 2018.

* * *

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

For FY 2019, the Group posted a positive EBITDA at EUR 1.5 million compared to EUR 1.9 million for the previous year. Including the EUR 0.4 million increase in the working capital requirement, the positive cash flow from operating activities amounted to EUR 1.0 million against a cash generation of EUR 0,9 million for FY 2018. The change in the working capital requirement resulted from the ramping up of buffer stocks related to the avionics business and the reduction of trade payables at the end of FY 2019 in accordance with the material requirements planning over the year.

At December 31, 2019, the Group reported available cash at EUR 3.4 million (December 31, 2018: EUR 3.7 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 0.3 million at December 31, 2019.

MEMSCAP shareholders' equity totalled EUR 16.7 million at December 31, 2019. This amount is similar to the shareholders' equity reported at December 31, 2018.

* * *

Analysis and perspectives / Impact of COVID-19 pandemic

The 2019 financial year confirmed the robustness of the Group's avionics activities, up +9% compared with FY 2018 and now representing more than 53% of the annual consolidated revenue. This evolution compensated the temporary reduction of the optical communications business, previously affected by trade tensions between the United States of America and China.

Regarding the COVID-19 pandemic, the Group's production sites located in Norway and the United States (North Carolina) remain operational. The Group is currently assessing the impacts of this pandemic.

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.

* * *

Q1 2020 earnings: April 27, 2020

Annual meeting of shareholders: May 28, 2020



MEMSCAP
The Power of a Small World™



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 2019

	31 December 2019	31 December 2018 <i>Restated (1)</i>
	€000	€000
Assets		
Non-current assets		
Property, plant and equipment.....	1 757	1 794
Goodwill and intangible assets.....	7 804	7 908
Right-of-use assets.....	5 934	6 316
Other non-current financial assets.....	1 254	1 309
Deferred tax asset.....	412	541
	17 161	17 868
Current assets		
Inventories.....	3 111	2 807
Trade and other receivables.....	2 938	2 943
Prepayments.....	186	280
Other current financial assets.....	47	35
Cash and short-term deposits.....	2 204	2 380
	8 486	8 445
Total assets	25 647	26 313
Equity and liabilities		
Equity		
Issued capital.....	1 867	1 867
Share premium.....	18 775	18 775
Treasury shares.....	(131)	(130)
Retained earnings.....	(1 204)	(1 199)
Foreign currency translation.....	(2 601)	(2 641)
	16 706	16 672
Non-current liabilities		
Lease liabilities.....	5 685	5 977
Interest-bearing loans and borrowings.....	127	236
Employee benefit liability.....	56	20
	5 868	6 233
Current liabilities		
Trade and other payables.....	2 083	2 297
Lease liabilities.....	588	589
Interest-bearing loans and borrowings.....	324	444
Provisions.....	78	78
	3 073	3 408
Total liabilities	8 941	9 641
Total equity and liabilities	25 647	26 313

(1) The Group has applied IFRS 16 using the full retrospective approach and the comparative information is not the same as the information previously presented in the prior year's financial statements.



CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 December 2019

	2019	2018
		<i>Restated (1)</i>
	€000	€000
Continuing operations		
Sales of goods and services	12 779	12 961
Revenue	12 779	12 961
Cost of sales.....	(8 720)	(8 493)
Gross profit	4 059	4 468
Other income.....	497	527
Research and development expenses	(2 077)	(2 030)
Selling and distribution costs.....	(766)	(725)
Administrative expenses.....	(1 581)	(1 680)
Operating profit / (loss)	132	560
Finance costs	(185)	(178)
Finance income.....	157	212
Profit / (loss) for the year from continuing operations before tax	104	594
Income tax expense.....	(136)	(330)
Profit / (loss) for the year from continuing operations	(32)	264
Profit / (loss) for the year	(32)	264
Earnings per share:		
- Basic, for profit / (loss) for the year attributable to ordinary equity holders of the parent (in euros).....	€ (0.004)	€ 0.036
- Diluted, for profit / (loss) for the year attributable to ordinary equity holders of the parent (in euros)	€ (0.004)	€ 0.036

(1) The Group has applied IFRS 16 using the full retrospective approach and the comparative information is not the same as the information previously presented in the prior year's financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	2019	2018
		<i>Restated (1)</i>
	€000	€000
Profit / (loss) for the year	(32)	264
Items that will not be reclassified subsequently to profit or loss		
Actuarial gains / (losses)	(69)	(30)
Income tax on items that will not be reclassified to profit or loss.....	--	--
Total items that will not be reclassified to profit or loss	(69)	(30)
Items that may be reclassified subsequently to profit or loss		
Net gain / (loss) on available-for-sale financial assets.....	95	(171)
Exchange differences on translation of foreign operations.....	40	(35)
Income tax on items that may be reclassified to profit or loss.....	--	--
Total items that may be reclassified to profit or loss	135	(206)
Other comprehensive income for the year, net of tax	66	(236)
Total comprehensive income for the year, net of tax	34	28

(1) The Group has applied IFRS 16 using the full retrospective approach and the comparative information is not the same as the information previously presented in the prior year's financial statements.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

<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 2018 <i>Restated (1)</i>	7 246 190	1 812	18 770	(126)	(1 242)	(2 606)	16 608
Profit for the year.....	--	--	--	--	264	--	264
Other comprehensive income for the year, net of tax.....	--	--	--	--	(201)	(35)	(236)
Total comprehensive income	--	--	--	--	63	(35)	28
Capital increase	222 150	55	5	--	(54)	--	6
Treasury shares	--	--	--	(4)	--	--	(4)
Share-based payment	--	--	--	--	34	--	34
At 31 December 2018 <i>Restated (1)</i>	7 468 340	1 867	18 775	(130)	(1 199)	(2 641)	16 672
At 1 January 2019 <i>Restated (1)</i>	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

(1) The Group has applied IFRS 16 using the full retrospective approach and the comparative information is not the same as the information previously presented in the prior year's financial statements.



CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2019

	2019	2018
		<i>Restated (1)</i>
	€000	€000
Cash flows from operating activities:		
Net profit / (loss) for the year	(32)	264
Non-cash items written back:		
Amortization and depreciation	1 247	1 199
Loss / (capital gain) on disposal of fixed assets	35	(16)
Other non-financial activities	87	344
Accounts receivable	(49)	(90)
Inventories	(274)	(312)
Other debtors	16	(176)
Accounts payable	(72)	(326)
Other liabilities	(6)	21
Total net cash flows from operating activities	952	908
Cash flows from investing activities:		
Purchase of fixed assets	(388)	(644)
Proceeds from sale / (purchase) of financial assets	118	(276)
Total net cash flows from investing activities	(270)	(920)
Cash flows from financing activities:		
Repayment of borrowings	(108)	(106)
Payment of lease liabilities	(573)	(581)
Sale / (purchase) of treasury shares	(2)	(4)
Proceeds from issue of shares	--	6
Total net cash flows from financing activities	(683)	(685)
Net foreign exchange difference	(53)	(1)
Increase / (decrease) in net cash and cash equivalents	(54)	(698)
Opening cash and cash equivalents balance	2 044	2 742
Closing cash and cash equivalents balance	1 990	2 044

(1) The Group has applied IFRS 16 using the full retrospective approach and the comparative information is not the same as the information previously presented in the prior year's financial statements.