

H1 2021 RESULTS

- > **Net rebound in business after a year severely impacted by the pandemic**
- > **Strong improvement in adjusted EBITDA, operating income and net income in H1 2021**
- > **Available cash of €6.7M at June 30th, 2021**
- > **2021 revenues target: between €18M and €20M including the impact of the health crisis on components**

MUNIC (Euronext Growth® Paris - FR0013462231 - ALMUN), a specialist in embedded technologies and artificial intelligence for automotive data valorization, has published its H1 2021 results as at June 30th, 2021, approved by the Board of Directors at its meeting on September 28th, 2021. The H1 2021 report is available to the public on the investor section of MUNIC's website.

It should be noted that the majority of the sales are usually made in the second half of the year (82% and 67% of business done in the second half of 2019 and 2020). As in previous years, the results for this half-year are therefore not representative of the results that will be achieved in the whole of 2021.

In K€ - French standards – Unaudited data	H1 2020 (6 months)	H1 2021 (6 months)	Variation	2020 (12 months)
REVENUES	2,543	5,214	+105%	7,529
ADJUSTED EBITDA¹	(2,490)	(1,390)	€+1.1 M	(3,019)
Net depreciation and provisions	209	200		671
ADJUSTED OPERATING INCOME²	(2,699)	(1,590)	€+1.1 M	(3,690)
Operating income	(2,993)	(2,184)		(4,395)
Financial income	(1,560)	147		(1,660)
Non-current income	(35)	(74)		(371)
NET INCOME	(4,295)	(1,516)	€+2.8 M	(5,652)

¹ Adjusted EBITDA = Adjusted operating income² + Net depreciation and provisions

² Adjusted operating income = Operating income + RTC (Research Tax Credit) net of provisions

RETURN TO SUSTAINED GROWTH: +105% IN REVENUES

Slowed by the pandemic in 2020, MUNIC's revenue growth trajectory recovered significantly in H1 2021. Revenues thus reached €5.2M, an increase of +105% compared with the same period last year.

This rebound shows the resilience of MUNIC's activity and the company's ability to manage a global crisis in components and materials impacting the entire automotive industry and many related sectors. To date, MUNIC has been little affected by this shortage and has been able to fulfil its orders in H1 2021 almost within the usual timeframe.

Geographically, this semester was marked by strong momentum in Europe and North America. In Europe, excluding France, growth amounted to 164%. North America, which accounted for 74% of sales, saw its activity almost double, recording growth of +98%. France ended the half-year with sustained growth of 17%.

This growth was coupled with a significant improvement in gross margin, which stood at €0.9M compared with €-0.4M a year earlier. The gross margin for H1 2021 is already higher than that achieved for the whole of FY 2020 (€0.8M) The gross margin rate was 18.4% for H1 2021, compared with -15.8% a year earlier and 10.5% for the whole FY 2020.

This strong half-year performance was driven by:

- i. The resumption and acceleration of partnerships in North America, in particular with the acceleration of sales under the contract with T-Mobile USA, still in the ramp-up phase;
- ii. MUNIC's good management of the components crisis, in terms of prices and availability of parts;
- iii. The introduction of the Smart Dongles' V8 range since April 2021, to be completed by the launch of the V8+ in January 2022.

It should be remembered that the levels of sales and gross margin for the first half of the year are not representative of those achieved over the whole year, given the strong seasonal nature of the company's business.

NET INCOME UP €2.8M IN H1 2021

Purchases and external expenses remained stable compared with H1 2020. Staff expenses increased by +30% due to the absence of short-time working measures that were applied in the company in H1 2020. MUNIC's headcount changed little from one half-year to the next, with 58 employees on June 30th, 2021, compared with 55 a year earlier (average data).

Adjusted operating profit was €-1.6M in H1 2021, an improvement of €1.1M from H1 2020 (€-2.7M). This adjusted operating profit includes net depreciations of €0.2M and the RTC (Research Tax Credit) of €0.6M (€0.3M last year). After deducting these non-cash expenses, adjusted EBITDA was €-1.4M compared with €-2.5M one year prior, an improvement of €1.1M.

Net financial income was €0.1M, compared with €-1.6M in H1 2020, which included a non-recurring financial expense of €1.4M related to the conversion of bonds and current accounts into shares as part of the company's IPO.

In H1 2021, the group's share of net income was therefore €1.5M, up €2.8M compared with H1 2020.

SOLID BALANCE SHEET: €6.7M OF AVAILABLE CASH

In K€ - French standards Unaudited data on 06/30/2021	12/31 2020	06/30 2021
FIXED ASSETS	7,291	8,697
of which intangible assets	6,957	8,312
CURRENT ASSETS	6,829	8,089
of which inventories	3,269	3,233
of which trade receivables	1,854	2,333
of which other receivables	1,706	2,437
CASH	5,274	6,683
TOTAL ASSETS	19,605	23,491

In K€ - French standards Unaudited data on 06/30/2021	12/31 2020	06/30 2021
EQUITY	11,039	9,688
PROVISIONS	1,097	916
FINANCIAL DEBTS	3,923	7,067
of which bonds	1,900	1,900
of which borrowings from credit institutions	40	3,057
OTHER DEBTS	3,529	5,762
TOTAL LIABILITIES	19,605	23,491

The inventory level is almost stable at the end of H1 2021 compared with the end of 2020. This nevertheless hides the +73% increase in the stock of components (€2.6M at H1 2021 vs. €1.5M at the end of 2020) due to MUNIC's policy of securing the supply of certain components in the face of global tensions.

On June 30th, 2021, MUNIC's shareholders' equity stood at €9.7M.

The company's financial liabilities are €7.1M. MUNIC benefited during this period from (i) the granting of a French State Guaranteed Loan (PGE) of €1M in January 2021 in addition to €1.9M received December 31st, 2020, (ii) an innovation loan from Bpifrance for €2M and (iii) the payment of the second part of the Innov'up grant for €0.2M.

MUNIC's available cash amounted to €6.7M on June 30th, 2021, compared with €5.3M at the end of 2020.

CONFIDENCE IN THE OUTLOOK DESPITE A GLOBAL COMPONENTS CRISIS

After a year severely impacted by the Covid-19 crisis in 2020, MUNIC has demonstrated its ability to recover and face the new challenges of the market.

On the commercial side, MUNIC has won several projects during H1 2021, including telecom operators, the international car fleet manager ALD, Vjumi (Select AG's subsidiary) and several others. These projects enable the deployment of Munic.io's Smart Dongles technology with the Edge Computing artificial intelligence platform to provide innovative services to their customers.

The company has implemented several measures since the beginning of the global components crisis, including stockpiling components and increasing the number of suppliers to manage the shortage as well as possible. Thanks to these measures, the company believes it will be able to deliver most of the orders it has received and confirmed for H2 2021. However, the lack of visibility in terms of components supply could lead MUNIC to postpone some deliveries to 2022. For this reason, out of caution MUNIC has decided to adjust its 2021 revenues target, which is now expected to be between €18M and €20M, vs. the initial €20M.

As for EKKO, the solution giving access to vehicle data as a DaaS (Data as a Service) through a shared subscription model, the pilot phase limited to a thousand drivers began in July 2021. This pilot phase, which will last until H2 2021, will enable MUNIC to adjust all of EKKO's success factors: communication with consumers, training and support for distributors, development of the various functions offered to drivers and interfacing with data consumers. MUNIC is aiming for a large-scale commercial launch for mass roll-out, in association with a major player, in January 2020.

In the longer term, MUNIC confirms its ambition to reach **€100M in revenues by 2024**, including €25M generated through the EKKO platform, and **a gross margin rate of over 40%** of revenues.

FINANCIAL CALENDAR 2021

January 31 st , 2022	Annual revenues 2021
March 31 st , 2022	Annual results 2021

All publications will take place after the closing of Euronext Paris.

About MUNIC

Founded in 2002, MUNIC designs and develops technological solutions combining Smart Dongles, able to collect and decode thousands of data items generated by car sensors with an Edge Computing artificial intelligence platform, Munic.io, capable of analyzing and processing this data.

The result of 19 years of R&D, MUNIC's patented technology combines (i) cutting-edge electronic expertise (design and industrialization of small-scale on-board equipment, high energy and radio performance, high reliability in an automotive environment, at very competitive costs), (ii) car data decoding capacity and (iii) an Edge Computing artificial intelligence (Munic.io) for data processing.

Based in Villejuif, France, with offices in the United States and China, MUNIC has 60 employees, 77% of whom are engineers. The company is labeled an Innovative Company by Bpifrance.

MUNIC is listed on Euronext Growth® Paris market (ISIN code: FR0013462231)

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