



MEMSCAP – FIRST HALF 2020 EARNINGS:

HALF-YEAR REVENUE OF 6.1 MILLION EUROS

Impact of the Covid-19 pandemic on the Group's avionics business fully offset by the significant growth of the medical business

Optical communications business impacted by the Covid-19 pandemic and the related closure of the US production site for more than two weeks

Half-year operating loss limited to 0.1 million euros

Half-year EBITDA at 0.5 million euros despite an unprecedented macroeconomic environment

Increase of available liquidities up to 4.2 million euros at 30 June 2020

Grenoble (France) – 31 August 2020 – 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 2020 ending 30 June 2020.

Revenue and consolidated earnings for the first half of 2020

In accordance with the previous quarterly press releases, consolidated revenue for the first half of 2020 amounted to 6.1 million euros (6.7 million US dollars) compared to 6.6 million euros (7.4 million US dollars) for the first half of 2019.

Consolidated revenue distribution by market segment, over the first half of 2020, is as follows:

Market segments / Revenue (M€)	For the 6 months ended 30 June 2020		For the 6 months ended 30 June 2019		Var. H1 2020 / 2019 (M€) (%)	
		%		%		
Aerospace	3.1	51%	3.5	53%	-0.4	-12%
Optical communications / Adaptive optics	1.6	26%	2.1	31%	-0.5	-22%
Medical / Biomedical	1.2	20%	0.7	11%	+0.5	+66%
Others	0.2	3%	0.3	4%	-0.1	-41%
Total	6.1	100%	6.6	100%	-0.5	-8%

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

The significant increase in the Group's sales dedicated to the medical and biomedical markets (+0.5 million euros / Sales up +66% compared to the first half of 2019) fully offset the impact of the Covid-19 pandemic on the Group's avionics business (-0.4 million euros / Sales down -12% compared to the first half of 2019). The Standard products division (Norwegian subsidiary and dermo-cosmetics segment) thus maintained a revenue of 4.3 million euros in the first half of 2020, identical to the first half of 2019.

During the second quarter of 2020, the Covid-19 pandemic affected the Group's optical communications business. Half-year sales of the optical communications business fell by -22% (-0.5 million euros) compared to the first half of 2019, in particular due to the closure of the US production site for more than 2 weeks during the second quarter of 2020.

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MEMSCAP's consolidated earnings for the first half of 2020 are given within the following table:

<i>In million euros</i>	Q1 2020	Q2 2020	H1 2020	Q1 2019	Q2 2019	H1 2019
Revenue	3.4	2.7	6.1	3.1	3.5	6.6
Standard products*	2.2	2.1	4.3	2.1	2.1	4.3
Custom products	1.2	0.6	1.8	1.0	1.4	2.3
Cost of revenue	(2.4)	(1.9)	(4.3)	(2.2)	(2.3)	(4.5)
Gross margin	1.0	0.8	1.8	0.9	1.2	2.1
% of revenue	29%	29%	29%	30%	33%	32%
Operating expenses**	(1.0)	(0.9)	(1.9)	(1.0)	(1.0)	(2.0)
Operating profit / (loss)	(0.0)	(0.1)	(0.1)	(0.1)	0.2	0.1
Financial profit / (loss)	0.0	(0.0)	0.0	(0.0)	(0.0)	(0.1)
Income tax expense	(0.0)	(0.0)	(0.1)	(0.0)	(0.0)	(0.1)
Net profit / (loss)	(0.0)	(0.1)	(0.2)	(0.1)	0.1	(0.1)

(Financial data were subject to a limited review by the Group's statutory auditors. On August 31, 2020, MEMSCAP's board of directors authorized the release of the interim condensed consolidated financial statements at 30 June 2020. Any apparent discrepancies in totals are due to rounding.)

* Including the dermo-cosmetic segment.

** Net of research & development grants.

The change in the Group's sales volumes led to a consolidated gross margin of 1.8 million euros for the first half of 2020 (29% of consolidated sales) compared to 2.1 million euros for the first half of 2019 (32% of consolidated sales).

The amount of operating expenses of 0.9 million euros in the first half of 2020 is down 0.1 million euros compared to the amount reported over the first half of 2019.

For the first half of 2020, the Group posted an operating loss of 0.1 million euros compared to an operating profit of 0.1 million euros for the first half of 2019.

The net financial profit is not significant compared to a net financial loss of 0.1 million euros for the first half of 2019. The tax expense of 0.1 million euros for the first half of 2020 and for the first half of 2019 corresponded to the change in deferred tax over the period with no impact on the Group's cash position.

The Group therefore reported a consolidated net loss of 0.2 million euros for the first half of 2020 compared to a consolidated net loss of 0.1 million euros in the first half of 2019.

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

For the first half of 2020, the Group posted a positive EBITDA of 0.5 million euros compared to a positive EBITDA of 0.7 million euros for the first half of 2019. Cash flow from operating activities in the first half of 2020, +1.3 million euros vs +0.7 million euros for the first half of 2019, significantly increased by 0.6 million euros resulting in particular from the reduction of the working capital requirement over the period. Taking into account the cash flow consumed by investing activities (0.6 million euros) and the positive net cash flow from financing activities (0.2 million euros), the Group's net cash position increased by 0.9 million euros in the first half of 2020 compared to an increase of 0.2 million euros in the first half of 2019.

At 30 June 2020, the Group reported available liquidities at 4.2 million euros (31 December 2019: 3.4 million euros) including cash investments for 1.3 million euros (Corporate bonds) recorded under non-current financial assets and cash and short-term deposits for 2.9 million euros.

Current financial debt, including lease liabilities under IFRS 16, was 0.8 million euros at 30 June 2020 compared to 0.9 million euros at 31 December 2019.

MEMSCAP shareholders' equity totalled 15.6 million euros at 30 June 2020 compared to 16.7 million euros at 31 December 2019, particularly due to currency translation adjustments.

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Analysis and perspectives

Following the spread of the Covid-19 pandemic in the United States, the Group's US site (Custom products division) experienced a temporary closure of 2 weeks at the beginning of April 2020. MEMSCAP's business being qualified as "Essential Businesses and Operations" by the State of North Carolina, the US Group's operations have resumed gradually from April 16, 2020. Production at the Group's Norwegian site (Standard products division) has faced no significant impact resulting from the Covid-19 pandemic at June 30, 2020.

The deterioration of the macroeconomic environment in the second quarter of 2020 mainly impacted the Custom products division of the Group (MEMSCAP's US subsidiary) and its optical communications business dedicated to Asian markets. This business reported a decrease in sales of -22% over the first half of 2020 compared to the first half of 2019. Sales of the Standard products division remained stable over this same period since the increase in medical / biomedical business offset the decrease in the avionics business.

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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Q3 2020 Earnings: October 26, 2020

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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www.memscap.com.

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





CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Interim condensed consolidated financial statements at 30 June 2020

	<i>30 June 2020</i>	<i>31 December 2019</i>
	€000	€000
Assets		
Non-current assets		
Property, plant and equipment.....	1 879	1 757
Goodwill and intangible assets.....	7 264	7 804
Right-of-use assets	5 494	5 934
Other non-current financial assets.....	1 260	1 254
Deferred tax asset	328	412
	16 225	17 161
Current assets		
Inventories	2 645	3 111
Trade and other receivables.....	2 228	2 938
Prepayments	344	186
Other current financial assets	53	47
Cash and short-term deposits	2 916	2 204
	8 186	8 486
Total assets	24 411	25 647
Equity and liabilities		
Equity		
Issued capital.....	1 869	1 867
Share premium.....	18 783	18 775
Treasury shares	(141)	(131)
Retained earnings	(1 567)	(1 204)
Foreign currency translation	(3 327)	(2 601)
	15 617	16 706
Non-current liabilities		
Lease liabilities	5 198	5 685
Interest-bearing loans and borrowings	449	127
Employee benefit liability.....	53	56
	5 700	5 868
Current liabilities		
Trade and other payables	2 288	2 083
Lease liabilities	555	588
Interest-bearing loans and borrowings	233	324
Provisions	18	78
	3 094	3 073
Total liabilities	8 794	8 941
Total equity and liabilities	24 411	25 647



CONSOLIDATED STATEMENT OF INCOME

Interim condensed consolidated financial statements at 30 June 2020

	<i>For the six months ended 30 June</i>	
	2020	2019
Continuing operations	€000	€000
Sales of goods and services	6 073	6 571
Revenue	6 073	6 571
Cost of sales.....	(4 307)	(4 494)
Gross profit	1 766	2 077
Other income.....	91	251
Research and development expenses	(868)	(1 061)
Selling and distribution costs.....	(368)	(423)
Administrative expenses.....	(768)	(785)
Operating profit / (loss)	(147)	59
Finance costs	(77)	(94)
Finance income.....	92	19
Profit / (loss) for the period from continuing operations before tax	(132)	(16)
Income tax expense.....	(50)	(58)
Profit / (loss) for the period from continuing operations	(182)	(74)
Profit / (loss) for the period	(182)	(74)
Earnings per share:		
- Basic, for profit / (loss) for the period attributable to ordinary equity holders of the parent (in euros)	€ (0,024)	€ (0,010)
- Diluted, for profit / (loss) for the period attributable to ordinary equity holders of the parent (in euros)	€ (0,024)	€ (0,010)



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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Interim condensed consolidated financial statements at 30 June 2020

	<i>For the six months ended 30 June</i>	
	<i>2020</i>	<i>2019</i>
	<i>€000</i>	<i>€000</i>
Profit / (loss) for the period	(182)	(74)
Items that will not be reclassified subsequently to profit or loss		
Actuarial gains / (losses)	--	--
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 available-for-sale financial assets	(181)	57
Hedging instruments	--	--
Exchange differences on translation of foreign operations	(726)	186
Income tax on items that may be reclassified to profit or loss	--	--
Total items that may be reclassified to profit or loss	(907)	243
Other comprehensive income for the period, net of tax	(907)	243
Total comprehensive income for the period, net of tax	(1 089)	169



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Interim condensed consolidated financial statements at 30 June 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 period	--	--	--	--	(74)	--	(74)
Other comprehensive income for the period, net of tax	--	--	--	--	57	186	243
Total comprehensive income	--	--	--	--	(17)	186	169
Treasury shares	--	--	--	4	--	--	4
Share-based payment	--	--	--	--	1	--	1
At 30 June 2019	7 468 340	1 867	18 775	(126)	(1 215)	(2 455)	16 846
At 1 January 2020	7 468 340	1 867	18 775	(131)	(1 204)	(2 601)	16 706
Loss for the period	--	--	--	--	(182)	--	(182)
Other comprehensive income for the period, net of tax	--	--	--	--	(181)	(726)	(907)
Total comprehensive income	--	--	--	--	(363)	(726)	(1 089)
Capital increase	8 562	2	8	--	--	--	10
Treasury shares	--	--	--	(10)	--	--	(10)
At 30 June 2020	7 476 902	1 869	18 783	(141)	(1 567)	(3 327)	15 617



CONSOLIDATED CASH FLOW STATEMENT

Interim condensed consolidated financial statements at 30 June 2020

	<i>For the six months ended 30 June</i>	
	2020	2019
	€000	€000
Cash flows from operating activities:		
Net profit / (loss) for the year	(182)	(74)
Non-cash items written back:		
Amortization and depreciation	582	596
Loss / (capital gain) on disposal of fixed assets	(11)	38
Other non-financial activities	54	46
Accounts receivable	361	82
Inventories	254	(271)
Other debtors	68	(160)
Accounts payable	(18)	335
Other liabilities	187	102
Total net cash flows from operating activities	1 295	694
Cash flows from investing activities:		
Purchase of fixed assets	(413)	(190)
Proceeds from sale / (purchase) of financial assets	(185)	52
Total net cash flows from investing activities	(598)	(138)
Cash flows from financing activities:		
Proceeds from borrowings	500	--
Repayment of borrowings	(79)	(54)
Payment of lease liabilities	(281)	(306)
Proceeds from issue of shares	10	--
Sale / (purchase) of treasury shares	(10)	4
Total net cash flows from financing activities	140	(356)
Net foreign exchange difference	65	(39)
Increase / (decrease) in net cash and cash equivalents	902	161
Opening cash and cash equivalents balance	1 990	2 044
Closing cash and cash equivalents balance	2 892	2 205