



MEMSCAP – Q2 2021:

SIGNIFICANT GROWTH IN SALES OF THE GROUP'S AVIONICS BUSINESS DESPITE AN UNFAVOURABLE ECONOMIC CONTEXT

Quarterly consolidated sales at 2.7 million euros

Operating earnings at the break-even point

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

Available liquidities at 4.8 million euros on 30 June 2021

Grenoble (France) - July 27, 2021 - 09:00 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, 2021.

Analysis of the consolidated income statement

Consolidated sales for the second quarter of 2021 (unaudited) amounted to 2.7 million euros (3.2 million US dollars) compared to 2.7 million euros for the second quarter of 2020 (3.0 million US dollars) and 2.7 million euros (3.3 million US dollars) for the first quarter of 2021.

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

<i>Market segments / Revenue (M€) – Non-audited</i>	Q1 2021	Q2 2021	Q2 2020	<i>Var. Q2 21 vs. Q2 20 (M€)</i>	<i>Var. Q2 21 vs. Q1 21 (M€)</i>
Aerospace	0.9	1.4	1.2	+0.2	+0.5
Optical communications / Adaptive optics	0.5	0.5	0.5	-0.0	+0.0
Medical / Biomedical	1.3	0.6	0.9	-0.3	-0.7
Others	0.1	0.2	0.1	+0.1	+0.1
Total	2.7	2.7	2.7	-0.0	-0.1

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

Consolidated sales of the avionic business showed a strong growth for the second quarter of 2021 (+0.5 million euros / + 61% compared to the first quarter of 2021 and +0.2 million euros / + 17% compared to the second quarter of 2020) despite the context of the Covid-19 pandemic deeply affecting this market. This evolution offsets the quarterly fluctuation of sales related to the medical / biomedical business (-0.7 million euros / -57% compared to the first quarter 2021 and -0.3 million euros / -35% compared to the second quarter of 2020), a market segment particularly active during the first quarter of 2021. Despite an increase of the booking, the optical communications business remained stable at a level of 0.5 million euros, still impacted in the second quarter of 2021 by the resolution of the technical incident at the US plant completed at end of quarter.

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

<i>In million euros – Non-audited</i>	Q1 2021	Q2 2021	Q1 + Q2 2021	Q1 2020	Q2 2020	Q1 + Q2 2020
Revenue	2.7	2.7	5.4	3.4	2.7	6.1
Standard products*	2.2	2.0	4.2	2.2	2.1	4.3
Custom products	0.6	0.6	1.2	1.2	0.6	1.8
Cost of revenue	(2.0)	(1.9)	(3.8)	(2.4)	(1.9)	(4.3)
Gross margin	0.8	0.8	1.6	1.0	0.8	1.8
% of revenue	28%	30%	29%	29%	29%	29%
Operating expenses**	(0.9)	(0.8)	(1.7)	(1.0)	(0.9)	(1.9)
Operating profit / (loss)	(0.1)	(0.0)	(0.1)	(0.0)	(0.1)	(0.1)
Financial profit / (loss)	(0.0)	(0.0)	(0.0)	0.0	(0.0)	0.0
Income tax expense	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)
Net profit / (loss)	(0.1)	(0.1)	(0.2)	(0.0)	(0.1)	(0.2)

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

* Including the dermo-cosmetic segment.

** Net of research & development grants.

The Group's gross margin rate stood at 30% of consolidated sales for the second quarter of 2021 compared to 29% for the second quarter of 2020. The Group's US subsidiary benefited from a state subsidy "PPP" (Paycheck Protection Program) of 0.2 million euros in the second quarter of 2021.

The amount of operating expenses of 0.8 million euros in the second quarter of 2021 was down 0.1 million euros compared to the second quarter of 2020.

The Group therefore reported operating earnings at the break-even point for the second quarter of 2021 compared to an operating loss of 0.1 million euros for the second quarter of 2020.

Considering the financial income and the change in deferred tax, the Group's net loss amounted to 0.1 million euros for this quarter, an amount similar to the net loss of the second quarter of 2020.

For the second quarter of 2021, the Group posted a positive EBITDA at 0.3 million euros compared to a positive EBITDA at 0.2 million euros for the second quarter of 2020. The positive operating cash flow amounted to 0.5 million euros for the second quarter of 2021.

On June 30, 2021, the Group reported available cash at 4.8 million euros (vs. 4.2 million euros at December 31, 2020) including cash investments at 1.4 million euros (Corporate bonds) recorded under non-current financial assets. In addition to this amount, the available unused credit lines amounted to 0.4 million euros at June 30, 2021.

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Analysis and perspectives

In the second quarter of 2021, the Group reported a strong growth in the avionic sales despite the Covid-19 pandemic which deeply affects this business. The avionic business is the Group's leading market representing 44% of consolidated sales in the first half of 2021. In addition, the acceleration of the deliveries related to the medical / biomedical business during the first quarter of 2021 enabled MEMSCAP to support the ramp-up of the avionics business expected and materialized during this second quarter. The combination of these two businesses allowed the Norwegian subsidiary of the Group to deal with this crisis without significant impact on its revenue and to post increased profitability.

The optical communications business, impacted by the technical incident at the end of the previous year, benefited from an increase in its order book for the coming quarter.

Despite an unprecedented health crisis, the Group continued to increase its available liquidity position, i.e. 4.8 million euros at the end of June 2021, in particular due to a positive EBITDA for the first half of 2021.

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 2021 revenue and earnings: August 31, 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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