



MEMSCAP – Q4 2020:

STRONG GROWTH OF THE MEDICAL BUSINESS / OPERATING PROFITABILITY OF THE GROUP

Operating profit at +0.1 million euros in Q4 20

Quarterly sales of the medical business multiplied by 2.9 compared to Q4 2019

Positive quarterly EBITDA at +0.3 million euros / Positive cumulative 12-month EBITDA at +0.8 million euros

Available liquidities at 4.2 million euros on 31 December 2020

Grenoble (France) - January 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 fourth quarter ending December 31, 2020.

Analysis of the consolidated income statement

Consolidated revenue for the fourth quarter of 2020 was 2.7 million euros (3.2 million US dollars) compared to 3.2 million euros (3.5 million US dollars) for the fourth quarter of 2019. Cumulative 12-month (non-audited) revenue at the end of December 2020 amounted to 11.1 million euros (12.7 million US dollars) versus 12.8 million euros (14.3 million US dollars) at the end of December 2019. Consolidated sales over FY 2020 demonstrated the strong resilience of the Group in the face of the effects of such a major health and economic crisis, particularly impacting the avionics business, MEMSCAP's leading market segment.

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

<i>Market segments / Revenue (M€) – Non-audited</i>	Q4 2020	%	Q4 2019	%
Aerospace	0.8	31%	1.6	51%
Optical communications / Adaptive optics	0.2	9%	1.0	30%
Medical / Biomedical	1.4	53%	0.5	15%
Others	0.2	7%	0.1	4%
Total	2.7	100%	3.2	100%

<i>Market segments / Revenue (M€) – Non-audited</i>	FY 2020	%	FY 2019	%
Aerospace	4.6	41%	6.8	53%
Optical communications / Adaptive optics	2.4	22%	3.5	27%
Medical / Biomedical	3.5	32%	1.7	13%
Others	0.5	5%	0.8	7%
Total	11,1	100%	12.8	100%

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

During the fourth quarter of 2020, consolidated sales were supported by the strong growth of the Group's medical business, which grew by +0.9 million euros (+ 186%) versus the fourth quarter of 2019 and by +0.5 million euros (+ 60%) versus the third quarter of 2020. This significant increase compensated for the weak demand of the avionics business affected by the Covid-19 pandemic as well as the reduction of the optical communications / adaptive optics sales which were impacted by a technical incident on an industrial equipment of the US facilities.

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

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

<i>In million euros – Non-audited</i>	Q1+Q2+Q3 2020	Q4 2020	FY 2020	Q1+Q2+Q3 2019	Q4 2019	FY 2019
Revenue	8.5	2.7	11.1	9.6	3.2	12.8
Standard products*	5.8	2.2	8.0	6.3	2.1	8.4
Custom products	2.7	0.4	3.1	3.3	1.1	4.4
Cost of revenue	(6.1)	(1.9)	(8.0)	(6.5)	(2.2)	(8.7)
Gross margin	2.3	0.8	3.1	3.1	0.9	4.1
% of revenue	28%	30%	28%	32%	30%	32%
Operating expenses**	(2.7)	(0.7)	(3.4)	(3.0)	(0.9)	(3.9)
Operating profit / (loss)	(0.4)	0.1	(0.3)	0.1	0.0	0.1
Financial profit / (loss)	(0.1)	(0.1)	(0.2)	(0.0)	(0.0)	(0.0)
Income tax expense	(0.1)	(0.0)	(0.1)	(0.1)	(0.0)	(0.1)
Net profit / (loss)	(0.5)	(0.0)	(0.5)	(0.0)	(0.0)	(0.0)

(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 fourth quarter of 2020, the Group's gross margin rate stood at 30% of consolidated sales, a similar level compared to the fourth quarter of 2019. In the fourth quarter of 2020, the Group recognized the PPP grant (Paycheck Protection Program) related to the production salary costs of the US plant. This grant amounted to 0.2 million euros offsets the consequences of the Covid-19 pandemic over this quarter on the Custom products business.

Operating expenses at 0.7 million euros in the fourth quarter of 2020 were down 0.2 million euros compared to the previous quarters, following the cost control actions implemented by the Group's management.

As a result, the Group posted an operating profit of 0.1 million euros in the fourth quarter of 2020 compared to operating earnings at the break-even point in the fourth quarter of 2019.

Considering the financial income and the income tax expense, the Group's net earnings broke even over the quarter, a similar level compared with the fourth quarter of 2019. The tax expense for FY 2020 and FY 2019 corresponded to the change in deferred tax over the period with no impact on the Group's cash position.

EBITDA for the fourth quarter of 2020 amounted to +0.3 million euros, similar level compared to the fourth quarter of 2019. Cumulative 12-month (non-audited) EBITDA amounted to +0.8 million euros for FY 2020.

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Analysis and perspectives

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. The significant growth of the Group's medical business in this quarter and for FY 2020 confirms the impact of this strategy. MEMSCAP Group expects this trend to continue in FY 2021.

In addition, the control of operating expenses reflected the Group's capacity to adapt and led to an unaudited consolidated EBITDA of +0.3 million euros for the quarter and +0.8 million euros for the FY 2020 despite a severely deteriorated context. Due to positive operating cash flow, available liquidities amounted to 4.2 million euros as of December 31, 2020.

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FY 2020 financial statements: March 24, 2021.



MEMSCAP
The Power of a Small World™



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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