



MEMSCAP – Q3 2020:

QUARTERLY SALES AT 2.4 MILLION EUROS

Significant growth in the medical business partially offsetting the impact of the Covid-19 pandemic on the Group's avionics business

Favourable evolution of the optical communications business over the quarter

Positive quarterly EBITDA / Cumulative 9-month EBITDA exceeding 0.5 million euros

Increase in net cash of +0.1 million euros over Q3 2020 and +1.0 million euros over the first 9 months of the year

Available liquidities at 4.2 million euros at 30 September 2020

Grenoble (France) - October 26, 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 third quarter ending September 30, 2020.

Analysis of the consolidated income statement

Consolidated revenue for the third quarter of 2020 was 2.4 million euros (2.8 million US dollars) compared to 3.0 million euros (3.4 million US dollars) for the third quarter of 2019. Cumulative 9-month revenue at the end of September 2020 amounted to 8.5 million euros (9.5 million US dollars) versus 9.6 million euros (10.8 million US dollars) at the end of September 2019.

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

<i>Market segments / Revenue (M€) – Non-audited</i>	Q3 2020	%	Q3 2019	%
Aerospace	0.7	30%	1.7	55%
Optical communications / Adaptive optics	0.6	25%	0.5	15%
Medical / Biomedical	0.9	37%	0.4	15%
Others	0.2	8%	0.4	15%
Total	2.4	100%	3.0	100%

<i>Market segments / Revenue (M€) – Non-audited</i>	Q1 + Q2 + Q3 2020	%	Q1 + Q2 + Q3 2019	%
Aerospace	3.8	45%	5.2	54%
Optical communications / Adaptive optics	2.2	26%	2.5	26%
Medical / Biomedical	2.1	25%	1.2	12%
Others	0.4	4%	0.7	8%
Total	8.5	100%	9.6	100%

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

Sales related to the Group's avionics business were significantly affected by the Covid-19 pandemic. The quarterly revenue of this business sector was down by 1.0 million euros compared to the third quarter of 2019. This decrease was however partially offset by the strong growth in medical activities, whose sales increased by +0,5 million euros compared to the third quarter of 2019. Similarly, sales in the optical communications business showed an upward trend in this quarter.

As a result, and despite the weight of the avionics business regarding the Group's sales, the decrease of the cumulative 9-month consolidated revenue was limited to -12% compared to the same period last year.

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MEMSCAP's consolidated earnings for the third quarter of 2020 are given within the following table:

<i>In million euros – Non-audited</i>	Q1 2020	Q2 2020	Q3 2020	Q1 2019	Q2 2019	Q3 2019
Revenue	3.4	2.7	2.4	3.1	3.5	3.0
Standard products*	2.2	2.1	1.5	2.1	2.1	2.1
Custom products	1.2	0.6	0.9	1.0	1.4	0.9
Cost of revenue	(2.4)	(1.9)	(1.8)	(2.2)	(2.3)	(2.0)
Gross margin	1.0	0.8	0.6	0.9	1.2	1.0
% of revenue	29%	29%	24%	30%	33%	34%
Operating expenses**	(1.0)	(0.9)	(0.8)	(1.0)	(1.0)	(1.0)
Operating profit / (loss)	(0.0)	(0.1)	(0.2)	(0.1)	0.2	0.1
Financial profit / (loss)	0.0	(0.0)	(0.1)	(0.0)	(0.0)	0.1
Income tax expense	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)
Net profit / (loss)	(0.0)	(0.1)	(0.3)	(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.

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For the third quarter of 2020, the Group's gross margin rate stood at 24% of consolidated sales compared to 34% for the third quarter of 2019.

Operating expenses were at 0.8 million euros in the third quarter of 2020 compared to 1.0 million euros for the third quarter of 2019.

As a result, the Group posted an operating loss of 0.2 million euros in the third quarter of 2020 compared to an operating profit of 0.1 million euros for the third quarter of 2019.

Considering the financial income and the change in deferred tax over the period, the Group's net loss amounted to 0.3 million euros over the quarter, compared with a net consolidated profit at 0.1 million euros for the third quarter of 2019.

EBITDA was positive over for the third quarter of 2020 compared to +0.4 million euros for the third quarter of 2019. Cumulative 9-month EBITDA amounted to +0.5 million euros at the end of September 2020 versus +1.1 million euros at the end of September 2019.

Finally, the consolidated net cash position increased by +0.1 million euros over the third quarter of 2020 and by +1.0 million euros over the first 9 months of the year. As a result, the Group's available liquidities amounted to 4.2 million euros at September 30, 2020.

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Analysis and perspectives

The diversity of its businesses allows MEMSCAP to face the effects of a major health and economic crisis, particularly impacting the avionics sector. In addition, the Group's agility is reflected in the control of operating expenses leading to a consolidated EBITDA of more than 0.5 million euros over the first 9 months of the year despite a strongly deteriorated context. MEMSCAP has continued to increase its cash position with an amount of available cash of 4.2 million euros at September 30, 2020.

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Q4 2020 Earnings: January 27, 2021.



MEMSCAP
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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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