



MEMSCAP Q1 2021:

CONFIRMATION OF THE MEDICAL BUSINESS POSITIVE TREND & SIGNIFICANT INCREASE OF MEMSCAP CONSOLIDATED CASH

Quarterly consolidated sales at 2.7 million euros

Positive EBITDA at 0.3 million euros / Positive operating cash flow at 0.5 million euros

Consolidated available cash at 4.8 million euros as of March 31, 2021 increasing by 0.6 million euros

Grenoble (France) – April 27, 2021 – 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 first quarter ending March 31, 2021.

Analysis of the consolidated income statement

Consolidated revenue for the first quarter of 2021 was 2.7 million euros (3.3 million US dollars) compared to 3.4 million euros (3.7 million US dollars) for the first quarter of 2020 and 2.7 million euros (3.2 million US dollars) for the fourth quarter of 2020.

Consolidated revenue distribution by market segment, over the first quarter of 2021, is as follows:

<i>Market segments / Revenue (In million euros) – Non-audited</i>	Q1 20	%	Q1 21	%
Aerospace	1.8	54%	0.9	33%
Optical communications / Adaptive optics	1.1	33%	0.5	17%
Medical / Biomedical	0.4	11%	1.3	48%
Others	0.1	2%	0.1	2%
Total	3.4	100%	2.7	100%

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

MEMSCAP's consolidated earnings for the first quarter of 2021 are given within the following table:

<i>In million euros – Non-audited</i>	Q1 20	Q1 21
Revenue	3.4	2.7
<i>Standard products*</i>	2.2	2.2
<i>Custom products</i>	1.2	0.6
Cost of revenue	(2.4)	(2.0)
Gross margin	1.0	0.8
% of revenue	29%	28%
Operating expenses**	(1.0)	(0.9)
Operating profit / (loss)	(0.0)	(0.1)
Financial profit / (loss)	0.0	(0.0)
Income tax expense	(0.0)	(0.0)
Net profit / (loss)	(0.0)	(0.1)

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

* Including the royalties from the dermo-cosmetics segment.

** Net of research & development grants.

Sales for the first quarter of 2021 confirmed the positive trend of the medical business (sales multiplied by 3.5 vs. the first quarter of 2020, thus an increase of + 0.9 million euros). The high level of sales in the medical business, in line with the fourth quarter of 2020, compensated the weak demand in the avionics business, which remains affected by the Covid-19 pandemic (-0.9 million euros vs. the first quarter of 2020). However, the avionics business increased by +0.1 million euros compared to the fourth quarter of 2020. The optical communications business was down by 0.6 million euros vs. the first quarter of 2020 but started to recover compared to the fourth quarter of 2020 (+0.2 million euros vs. the fourth quarter of 2020). This recovery was still impacted by the ongoing maintenance imposed by the technical incident on an industrial equipment occurred in the US facilities in the fourth quarter of 2020.

The strategy of diversifying the Group's activities around 3 business areas thus mitigated the impacts of a deeply deteriorated economic environment.



MEMSCAP
The Power of a Small World™



The Group's gross margin rate stood at 28% of consolidated sales compared to 29% for the first quarter of 2020.

Operating expenses decreased to 0.9 million euros compared to the amount of 1.0 million euros for the first quarter of 2020.

The Group therefore reported operating and net losses at 0.1 million euros for the first quarter of 2021 compared to breakeven operating and net earnings for the first quarter of 2020.

For the first quarter of 2021, the Group posted a positive EBITDA at 0.3 million euros, similarly to the first quarter of 2020. In addition, the control of the consolidated working capital requirement led to a positive operating cash flow of 0.5 million euros for the first quarter of 2021.

On March 31, 2021, the Group reported a significant increase of available cash which amounted at 4.8 million euros including cash investments (Corporate bonds) recorded under non-current financial assets (vs. 4.2 million euros at December 31, 2020). In addition to this amount, the available unused credit lines amounted to 0.4 million euros on March 31, 2021.

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Analysis and perspectives

The first quarter of 2021 confirmed the positive trend of the medical business, compensating for the weak demand in the avionics business which remains affected by the Covid-19 pandemic. As previously mentioned, the diversity of its businesses allows MEMSCAP to face the effects of such a major health and economic crisis, particularly impacting the avionics sector even if a slight recovery of this business seems to be observed.

The control of operating expenses and the working capital requirement reflected the Group's capacity to adapt and led to an unaudited consolidated EBITDA of +0.3 million euros and an operating cash flow of +0.5 million euros for the quarter. Thus, consolidated available liquidities amounted to 4.8 million euros as of March 31, 2021.

However, the potential impact of the pandemic remains very uncertain based on the current available information. MEMSCAP will continue to regularly assess the impact of Covid-19 on its business.

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.

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MEMSCAP general shareholders' meeting: May 28, 2021.

Q2 2021 earnings: July 29, 2021.

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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