DOLPHIN INTEGRATION ANNOUNCES MID-YEAR RESULTS AS OF SEPTEMBER 30, 2016

Grenoble, January 27, 2017. At the beginning of 2017, the company presents its mid-year situation as of September 30, 2016, and its outlook.

Semester results on September 30 2016

In k€ - project of consolidated accounts (*)	**Semester ended on 30/09/16** *6 months (*)*	**Semester ended on 30/09/15** *6 months (*)*	**Fiscal year ended on 31/03/16** *12 months (audited)*
Consolidated Sales Turnover	6,706	6,794	14,581
Operating Earnings................................	(2,491)	(787)	(1,591)
Financial Earnings..................................	(125)	(87)	(52)
Current Earnings of integrated subsidiaries	(2,616)	(874)	(1,643)
Exceptional Earnings.............................	(56)	133	102
Taxes on Profits	(190)	(221)	(401)
Research Tax Credit...............................	981	975	2,387
Net Earnings (part of the Group)..........	(1,881)	13	444
Net Margin...	(28%)	0.2%	3.0%
Net base Earnings per share (in €)........	(1.40)	0.01	0.33
Total Capital………………………..	13,336	14,736	15,224
Net Gearing...	38.9%	37.1%	39.4%
Cash position	(61)	421	(125)
Gross Cash Flow………………………	(1,004)	(166)	213
Operating Cash Flow.............................	1,445	780	779

(*) non audited accounts

Complete information on the financial statements are available on the web-site of the company www.dolphin.fr and on that of Euronext www.euronext.com .

Significant facts over the period

Revenues were stable compared to last year at the same period. The €0.8 million decrease in cash flow from operations (from -€0.2 million to -€1 million) is due to higher subcontracting costs (€1 million), which correspond to the launch in fabrication of integrated circuits developed for our customers. These circuits will ramp-up in fabrication starting from 2018, generating yearly several hundreds of thousands of euros, recurring, gradually compensating the drop of orders of our circuits for seismic research which occurred last year.
In addition to changes in subcontracting costs over the period, net income was down due to the accounting impact of a slight decline in R & D investment (drop of

intellectual property development) and a decrease in exceptional income (impact of -€0.2 million, as the result for the first half of the previous financial year had benefited from reimbursements of previous penalties).

In April and August 2016, through a joint securitization fund, the company has prefinanced its research tax credit for 2015 of €1.9 million and for its receivable in 2016 of €0.9 million, which enabled it to structurally reduce its working capital requirement (WCR impact of €2.4 million).

Key Facts after closing and Continuity of Operations

Over the second half of the year, the turnaround of activity is under way thanks to the acquisition of new customers and the effectiveness of communication campaigns (for substantial sales of virtual component packages highlighted by "demochips"). Promising deals have thus been signed in the last quarter of the calendar year and others are underway. Some are short-term carriers for our virtual component business as they generate immediate cash and sales turnover, with new partnerships in advanced technologies at 22 and 28 nm. Others are carriers in the medium to long term and guarantee loyalty of certain customers, such as a contract for the development and the supply of real circuits (activity with recurrence of sales which we aim to develop) which should result in around €20 million of turnover between 2018 and 2025.

At the date of this publication, delays in the maturity of trade payables and social payables amount to €780 k and €1,100 k (€368 k and €870 k respectively, at the balance sheet date 2016). The pre-financing of the second half of the Research Tax Credit 2016 for €0.8 million as of January 31, 2017 will help to regularize them and most of these debts are subject to schedules agreed-upon or under discussion.

Regarding the current F-17 forecast (closing at 31 March 2017), the portfolio of orders already taken secures 75% of the turnover for the year.
For fiscal year F-17, the company is therefore aiming at a balanced result, but with a reconstituted self-financing capacity.

In support of a number of very positive signals from the market about the value of its technology and know-how, as illustrated by the award recently presented to it by Open-Silicon as the emerging IP partner of the year 2016 in the Low Power Internet of Things (IoT) Ecosystem, the company is confident on its perspectives.

For the board of directors, the chairman

About Dolphin Integration

Founded in 1985, the company is a technological leader acknowledged in the industry of design in microelectronics for products with low power consumption.
It has experienced 30 years of R&D, protected by a score of patents and by proprietary EDA solutions, so as to offer within a short deadline new standard or custom products, for both consumer applications and markets of industry and aeronautics.

Its headquarters are in Meylan in the region of Grenoble, in Laval, Québec and in Netanya, Israel. It today counts 196 employees including 160 engineers and scientists.

Dolphin Integration confirms its respect of the eligibility criteria of Saving Plans for SBEs, as specified by the application decree of March 4, 2014 (# 2014-283).

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