



MEMSCAP – FIRST HALF 2021 EARNINGS:

POSITIVE OPERATING CASH FLOW AT +1.0 MILLION EUROS

HIGH LEVEL OF ACTIVITY OF THE MEDICAL BUSINESS

SALES RECOVERY OF THE AVIONICS BUSINESS DESPITE THE COVID-19 PANDEMIC

OPTICAL COMMUNICATIONS BUSINESS AFFECTED BY THE RESOLUTION OF A TECHNICAL INCIDENT WHICH OCCURRED IN THE US PLANT

Half-year revenue of 5.4 million euros

Half-year operating loss limited to 0.1 million euros

Half-year EBITDA at 0.5 million euros

Available liquidities at 4.8 million euros on 30 June 2021, increasing by +0.6 million euros over the 1st half of 2021

Grenoble (France) – 31 August 2021 – 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 2021 ending 30 June 2021.

Revenue and consolidated earnings for the first half of 2021

In accordance with the previous quarterly press releases, consolidated revenue for the first half of 2021 amounted to 5.4 million euros (6.5 million US dollars) compared to 6.1 million euros (6.7 million US dollars) for the first half of 2020.

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

Market segments / Revenue (M€)	For the 6 months ended 30 June 2021		For the 6 months ended 30 June 2020		Var. H1 2021 / 2020 (M€) (%)	
		%		%		
Aerospace	2.3	44%	3.1	51%	-0.7	-24%
Optical communications / Adaptive optics	0.9	17%	1.6	26%	-0.7	-42%
Medical / Biomedical	1.9	35%	1.2	20%	+0.6	+51%
Others	0.2	5%	0.2	3%	+0.1	+52%
Total	5.4	100%	6.1	100%	-0.7	-11%

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

The impact of the Covid-19 pandemic on the avionics business (-0.7 million euros / -24% compared to the first half of 2020), the Group's leading market representing 44% of consolidated sales over the first half of 2021, was offset by the strong growth of the medical / biomedical business, whose sales increased by +0.6 million euros / + 51% compared to the first half of 2020. It should be noted that the avionics business is gradually recovering a normative activity level. Sales relating to this business thus increased in 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 2020).

In addition, the optical communications sales were affected by the resolution of a technical incident at the Group's US plant and showed a decrease of -0.7 million euros / -42% compared to the first half of the year 2020.

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

<i>In million euros</i>	Q1 2021	Q2 2021	H1 2021	Q1 2020	Q2 2020	H1 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)

(Financial data were subject to a limited review by the Group's statutory auditors. On August 31, 2021, MEMSCAP's board of directors authorized the release of the interim condensed consolidated financial statements on 30 June 2021. Any apparent discrepancies in totals are due to rounding.)

* Including the dermo-cosmetic segment.

** Net of research & development grants.

The consolidated gross margin for the first half of 2021 was 29% of consolidated sales, thus a similar rate compared to the first half of 2020.

The amount of operating expenses of 1.7 million euros in the first half of 2021 is reduced by 0.2 million euros compared to the amount reported over the first half of 2020.

For the first half of 2021, the Group posted an operating loss of 0.1 million euros, a similar amount compared to the first half of 2020.

The net financial income is not significant for the first half of 2021 and 2020. The tax expense for the first half of 2021 and 2020 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 0.2 million euros for the first half of 2021 and 2020.

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

For the first half of 2021 and 2020, the Group posted a positive EBITDA of 0.5 million euros. Cash flow from operating activities in the first half of 2021 amounted to +1.0 million euros vs +1.3 million euros for the first half of 2020. Considering the cash flow consumed by investing activities (0.2 million euros) and the cash flow consumed by financing activities (0.4 million euros), the Group's net cash position increased by 0.4 million euros in the first half of 2021 compared to an increase of 0.9 million euros in the first half of 2020.

On 30 June 2021, the Group reported available liquidities at 4.8 million euros (31 December 2020: 4.2 million euros) including cash investments for 1.4 million euros (Corporate bonds) recorded under non-current financial assets and cash and short-term deposits for 3.4 million euros. Consequently, available liquidities increased by +0.6 million euros over the first half of 2021.

Current financial debt, including lease liabilities under IFRS 16, was 0.7 million euros on 30 June 2021 compared to 1.0 million euros on 31 December 2020.

MEMSCAP shareholders' equity totalled 15.7 million euros on 30 June 2021 compared to 15.6 million euros on 31 December 2020, particularly due to favourable currency translation adjustments.

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Analysis and perspectives

The acceleration of the deliveries related to the medical / biomedical business during the first quarter of 2021 enabled MEMSCAP to wait for the ramp-up of the avionics business expected and materialized during the second quarter of 2021. 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 over the first half of 2021 by the technical incident at the end of the previous year, benefited from an increase in its order book for the coming quarter.

The diversity of its businesses allows MEMSCAP to face the effects of such a major health and economic crisis and to continue to increase its available liquidity position, i.e., 4.8 million euros at the end of June 2021, particularly 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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SFAF Meeting: September 7, 2021

Q3 2021 Earnings: October 26, 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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www.memscap.com.

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

MEMS





CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Interim condensed consolidated financial statements at 30 June 2021

	<i>30 June 2021</i>	<i>31 December 2020</i>
	<i>€000</i>	<i>€000</i>
Assets		
Non-current assets		
Property, plant and equipment.....	1 565	1 693
Goodwill and intangible assets.....	7 297	7 305
Right-of-use assets.....	5 487	5 486
Other non-current financial assets.....	1 437	1 217
Deferred tax asset.....	238	284
	16 024	15 985
Current assets		
Inventories.....	2 535	2 604
Trade and other receivables.....	2 295	2 558
Prepayments.....	477	306
Other current financial assets.....	58	58
Cash and short-term deposits.....	3 353	2 952
	8 718	8 478
Total assets	24 742	24 463
Equity and liabilities		
Equity		
Issued capital.....	1 869	1 869
Share premium.....	17 972	18 783
Treasury shares.....	(133)	(133)
Retained earnings.....	(1 037)	(1 752)
Foreign currency translation.....	(2 949)	(3 178)
	15 722	15 589
Non-current liabilities		
Lease liabilities.....	5 093	5 126
Interest-bearing loans and borrowings.....	278	348
Employee benefit liability.....	102	35
	5 473	5 509
Current liabilities		
Trade and other payables.....	2 787	2 317
Lease liabilities.....	571	582
Interest-bearing loans and borrowings.....	170	447
Provisions.....	19	19
	3 547	3 365
Total liabilities	9 020	8 874
Total equity and liabilities	24 742	24 463



CONSOLIDATED STATEMENT OF INCOME

Interim condensed consolidated financial statements at 30 June 2021

	<i>For the six months ended 30 June</i>	
	2021	2020
Continuing operations	€000	€000
Sales of goods and services	5 382	6 073
Revenue	5 382	6 073
Cost of sales.....	(3 811)	(4 307)
Gross profit	1 571	1 766
Other income.....	174	91
Research and development expenses	(755)	(868)
Selling and distribution costs.....	(312)	(368)
Administrative expenses.....	(816)	(768)
Operating profit / (loss)	(138)	(147)
Finance costs	(75)	(77)
Finance income.....	50	92
Profit / (loss) for the period from continuing operations before tax	(163)	(132)
Income tax expense.....	(47)	(50)
Profit / (loss) for the period from continuing operations	(210)	(182)
Profit / (loss) for the period	(210)	(182)
Earnings per share:		
- Basic, for profit / (loss) for the period attributable to ordinary equity holders of the parent (in euros)	€ (0.028)	€ (0.024)
- Diluted, for profit / (loss) for the period attributable to ordinary equity holders of the parent (in euros)	€ (0.028)	€ (0.024)



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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Interim condensed consolidated financial statements at 30 June 2021

	<i>For the six months ended 30 June</i>	
	2021	2020
	€000	€000
Profit / (loss) for the period	(210)	(182)
Items that will not be reclassified subsequently to profit or loss		
Actuarial gains / (losses)	--	--
Income tax on items that will not be reclassified to profit or loss	--	--
Total items that will not be reclassified to profit or loss	--	--
Items that may be reclassified subsequently to profit or loss		
Net gain / (loss) on available-for-sale financial assets	114	(181)
Exchange differences on translation of foreign operations	229	(726)
Income tax on items that may be reclassified to profit or loss	--	--
Total items that may be reclassified to profit or loss	343	(907)
Other comprehensive income for the period, net of tax	343	(907)
Total comprehensive income for the period, net of tax	133	(1 089)



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Interim condensed consolidated financial statements at 30 June 2021

<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>
		<i>€000</i>	<i>€000</i>	<i>€000</i>	<i>€000</i>	<i>€000</i>	<i>€000</i>
At 1 January 2020	7 468 340	1 867	18 775	(131)	(1 204)	(2 601)	16 706
Loss for the period	--	--	--	--	(182)	--	(182)
Other comprehensive income for the period, net of tax	--	--	--	--	(181)	(726)	(907)
Total comprehensive income	--	--	--	--	(363)	(726)	(1 089)
Treasury shares	8 562	2	8	--	--	--	10
Share-based payment	--	--	--	(10)	--	--	(10)
At 30 June 2020	7 476 902	1 869	18 783	(141)	(1 567)	(3 327)	15 617
At 1 January 2021	7 476 902	1 869	18 783	(133)	(1 752)	(3 178)	15 589
Loss for the period	--	--	--	--	(210)	--	(210)
Other comprehensive income for the period, net of tax	--	--	--	--	114	229	343
Total comprehensive income	--	--	--	--	(96)	229	133
Retained earnings offset with share premium	--	--	(811)	--	811	--	--
Treasury shares	--	--	--	--	--	--	--
At 30 June 2021	7 476 902	1 869	17 972	(133)	(1 037)	(2 949)	15 722



CONSOLIDATED CASH FLOW STATEMENT

Interim condensed consolidated financial statements at 30 June 2021

	<i>For the six months ended 30 June</i>	
	2021	2020
	€000	€000
Cash flows from operating activities:		
Net profit / (loss) for the year	(210)	(182)
Non-cash items written back:		
Amortization and depreciation	591	582
Loss / (capital gain) on disposal of fixed assets	31	(11)
Other non-financial activities	88	54
Accounts receivable	212	361
Inventories	146	254
Other debtors	(127)	68
Accounts payable	229	(18)
Other liabilities	27	187
Total net cash flows from operating activities	987	1 295
Cash flows from investing activities:		
Purchase of fixed assets	(56)	(413)
Proceeds from sale / (purchase) of financial assets	(111)	(185)
Total net cash flows from investing activities	(167)	(598)
Cash flows from financing activities:		
Proceeds from borrowings	--	500
Repayment of borrowings	(104)	(79)
Payment of lease liabilities	(303)	(281)
Proceeds from issue of shares	--	10
Sale / (purchase) of treasury shares	--	(10)
Total net cash flows from financing activities	(407)	140
Net foreign exchange difference	12	65
Increase / (decrease) in net cash and cash equivalents	425	902
Opening cash and cash equivalents balance	2 928	1 990
Closing cash and cash equivalents balance	3 353	2 892