

FY 2022

# Results Presentation



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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 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 behaviour 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

- CEO Background and Introduction
- FY 2022 Highlights
- Financial Review
- Outlook & Closing Remarks
- Q&A

# Sven Arend, Chairman of the Management Board (CEO)

BACKGROUND	INITIAL INSIGHTS	FUTURE PRIORITIES
<ul style="list-style-type: none"><li>• &gt;30 years experience in on and off highway vehicles both for B2B and B2C business in a multicultural global environment</li><li>• Proven track record and experience in managing operations, globalizing production capacity, marketing, strategy and M&amp;A in growing global multicultural organizations</li><li>• Joined hGears as CEO in February 2023</li></ul>	<ul style="list-style-type: none"><li>• Unique positioning as one of the leading suppliers for e-bikes in Europe</li><li>• Innovation driven by R&amp;D and co-engineering</li><li>• Technologically competitive and customer centric</li><li>• Diversified, stable and loyal customer base</li><li>• Unprecedented market conditions, but temporary</li><li>• e-Mobility growth prospects remain positive</li></ul>	<ul style="list-style-type: none"><li>• Strengthen hGears' position as a preferred partner for the Groups' valued customers</li><li>• Expand share of wallet</li><li>• Explore opportunities in adjacent markets</li><li>• Continue to drive operational excellence, execution and deployment</li><li>• Generate further value for all stakeholders</li></ul>



# FY 2022 Highlights

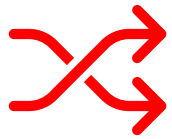


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# FULL YEAR 2022 RESULTS IN LINE WITH GUIDANCE, DESPITE DIFFICULT MARKET ENVIRONMENT



Inflationary pressures and global supply chain disruptions persisted in 2022



Ongoing e-Mobility expansion fully compensating slowdown in e-Tools and flat Conventional



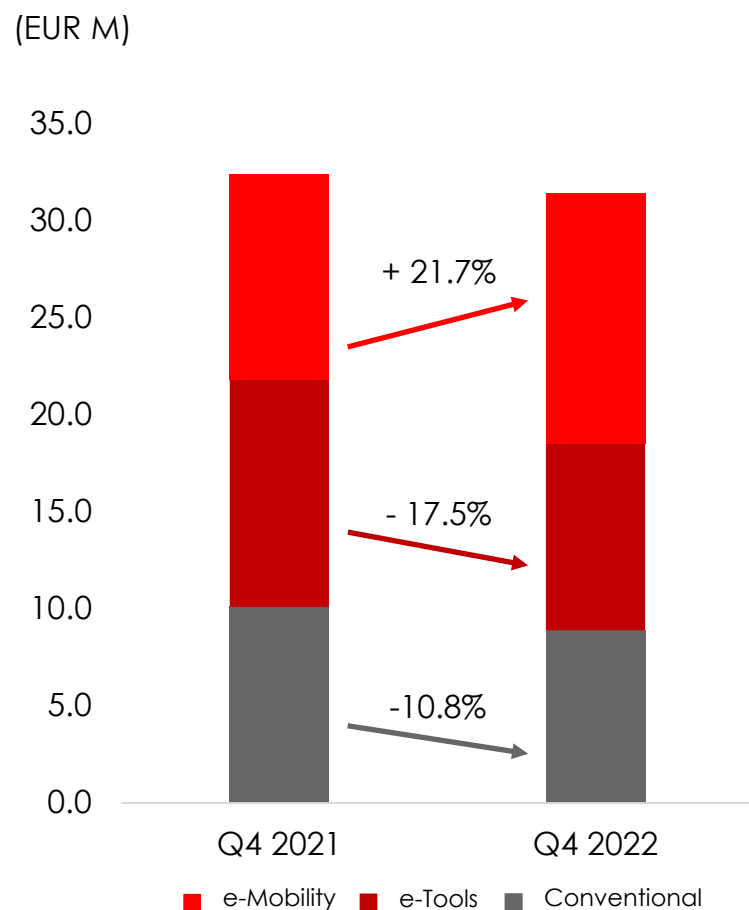
FY 2022 guidance achieved, despite adverse market conditions



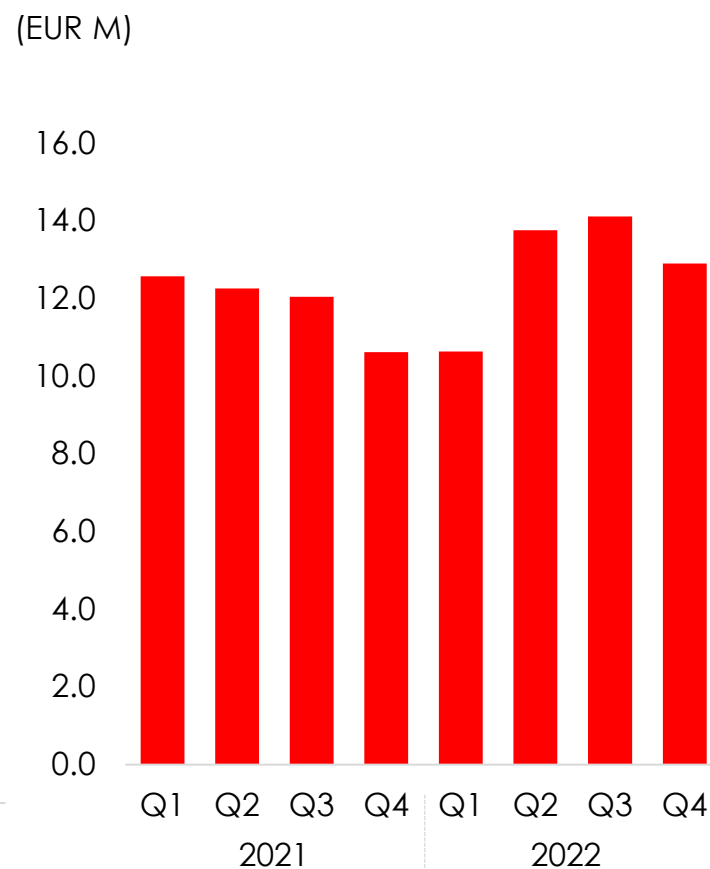
Contract wins and extension reflect strategic focus and ongoing growth agenda

# ONGOING EXPANSION OF E-MOBILITY BUSINESS AREA IN 2022

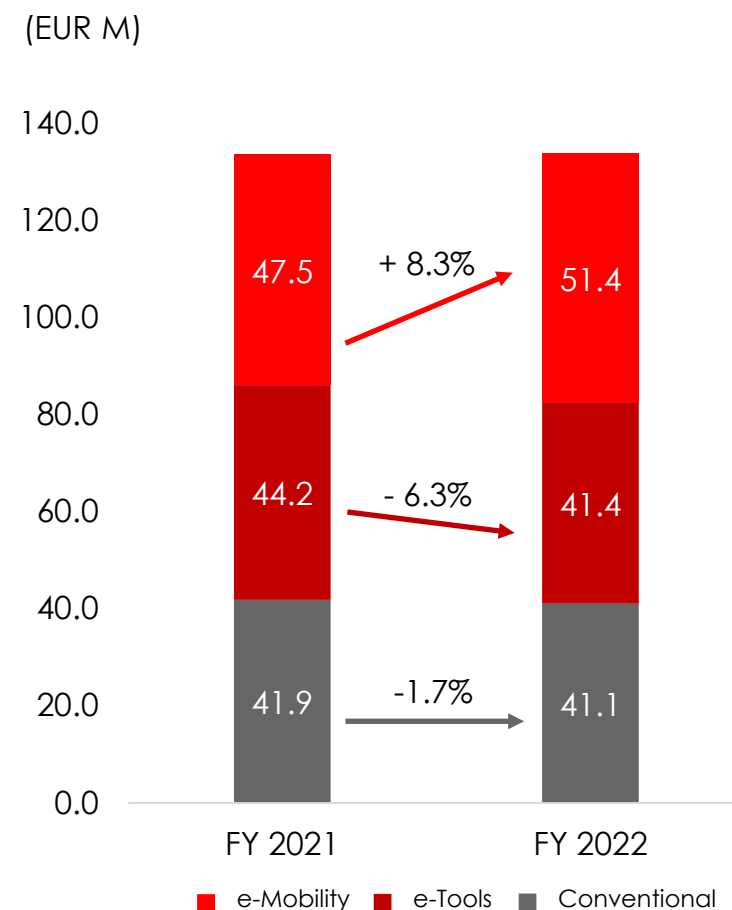
**Q4 2022: e-Mobility revenue expansion continues (+21.7%)**



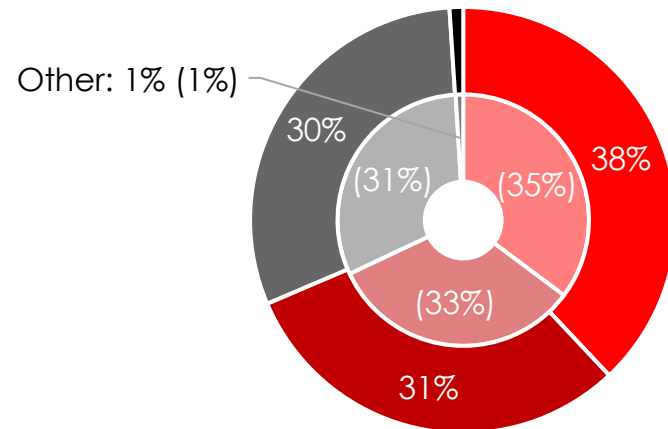
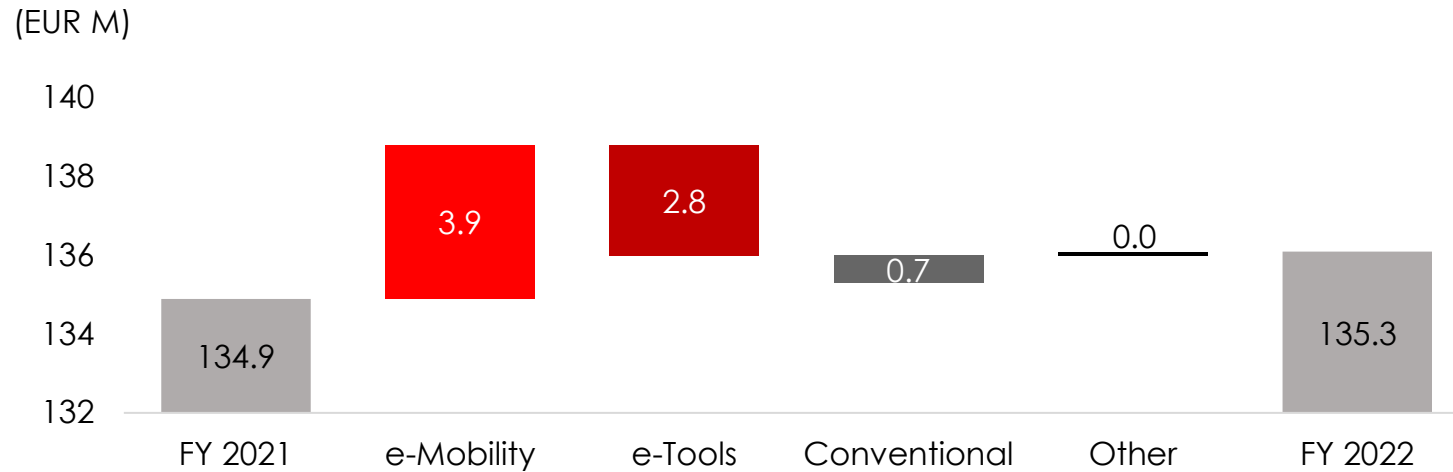
**Q4 sequential decline due to postponements**



**FY 2022: e-Mobility +8.3% to EUR 51.4 million**



# E-MOBILITY ADDED EUR 3.9 MILLION IN ADVERSE ENVIRONMENT



FY 2022 revenue breakdown vs FY 2021

e-Mobility	<span style="color: red;">■</span> FY 2022	<span style="color: lightcoral;">■</span> FY 2021
e-Tools	<span style="color: darkred;">■</span> FY 2022	<span style="color: pink;">■</span> FY 2021
Conventional	<span style="color: gray;">■</span> FY 2022	<span style="color: lightgray;">■</span> FY 2021
Other	<span style="color: black;">■</span> FY 2022	<span style="color: gray;">■</span> FY 2021

NOTE: Figures in parenthesis refer to FY 2021

- e-Mobility added EUR 3.9mn in an adverse environment
- e-Tools decreased EUR 2.8mn, reflecting lower demand and inventory build-up towards the year end
- Conventional only down EUR 0.7mn - highly resilient due to strategic focus on luxury and premium cars



# Financial Review



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# CUSTOMER-LED DELAYS/CANCELLATIONS AND INFLATION-DRIVEN COST INCREASES IMPACT PROFITABILITY

In EUR million or %	FY 2022	FY 2021	y-o-y	Commentary
Revenue	135.3	134.9	0.3%	e-Mobility expansion fully compensating slowdown in e-Tools and flat Conventional
Gross Profit	69.8	76.4	-8.6%	High inflation of non-transferable costs <sup>1</sup> and time-lag in passing through energy costs
Gross Profit margin	51.6%	56.6%	-5.0 pp	
Adjusted EBITDA	15.3	22.9	-33.2%	Overall adverse cost environment and yet to be realized operational leverage
Adjusted EBITDA margin	11.3%	17.0%	-5.7 pp	
EBIT	0.7	8.4	-91.5%	

<sup>1</sup>E.g., tools, supplies, trade goods and outsourced manufacturing



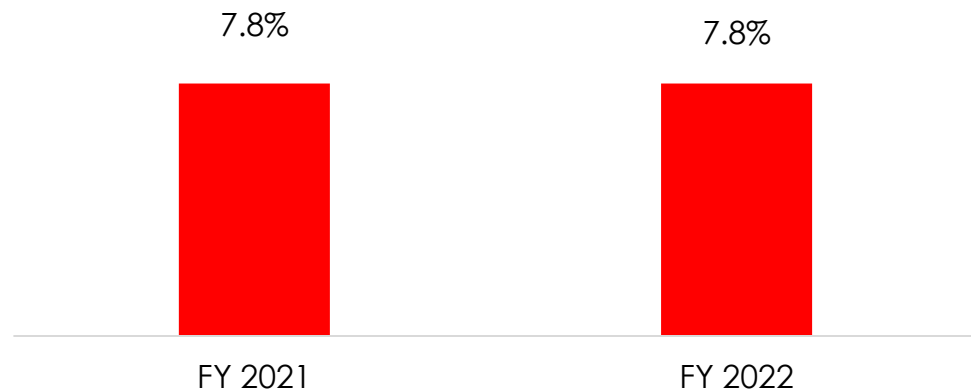
# FREE CASH FLOW IMPACTED BY WEAKER PERFORMANCE AND ONGOING INVESTMENTS

In EUR million	FY 2022	FY 2021	y-o-y	Commentary
Net cash flow from operating activities	7.4	10.1	-2.7	Decrease in EBITDA and increased inventory levels as a precautionary measure regarding availability, and in anticipation of ramp-ups
Net cash flow investing activities	-14.1	-13.9	-0.2	Adapted investments reflect highly flexible and scenario-appropriate capital allocation
Net paid interest	1.2	6.2	-5.0	Interest paid declined significantly in 2022 post year-end refinancing at very favourable conditions
Receipts leasing contracts	-2.8	-0.5	-2.3	Increase due to renewal of building rental contracts (IFRS 16)
<b>Free Cash Flow<sup>1</sup></b>	<b>-8.3</b>	<b>1.9</b>	<b>-10.2</b>	

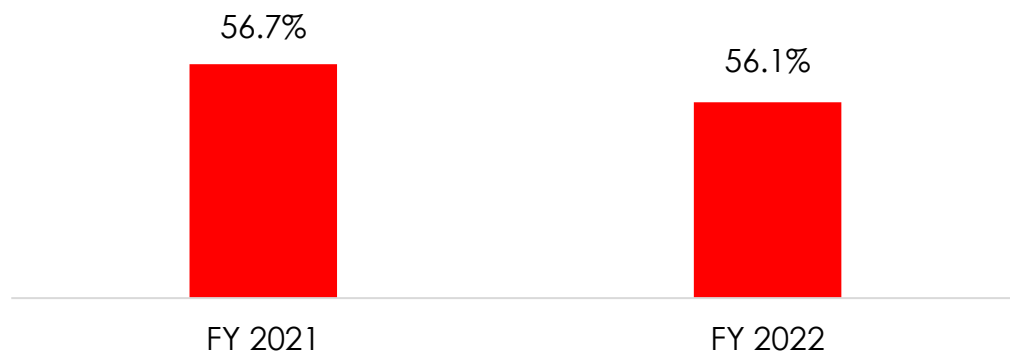
<sup>1</sup>Free Cash Flow defined as a sum of net cash flow from operating activities and net cash flow from investing activities minus net paid interest, and receipts leasing contracts which are part of the payments for PPE and intangible assets.

# STRONG BALANCE SHEET PROVIDES FLEXIBILITY TO EXECUTE ON GROWTH AGENDA

## Effective working capital management



## Very solid equity ratio of 56.1%



## Strong balance sheet

- Despite adverse trading conditions and cautionary inventory build-up, NWC/revenues ratio remains low
- Net debt of EUR 2.7 million translates into a net debt/adj. EBITDA ratio of 0.2x
- Solid equity ratio of more than 50% reassuring in current economic and geopolitical environment
- Undrawn RCF at 40 million
- Total liquidity headroom (incl. RCF) at 76.3 million providing full financial manoeuvrability



# Outlook & Closing Remarks



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# CAUTIOUS GUIDANCE FOR 2023 GIVEN PERSISTING UNCERTAINTIES

## 2023 Guidance

	2023 Targets
Revenue	EUR 129 – 137 million
Adjusted EBITDA	EUR 12 – 15 million
Free Cash Flow	neg. EUR 6 – 9 million

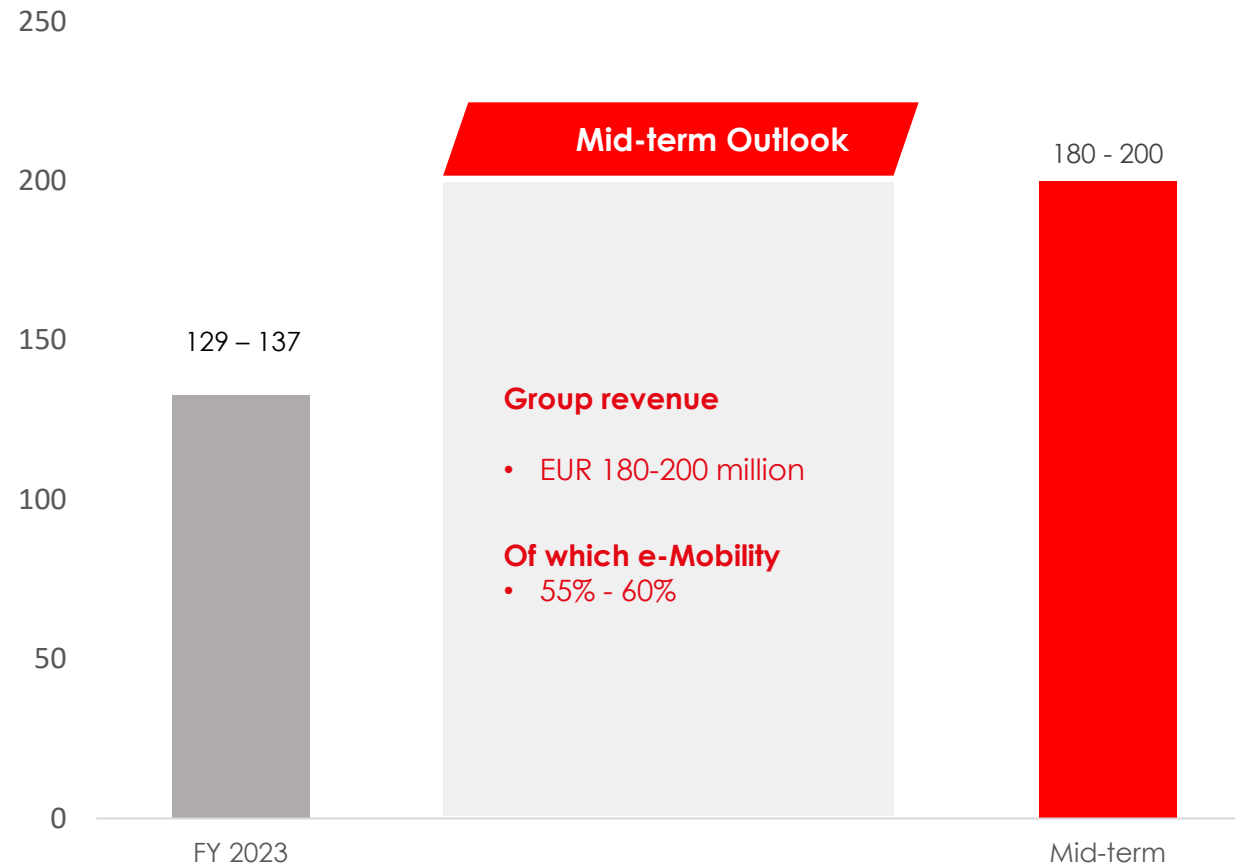
## FY 2023 guidance assumptions

- Overall, economic uncertainty and constraints are expected to continue
- Demand to be impacted temporarily by customers' high stock levels / consumer confidence
- Ongoing mitigation of inflationary pressures
- Focus on operational excellence, execution and deployment
- Further optimization of cost structures



# MID-TERM OUTLOOK – PROMISING MARKETS WILL DRIVE GROWTH

Group revenue in EUR million



Mid-term outlook supported by:

1. Ongoing customers wins and strong existing pipeline
2. Micromobility solutions
3. Increasing number of components per system
4. Expansion into other/adjacent industry segments

# Q&A

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