

H1 2022

Results Presentation



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DISCLAIMER

This report contains forward-looking statements. These statements are based on current experience, estimates and projections of the Management Board and the information available at the time this financial report was prepared. They are not guarantees of future performance and results and are subject to risks and uncertainties that are beyond hGears' ability to control or predict, such as future market conditions, regulatory changes or the behavior of other market participants, for instance. These and other factors can cause the actual results, performance and financial position to deviate significantly from the estimates stated herein. hGears does not assume any obligation to update the forward-looking statements contained in this report. Certain numerical data, financial information and market data, including percentages, in this document have been rounded according to established commercial standards. Furthermore, in tables and charts, these rounded figures may not add up exactly to the totals contained in the respective tables and charts.

Agenda

- H1 2022 Highlights
- Financial Review
- Outlook & Closing Remarks
- Q&A
- Appendix



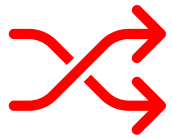
H1 2022 Highlights



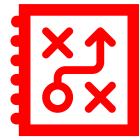
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PERFORMANCE IN LINE WITH PREVIOUSLY COMMUNICATED TRENDS



Macroeconomic
disruptions
persisting



Challenging
start to the year,
improvement in Q2
as expected





New contract wins
and extension
support growth
agenda



Full-year 2022
guidance and
mid-term targets
confirmed

CONTINUED EXPANSION OF CUSTOMER BASE IN 2022 WITH TWO NEW E-BIKE CUSTOMERS

New customer contract wins

Application /Category	Client	Contract/Product	SOP	Estimated Full Ramp Up	Revenue potential
 All e-bikes	Renowned blue-chip Tier 1	Multi-year contract for production of several e-bike components	Started	2023	€ €
 All e-bikes	New e-bike entrant	Manufacture of innovative e-drive transmissions	H2 2023	2024	€ €

- Addition of new blue-chip customer in H1 2022 further strengthens our positioning as the leading European manufacturer of high-precision gears and components for e-mobility
- New win with Revonte in H1 2022
 - hGears to be sole supplier for entire transmission system
 - enabling industrialization of a highly innovative product with significant potential
- Work on pipeline progressing, with further wins expected in 2022

Existing customer contract wins

Application /Category	Category	Product	SOP	Estimated Full Ramp Up	Revenue potential
 All e-bikes	Major e-Mobility Tier 1	Next generation of gear components	2024	2024	€ € €

- Multi-year contract extension beyond 2024 with existing major e-Mobility customer to provide next generation of gear components
- Extension ensures high-capacity utilization
- Indicative signal for future growth

STRONGER INTEGRATION INTO THE VALUE CHAIN; NEW EXCLUSIVE CONTRACT FOR AN INNOVATIVE TRANSMISSION SYSTEM

Sourcing

Integrated System
supplier

hG

First Tier supplier

REVONTE

e-bikes Assembly
and Retail
(brand)



REVONTE



Integrated Engine-
Transmission-System



Drive Belt solution
possible

Derrailleur obsolete

CO-ENGINEERING AND SUPPORT FOR INDUSTRIALIZATION OF INNOVATIVE CONCEPTS

Sourcing

Integrated System
supplier

hG

First Tier supplier

FAZUA

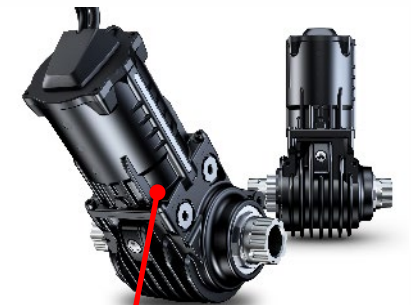
e-bikes Assembly
and Retail
(brand)



FAZUA



Shaft



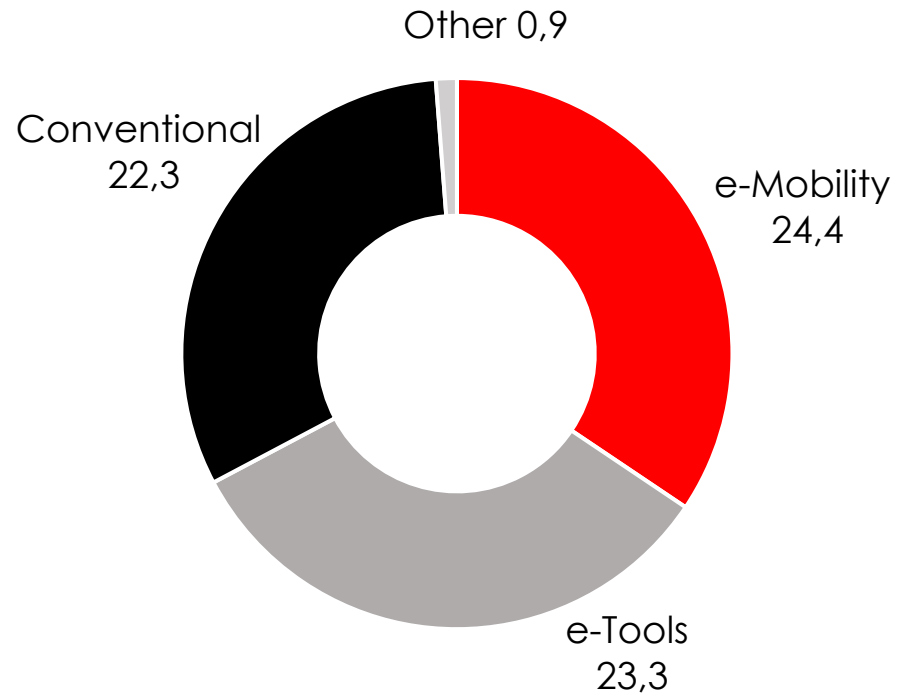
Very compact and
lightweight design

Financial Review

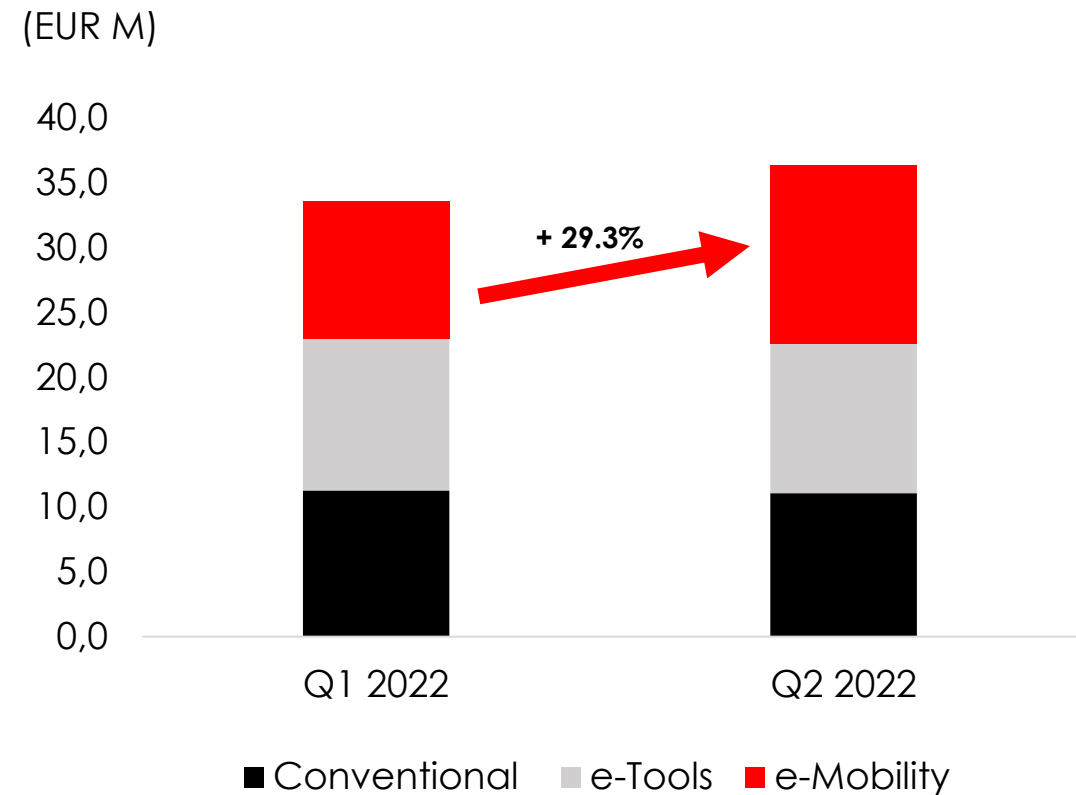


ACCELERATION OF E-MOBILITY REVENUES IN Q2 2022; REVENUE STREAM DIVERSIFICATION PROVIDES SUPPORT IN CHALLENGING TIMES

H1 2022 Revenues (EUR million)



e-Mobility revenue up 29.3% q-o-q



PROFITABILITY REFLECTS INFLATION-DRIVEN COST INCREASES AND CUSTOMER-LED DELAYS, DESPITE PASS-THROUGH CLAUSES

In EUR million or %	H1 2022	H1 2021	y-o-y	Commentary
Revenue	70.9	70.5	0.5%	Reflects targeted price increases and lower volumes due to customer-led delays
Gross Profit	36.8	41.1	-10.4%	Impacted by cost-inflation linked to non-transferable costs ²
Gross Profit margin	52.0%	58.3%	-6.3 pp	Reflects dilutive effect of pass-through clauses and higher expenses from inflation-driven costs ²
LFL ¹ Gross Profit margin	54.6%	58.3%	-3.7 pp	Due to higher expenses from non-transferable costs ²
Adjusted EBITDA	8.2	13.1	-37.1%	A result of persisting supply-chain constraints, additional hires and inflation-driven costs ²
Adjusted EBITDA margin	11.6%	18.5%	-6.9 pp	Inflationary-pressures offset pass-through clauses
LFL ¹ Adjusted EBITDA margin	14.2%	18.5%	-4.3 pp	Reflects inflationary pressures from non-transferable costs ²
EBIT	0.7	5.3	-86.2%	Headwinds magnified in EBIT line

¹ For illustrative purposes: Adjusted for inflation and volume/mix impact

² Tools, supplies, trade goods and outsourced manufacturing

H1 2022 FREE CASH FLOW DRIVEN BY OUTFLOW FROM OPERATING ACTIVITIES AND FAVORABLE REFINANCING

In EUR million	H1 2022	H1 2021	y-o-y	Commentary
Net cash flow from operating activities	-3.8	1.3	-5.1	Increase of inventory levels as a precautionary measure regarding availability and in anticipation of accelerated revenues in H2 2022
Net cash flow for investing activities	- 3.3	-3.7	0.4	Ongoing investments to increase production capacities for new projects, above all in e-Mobility to facilitate future growth
Net paid interest	0.6	5,2	-4.6	Interest paid declined significantly in 2022 post year-end refinancing at very favourable conditions
Receipts leasing contracts	-0.9	-0.2	-0.7	Leasing liabilities remain at low levels
Free Cash Flow	-7.4	2.6	-10.0	

¹ Free Cash Flow defined as sum of net cash flow from operating activities and net cash flow from investing activities minus net paid interest, and receipts leasing contracts which are part of the payments for PPE and intangible assets.

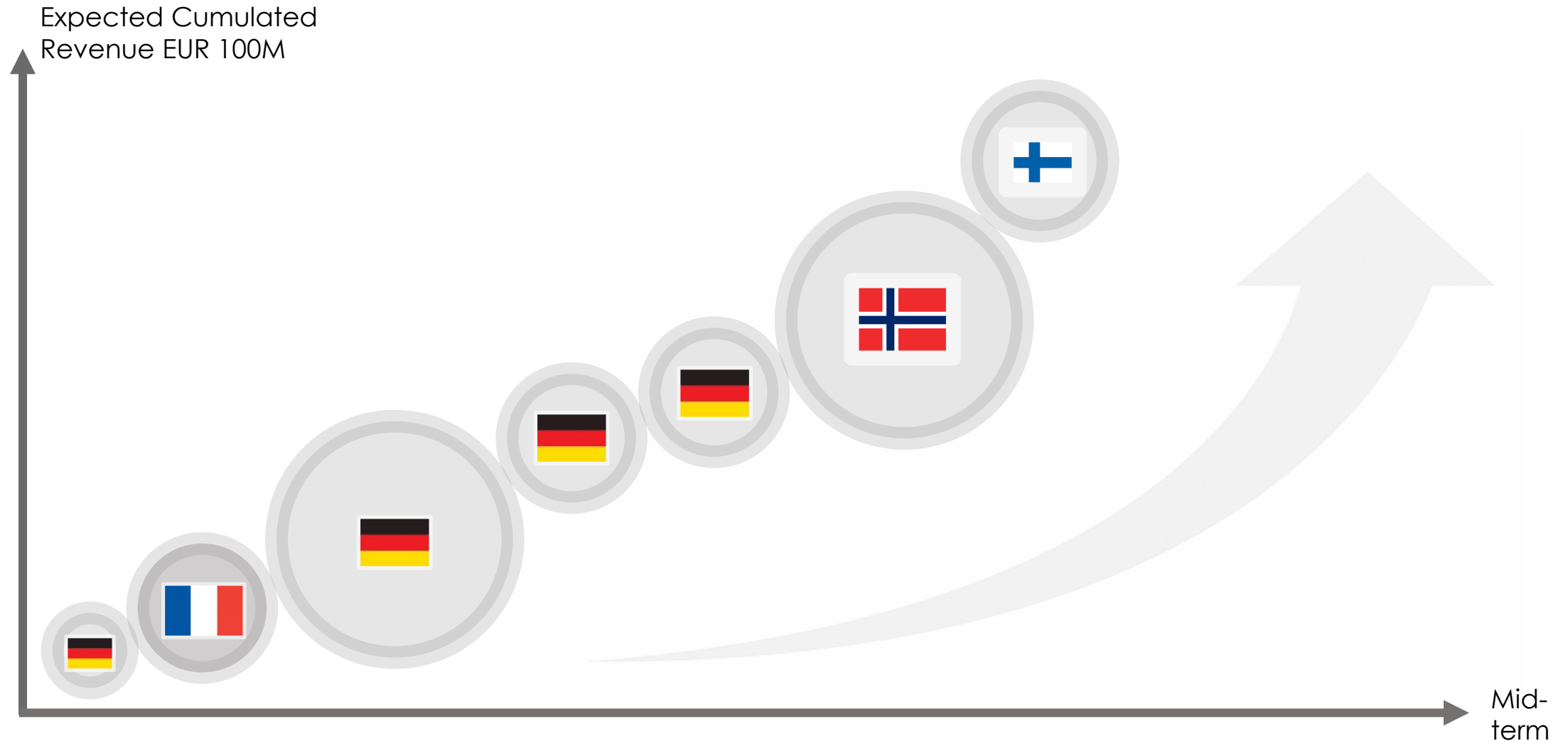
Outlook & Closing Remarks



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RAMP-UP OF NEW E-MOBILITY CUSTOMERS TO DRIVE GROWTH



DEMAND FOR MICROMOBILITY ACCELERATING – A POTENTIAL DRIVER FOR FURTHER GROWTH



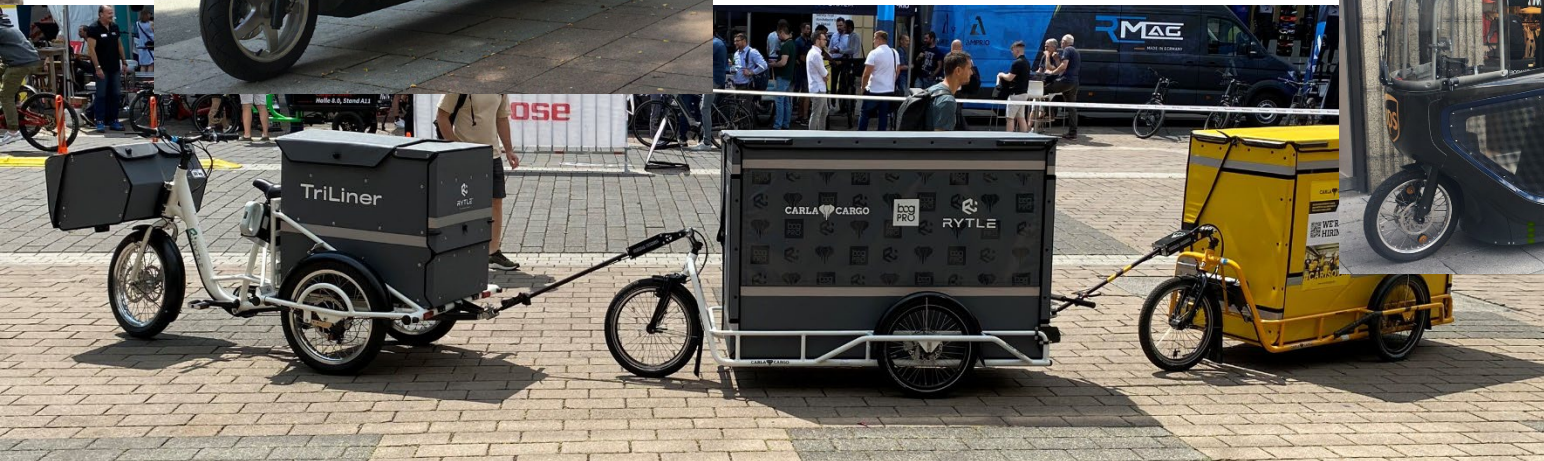
Amazon: e-cargo bikes to replace thousands of van deliveries in London

Online retailer opening 'micromobility' hub in Hackney as part of efforts to cut carbon emissions



The bikes will be operated by a variety of partner businesses, not directly by Amazon, it is understood. Photograph: John Nguyen/PA

Amazon is launching a fleet of e-cargo bikes and a team of on-foot delivery staff to replace thousands of van deliveries on London's roads.





FY 2022 AND MID-TERM GUIDANCE CONSIDERATIONS

01. Current Order Book and Visibility

- Well-expanded and reliable customer base
- Start of production unchanged and on track for 2022
- Project pipeline offering prospects for further customer acquisitions

02. Installed Capacity

- Production capacity secured for ramp-up of customers in H2 2022
- Talent addition completed (engineering, sales, shop floor workers)
- Strong balance sheet; fully capable of supporting future capacity needs

03. Supportive Market Trends

- Changing perception of inventory build-up in the industry
- Constantly rising demand for e-mobility and micromobility
- Sizeable order backlog for e-bikes in the consumer market

04. Downside Protection

- Local supply chains and pass-through clauses
- High degree of flexibility in utilizing assets and production capacity
- Proven operational excellence in challenging market conditions

FULL-YEAR 2022 AND MID-TERM GUIDANCE

Group revenue in EUR million



- Year-on-year growth, despite global disruptions in 2020 and 2021, supported by:
 - Strength of market positioning and product offering of mission-critical components, not only in e-Mobility
 - Diversified and agile business model
- FY 2022 guidance based on:
 - Current order book and visibility
 - Expected impact of operating leverage in H2 2022
- Well on track to meet our targets supported by:
 - New customer wins
 - Continued end-market growth driven by megatrends (e-bikes, micromobility, urbanization)

Q&A



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Appendix



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INFLATION-DRIVEN COST INCREASES WEIGH ON LFL EBITDA MARGIN VERSUS FIRST-HALF 2021; MARGIN ENHANCEMENT POST RAMP-UP

Like-for-like¹ reconciliation of margins

In EUR million or %	H1 2021	y-o-y	H1 2022	Inflation adj.	H1 2022	Volume/Mix adj.	H1 2022 LFL ¹
Revenue	70.5	0.5%	70.9		67.5		
Gross Profit	41.1	-10.4%	36.8		36.8		
Gross Profit margin	58.3%	-6.3 pp	52.0%		54.5%		54.6%
Adjusted EBITDA	13.1	-37.1%	8.2		8.2		9.6
Adjusted EBITDA margin	18.5%	-6.9pp	11.6%		12.2%		14.2%

¹ For illustrative purposes: Adjusted for inflation and volume/mix impact