



MEMSCAP – Q2 2020:

HALF-YEAR REVENUE OF 6.1 MILLION EUROS / Q2 2020 SALES OF 2.7 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 and Q2 operating loss limited to 0.1 million euros

Half-year EBITDA at 0.5 million euros and Q2 EBITDA at 0.2 million euros despite an unprecedented macroeconomic environment

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

Grenoble (France) - July 29, 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 second quarter ending June 30, 2020.

Analysis of the consolidated income statement

Consolidated sales for the first half of 2020 (unaudited) amounted to 6.1 million euros compared to 6.6 million euros for the first half of 2019 following consolidated sales for the second quarter of 2020 at 2.7 million euros (3.0 million US dollars) compared to 3.5 million euros (3.9 million US dollars) for the second quarter of 2019.

Consolidated revenue distribution by market segment, over the second quarter of 2020, is as follows:

Market segments / Revenue (M€) – Non-audited	Q1 2020	Q2 2020	Q1 + Q2 2020	Q1 2019	Q2 2019	Q1 + Q2 2019	Var. (Q1 + Q2) 2020 / 2019 (M€)	Var. (Q1 + Q2) 2020 / 2019 (%)
Aerospace	1.8	1.2	3.1	1.7	1.8	3.5	-0.4	-12%
Optical communications / Adaptive optics	1.1	0.5	1.6	0.8	1.3	2.1	-0.5	-22%
Medical / Biomedical	0.4	0.9	1.2	0.5	0.3	0.7	+0.5	+66%
Others	0.1	0.1	0.2	0.1	0.1	0.3	-0.1	-41%
Total	3.4	2.7	6.1	3.1	3.5	6.6	-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 second quarter of 2020 are given within the following table:

<i>In million euros – Non-audited</i>	Q1 2020	Q2 2020	Q1 + Q2 2020	Q1 2019	Q2 2019	Q1 + Q2 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)

(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 0.8 million euros for the second quarter of 2020 (29% of consolidated sales) compared to 1.2 million euros for the second quarter of 2019 (33% of consolidated sales).

The amount of operating expenses of 0.9 million euros in the second quarter of 2020 is down 0.1 million euros compared to the amounts reported over the previous quarters.

As a result, the Group posted an operating loss of 0.1 million euros for the second quarter of 2020 compared to an operating profit of 0.2 million euros for the second quarter of 2019. The Group's operating loss amounted to 0.1 million euros for the first half of 2020 compared to an operating profit of 0.1 million euros for the first half of 2019.

Considering the financial income and the change in deferred tax, the Group's net loss amounted to 0.1 million euros for this quarter compared to a net profit of 0.1 million euros for the second quarter 2019.

EBITDA for the second quarter of 2020 amounted to +0.2 million euros compared to +0.5 million euros for the second quarter of 2019. Consequently, the Group reported an EBITDA at +0.5 million euros for the first half of 2020 compared to +0.7 million euros for 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.

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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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MEMSCAP
The Power of a Small World™



Half-year 2020 revenue and earnings: August 31, 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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