



**MEMSCAP – FIRST HALF 2019 EARNINGS:**

**INCREASE OF CONSOLIDATED FIRST HALF REVENUE UP TO EUR 6.6 MILLION**

*Sustainable sales of the avionic (+6%) and optical communications (+3%) businesses*

*Operating profitability over the first half of 2019*

*H1 2019 EBITDA at +EUR 0.7 million*

*Cash flow from operating activities at +EUR 0.7 million and increase in net cash for the first half of 2019*

*Increase of available liquidities up to EUR 3.8 million at 30 June 2019*

**Grenoble (France) – 30 August 2019 – 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 2019 ending 30 June 2019.

**Revenue and consolidated earnings for the first half of 2019**

In accordance with the previous quarterly press releases, consolidated revenue for the first half of 2019 amounted to EUR 6.6 million (US\$ 7.4 million) compared to EUR 6.5 million (US\$ 7.9 million) for the first half of 2018 and EUR 6.4 million (US\$ 7.4 million) for the second half of 2018.

Consolidated revenue in euro for the first half of 2019 increased by +1% compared to the first half of 2018 and +2% compared to the second half of 2018.

Consolidated revenue distribution by market segment, over the first half of 2019, is as follows:

Market segments / Revenue (M€)	For the 6 months ended 30 June 2019		For the 6 months ended 30 June 2018		Var. H1 2019 / 2018 (M€) (%)	
		%		%		
Aerospace	3.5	53%	3.3	50%	+0.2	+6%
Optical communications / Adaptive optics	2.1	31%	2.0	31%	+0.1	+3%
Medical / Biomedical	0.7	11%	1.0	15%	-0.2	-24%
Others	0.3	4%	0.3	4%	0.0	+9%
<b>Total</b>	<b>6.6</b>	<b>100%</b>	<b>6.5</b>	<b>100%</b>	<b>+0.1</b>	<b>+1%</b>

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

The first half of 2019 was marked by the robustness of the avionics sector, which increased by 6% (+EUR 0.2 million) compared to the first half of 2018 and represented more than 53% of total consolidated sales in the first half of 2019.

This increase offset the cyclical downturn in medical / biomedical activity (-EUR 0.2 million compared to the first half of 2018).

The optical communications sector recorded solid sales results representing 31% of the consolidated revenue for the first half of 2019, up 3% compared to the first half of 2018.

\* \* \*



MEMSCAP's consolidated earnings for the first half of 2019 are given within the following table:

<i>In million euros</i>	Q1 2019	Q2 2019	H1 2019	Q1 2018 (1) (Restated)	Q2 2018 (1) (Restated)	H1 2018 (1) (Restated)	H1 2018 (Published)
Revenue	3.1	3.5	6.6	2.9	3.6	6.5	6.5
Standard products*	2.1	2.1	4.3	1.9	2.3	4.2	4.2
Custom products	1.0	1.4	2.3	1.0	1.3	2.3	2.3
Cost of revenue	(2.2)	(2.3)	(4.5)	(2.0)	(2.3)	(4.3)	(4.4)
Gross margin	0.9	1.2	2.1	0.9	1.3	2.2	2.1
% of revenue	30%	33%	32%	31%	36%	33%	33%
Operating expenses**	(1.0)	(1.0)	(2.0)	(1.0)	(1.0)	(2.0)	(2.0)
Operating profit / (loss)	(0.1)	0.2	0.1	(0.1)	0.3	0.2	0.1
Financial profit / (loss)	(0.0)	(0.0)	(0.1)	(0.1)	0.0	(0.0)	0.0
Income tax expense	(0.0)	(0.0)	(0.1)	(0.0)	(0.1)	(0.1)	(0.1)
Net profit / (loss)	(0.1)	0.1	(0.1)	(0.2)	0.2	(0.0)	0.0

(Financial data were subject to a limited review by the Group's statutory auditors. On August 30, 2019, MEMSCAP's board of directors authorized the release of the interim condensed consolidated financial statements at 30 June 2019. Any apparent discrepancies in totals are due to rounding.)

\* Including the dermo-cosmetic 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 details of the changes in accounting policies are disclosed note 2.2 to the interim condensed consolidated financial statements at 30 June 2019.

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 30 June 2019, the adoption of IFRS 16 led to an increase of EUR 5.4 million in total consolidated assets and EUR 6.0 million in total consolidated liabilities, resulting in a -EUR 0.6 million reduction in total consolidated equity. For the first half of 2019 and 2018, the adoption of IFRS 16 resulted in a non-significant reduction in net income for the period and an increase in half-year EBITDA of +EUR 0.2 million in these periods. The detailed impacts of the adoption of IFRS 16 are presented in note 2.2 to the interim condensed consolidated financial statements at 30 June 2019.

In the first half of 2019, the Group's sales volumes led to a consolidated gross margin of EUR 2.1 million (31.6% of consolidated sales) compared to EUR 2.2 million during the restated first half of 2018 (33.4% of consolidated sales).

Operating expenses (net of research and development grants) amounted to EUR 2.0 million in the first half of 2019, similar to the restated first half of 2018. For the first half of 2019, the Group posted an operating profit of EUR 0.1 million compared to an operating profit of EUR 0.2 million for the restated first half of 2018.

The net financial loss was EUR 0.1 million compared to a non-significant net financial loss for the restated first half of 2018. The tax expense of EUR 0.1 million for the first half of 2019 and for the restated first half of 2018 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 EUR 0.1 million for the first half of 2019 compared to a non-significant consolidated net loss in the restated first half of 2018.

\* \* \*



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

For the first half of 2019, the Group posted a positive EBITDA of EUR 0.7 million compared to a positive EBITDA of EUR 0.8 million for the restated first half of 2018. Cash flow from operating activities in the first half of 2019, +EUR 0.7 million vs +EUR 0.3 million for the first half of 2018 (restated), significantly increased by EUR 0.4 million resulting in particular from the reduction of the working capital requirement over the period. Therefore, the Group's net cash position increased by EUR 0.2 million in the first half of 2019 compared to a decrease of EUR 0.5 million in the first half of 2018 (restated).

At 30 June 2019, the Group reported available liquidities at EUR 3.8 million (31 December 2018: EUR 3.7 million) including cash investments for EUR 1.3 million (Corporate bonds) recorded under non-current financial assets and cash and short-term deposits for EUR 2.5 million.

Current financial debt, including lease liabilities under IFRS 16, was EUR 1.0 million at 30 June 2019, similar to the position at 30 December 2018 (restated).

MEMSCAP shareholders' equity totalled EUR 16.8 million at 30 June 2019 compared to EUR 16.7 million at 31 December 2018 (restated).

\* \* \*

### Analysis and perspectives

The first half of 2019 confirmed the robustness of the Group's avionics business, representing more than 53% of the half-year consolidated revenue, as well as the good performance of the optical communications market despite an uncertain international context.

MEMSCAP pursues its strategy focused on avionics, medical and optical communications segments as well as increasing the flexibility of its production capabilities.

\* \* \*

### Q3 2019 Earnings: October 25, 2019

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





## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Interim condensed consolidated financial statements at 30 June 2019

	<b>30 June 2019</b>	<b>31 December 2018</b> <i>Restated (1)</i>
	<b>€000</b>	<b>€000</b>
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment.....	1 713	1 794
Goodwill and intangible assets.....	7 985	7 908
Right-of-use assets.....	6 391	6 316
Other non-current financial assets.....	1 282	1 309
Deferred tax asset.....	496	541
	<b>17 867</b>	<b>17 868</b>
<b>Current assets</b>		
Inventories.....	3 139	2 807
Trade and other receivables.....	3 099	2 943
Prepayments.....	391	280
Other current financial assets.....	41	35
Cash and short-term deposits.....	2 528	2 380
	<b>9 198</b>	<b>8 445</b>
<b>Total assets</b>	<b>27 065</b>	<b>26 313</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Issued capital.....	1 867	1 867
Share premium.....	18 775	18 775
Treasury shares.....	(126)	(130)
Retained earnings.....	(1 215)	(1 199)
Foreign currency translation.....	(2 455)	(2 641)
	<b>16 846</b>	<b>16 672</b>
<b>Non-current liabilities</b>		
Lease liabilities.....	6 022	5 977
Interest-bearing loans and borrowings.....	182	236
Employee benefit liability.....	20	20
	<b>6 224</b>	<b>6 233</b>
<b>Current liabilities</b>		
Trade and other payables.....	2 900	2 297
Lease liabilities.....	585	589
Interest-bearing loans and borrowings.....	432	444
Other current financial liabilities.....	--	--
Provisions.....	78	78
	<b>3 995</b>	<b>3 408</b>
<b>Total liabilities</b>	<b>10 219</b>	<b>9 641</b>
<b>Total equity and liabilities</b>	<b>27 065</b>	<b>26 313</b>

(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 Group has labelled the restated comparative information with the heading "restated". The details of the changes in accounting policies are disclosed note 2.2 to the interim condensed consolidated financial statements at 30 June 2019.



## CONSOLIDATED STATEMENT OF INCOME

Interim condensed consolidated financial statements at 30 June 2019

	<i>For the six months ended 30 June</i>	
	<b>2019</b>	<b>2018</b> <i>Restated (1)</i>
<b>Continuing operations</b>	<b>€000</b>	<b>€000</b>
Sales of goods and services .....	6 571	6 516
<b>Revenue</b> .....	<b>6 571</b>	<b>6 516</b>
Cost of sales.....	(4 494)	(4 342)
<b>Gross profit</b> .....	<b>2 077</b>	<b>2 174</b>
Other income.....	251	261
Research and development expenses .....	(1 061)	(1 018)
Selling and distribution costs.....	(423)	(375)
Administrative expenses.....	(785)	(880)
<b>Operating profit / (loss)</b> .....	<b>59</b>	<b>162</b>
Finance costs .....	(94)	(85)
Finance income.....	19	56
<b>Profit / (loss) for the period from continuing operations before tax</b> .....	<b>(16)</b>	<b>133</b>
Income tax expense.....	(58)	(139)
<b>Profit / (loss) for the period from continuing operations</b> .....	<b>(74)</b>	<b>(6)</b>
<b>Profit / (loss) for the period</b> .....	<b>(74)</b>	<b>(6)</b>
Earnings per share:		
- Basic, for profit / (loss) for the period attributable to ordinary equity holders of the parent (in euros) .....	€ (0,010)	€ (0,001)
- Diluted, for profit / (loss) for the period attributable to ordinary equity holders of the parent (in euros) .....	€ (0,010)	€ (0,001)

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## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Interim condensed consolidated financial statements at 30 June 2019

	For the six months ended 30 June	
	2019	2018 Restated (1)
	€000	€000
<b>Profit / (loss) for the period .....</b>	<b>(74)</b>	<b>(6)</b>
<b>Items that will not be reclassified subsequently to profit or loss</b>		
Actuarial gains / (losses) .....	--	--
Income tax on items that will not be reclassified to profit or loss .....	--	--
<b>Total items that will not be reclassified to profit or loss .....</b>	<b>--</b>	<b>--</b>
<b>Items that may be reclassified subsequently to profit or loss</b>		
Net gain / (loss) on available-for-sale financial assets .....	57	(37)
Hedging instruments .....	--	16
Exchange differences on translation of foreign operations .....	186	335
Income tax on items that may be reclassified to profit or loss .....	--	--
<b>Total items that may be reclassified to profit or loss .....</b>	<b>243</b>	<b>314</b>
<b>Other comprehensive income for the period, net of tax .....</b>	<b>243</b>	<b>314</b>
<b>Total comprehensive income for the period, net of tax .....</b>	<b>169</b>	<b>308</b>

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## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Interim condensed consolidated financial statements at 30 June 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>
		<b>€000</b>	<b>€000</b>	<b>€000</b>	<b>€000</b>	<b>€000</b>	<b>€000</b>
<b>At 1 January 2018 Restated (1)</b> .....	<b>7 246 190</b>	<b>1 812</b>	<b>18 770</b>	<b>(126)</b>	<b>(1 242)</b>	<b>(2 606)</b>	<b>16 608</b>
Loss for the period .....	--	--	--	--	(6)	--	(6)
Other comprehensive income for the period, net of tax .....	--	--	--	--	(21)	335	314
<b>Total comprehensive income</b> .....	--	--	--	--	<b>(27)</b>	<b>335</b>	<b>308</b>
Capital increase .....	218 400	54	--	--	(54)	--	--
Treasury shares .....	--	--	--	(11)	--	--	(11)
Share-based payment .....	--	--	--	--	28	--	28
<b>At 30 June 2018 Restated (1)</b> .....	<b>7 464 590</b>	<b>1 866</b>	<b>18 770</b>	<b>(137)</b>	<b>(1 295)</b>	<b>(2 271)</b>	<b>16 933</b>
<b>At 1 January 2019 Restated (1)</b> .....	<b>7 468 340</b>	<b>1 867</b>	<b>18 775</b>	<b>(130)</b>	<b>(1 199)</b>	<b>(2 641)</b>	<b>16 672</b>
Loss for the period .....	--	--	--	--	(74)	--	(74)
Other comprehensive income for the period, net of tax .....	--	--	--	--	57	186	243
<b>Total comprehensive income</b> .....	--	--	--	--	<b>(17)</b>	<b>186</b>	<b>169</b>
Treasury shares .....	--	--	--	4	--	--	4
Share-based payment .....	--	--	--	--	1	--	1
<b>At 30 June 2019</b> .....	<b>7 468 340</b>	<b>1 867</b>	<b>18 775</b>	<b>(126)</b>	<b>(1 215)</b>	<b>(2 455)</b>	<b>16 846</b>

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## CONSOLIDATED CASH FLOW STATEMENT

Interim condensed consolidated financial statements at 30 June 2019

	For the six months ended 30 June	
	2019	2018 Restated (1)
	€000	€000
<b>Cash flows from operating activities:</b>		
Net profit / (loss) for the year .....	(74)	(6)
Non-cash items written back:		
Amortization and depreciation .....	596	601
Loss / (capital gain) on disposal of fixed assets .....	38	1
Other non-financial activities .....	46	167
Accounts receivable .....	82	(28)
Inventories .....	(271)	(255)
Other debtors .....	(160)	(95)
Accounts payable .....	335	(255)
Other liabilities .....	102	152
<b>Total net cash flows from operating activities .....</b>	<b>694</b>	<b>282</b>
<b>Cash flows from investing activities:</b>		
Purchase of fixed assets .....	(190)	(377)
Proceeds from sale / (purchase) of financial assets .....	52	(56)
<b>Total net cash flows from investing activities .....</b>	<b>(138)</b>	<b>(433)</b>
<b>Cash flows from financing activities:</b>		
Repayment of borrowings .....	(54)	(53)
Payment of lease liabilities .....	(306)	(288)
Sale / (purchase) of treasury shares .....	4	(11)
<b>Total net cash flows from financing activities .....</b>	<b>(356)</b>	<b>(352)</b>
Net foreign exchange difference .....	(39)	19
<b>Increase / (decrease) in net cash and cash equivalents .....</b>	<b>161</b>	<b>(484)</b>
<b>Opening cash and cash equivalents balance .....</b>	<b>2 044</b>	<b>2 742</b>
<b>Closing cash and cash equivalents balance .....</b>	<b>2 205</b>	<b>2 258</b>

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