

H1 2023 results



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Agenda

H1 2023 Highlights

Financial Review

Outlook & Closing Remarks

Q&A



H1 2023 Highlights

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e-bike: slow start to 2023 foreseen; downturn greater-than-expected

"Despite stable revenue **Ideal Bike** reports **Q1 losses**"
Source: Bike Europe

"**Bike24** Holding AG: **Downward adjustments** of guidance for fiscal year 2023"
Source: Bike24 Holding AG

The bike industry is riding into **a rough patch** as inflation surges. But two-wheel rides still look like a long-term winner
Source: Bloomberg

"**Sales drop** for online vendor **Signa Sports** United"
Source: Bike Europe

"**Specialised** Lays Off 8% of its Employees in "**Organisation Adjustment**"
Source: Pinkbike

"Due to the impact from European and N. American markets to **reducing inventories** plus higher comparison base with last year, consolidated revenue came in at NT\$20.12 billion, a decline of 9.6% YoY"
Source: Giant Group

"As a result, net sales from the bicycle components segment **decreased 17.7%** from the same period of the previous year to 204,986 million yen, and operating income **decreased 39.5%** to 42,093 million yen.
Source: Shimano H1 2023

e-bike market: supply and demand unbalances across the board

Deviations to 2023 assumptions driven by:

2022 stockpiling

Lacklustre end consumer demand on the back of challenging macro environment

Unfavorable weather conditions in the European market in Spring

Slower-than-assumed stock depletion, cancellations & postponements of orders

Greater volume declines from existing key customers

Lower volumes at SOP across recently won customers

Slow start to year expected, but magnitude of additional order cancellations led to revised FY 2023 guidance in June



Slow e-bike destocking continued to weigh on performance in H1 2023



Slow start of the year as expected, Group revenue at EUR 57.2 million

Gross margin practically unchanged y-o-y at 51.7%

Lack of operating leverage impacting profitability, adjusted EBITDA margin at 5.2%

Strong balance sheet and liquidity headroom

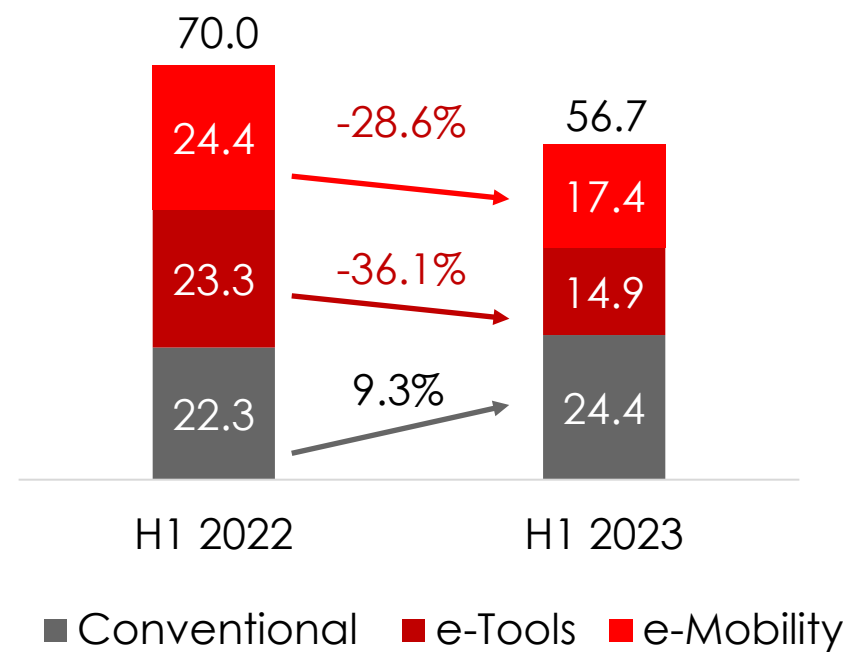


Financial Review

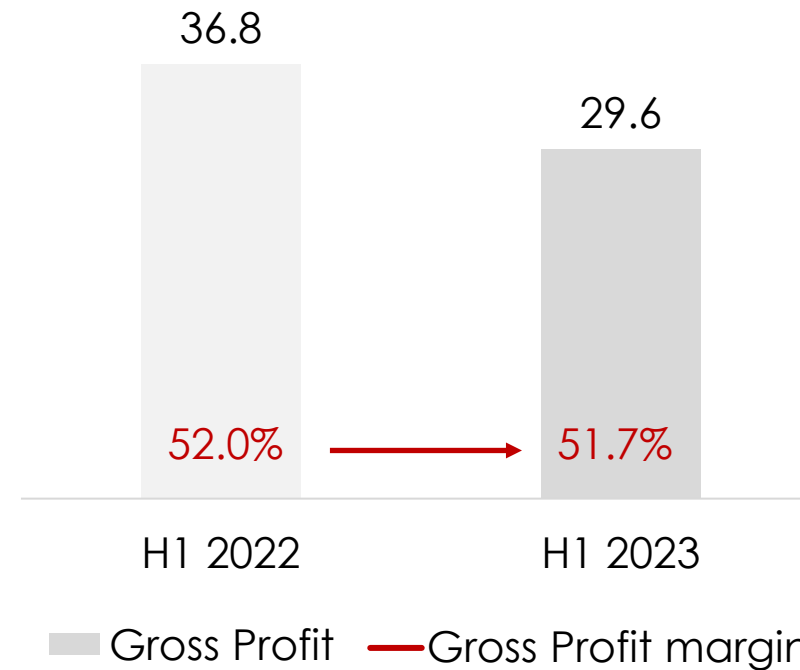
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Revenue and Profitability trajectory impacted by e-Mobility & e-Tools

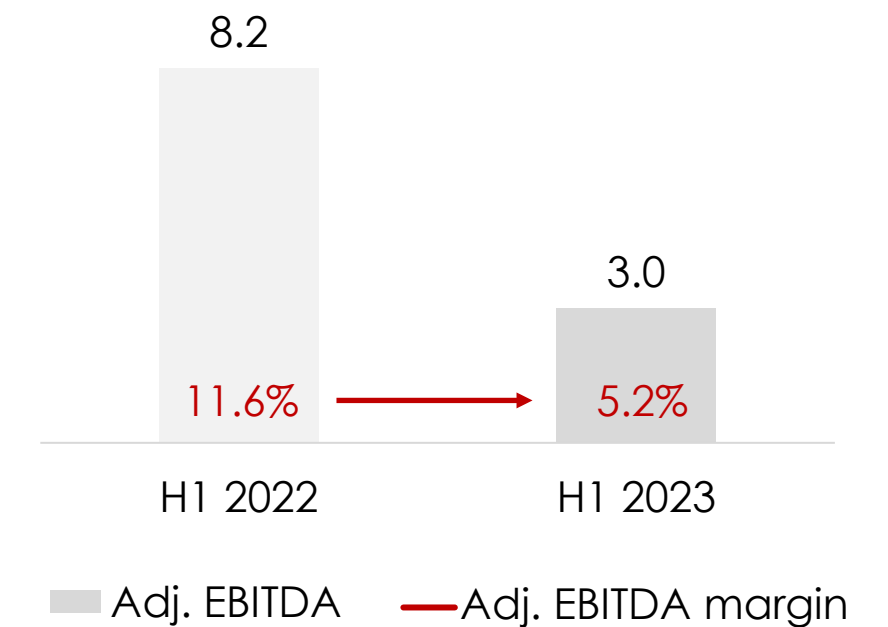
Sales of goods (in EUR million)



Gross profit (in EUR million)



Adjusted EBITDA (in EUR million)



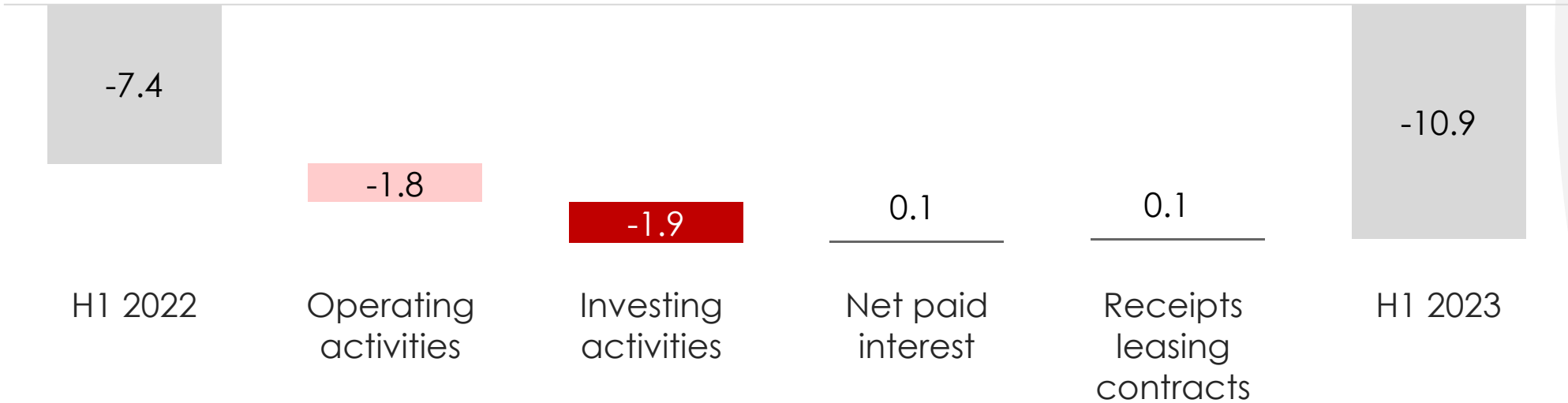
- e-Mobility
 - Slow start to the year for e-bikes
 - Higher demand for EHV projects
- e-Tools
 - Slow down in building and construction
 - Excess inventories
- Conventional
 - Strong improvement due to focus on premium and luxury segments
 - Favourable comps

- Gross Profit
 - Decline driven by lower revenues
- Gross Profit margin
 - At previous year's level reflecting successful management of inflationary pressures

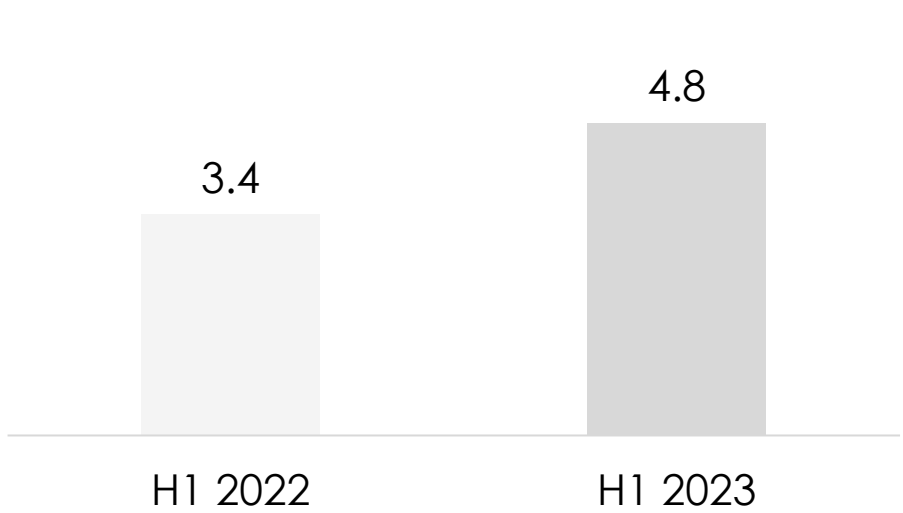
- Adjusted EBITDA
 - Decline reflecting lower revenues and ultimately lack of operational leverage
- Adjusted EBITDA margin
 - Reflecting the lower EBITDA in absolute terms (operational leverage) and temporary change in sales mix

Free Cash Flow in line with FY 2023 guidance

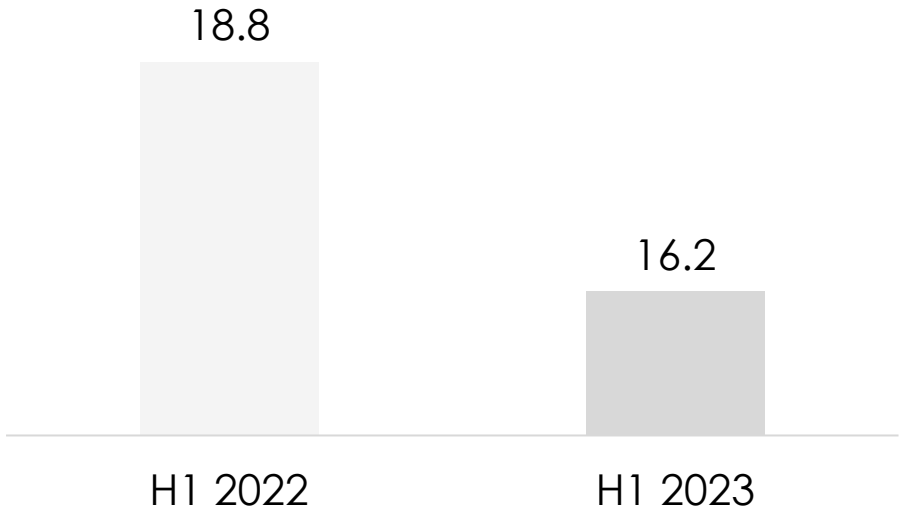
Free Cash Flow bridge (in EUR million)



Capital expenditure (in EUR million)



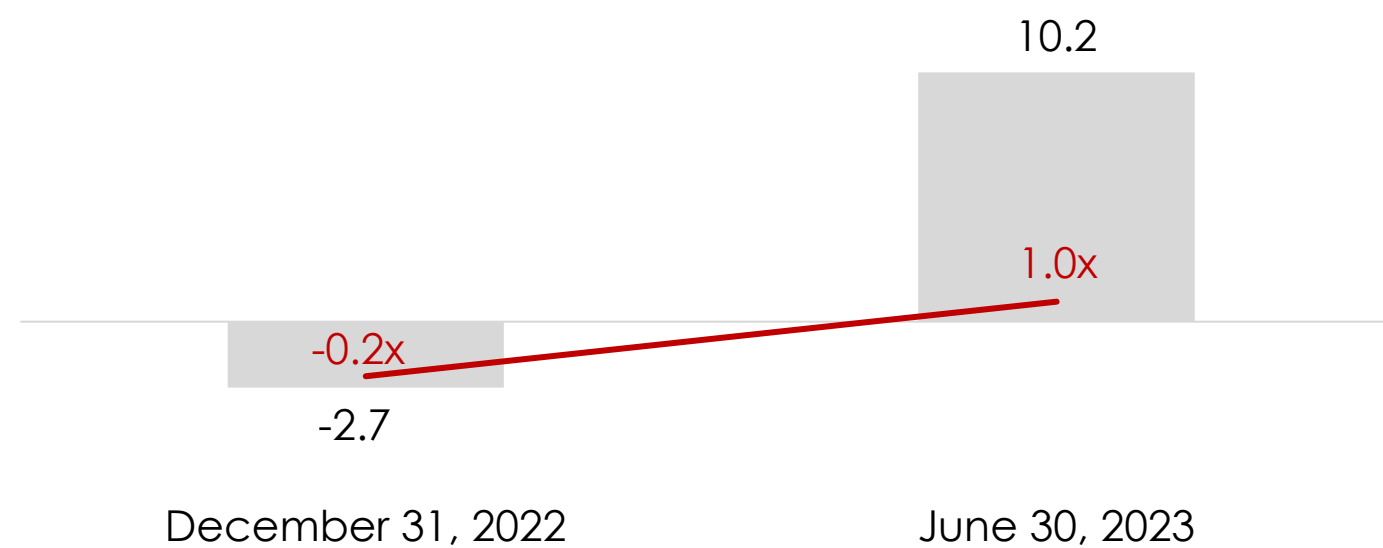
Working capital (in EUR million)



- Net cash flow from operating activities
 - Lower EBITDA due to operational leverage
 - Positive contribution from WC management
- Net cash flow for investing activities
 - Execution of investment plan PY
 - Reduced CAPEX going forward
- Net paid interest
 - Low interest payments, due to refinancing concluded in 2022
- Receipts leasing contracts
 - Virtually unchanged at previous year's level

Robust financial position – full manoeuvrability

Net Debt and leverage position (in EUR million)



Liquidity headroom (in EUR million)

| Items | as of June 30, 2023 |
|---------------------------|---------------------|
| Cash and cash equivalents | 23.4 |
| RCF commitments (undrawn) | 40.0 |
| Availability | 63.4 |

- Net Debt
 - Net debt/LTM adj. EBITDA at 1.0x
 - Total net debt at EUR 10.2 million in H1 2023 vs. net cash EUR 2.7 million at yearend 2022
 - No increase in liabilities
- Sufficient liquidity headroom
 - Full financial manoeuvrability with cash and cash equivalents of EUR 23.4 million
 - Undrawn revolving credit facility (RCF) of EUR 40 million provides potential additional liquidity



Outlook & Closing Remarks

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e-bike growth model unchanged with upside optionalities

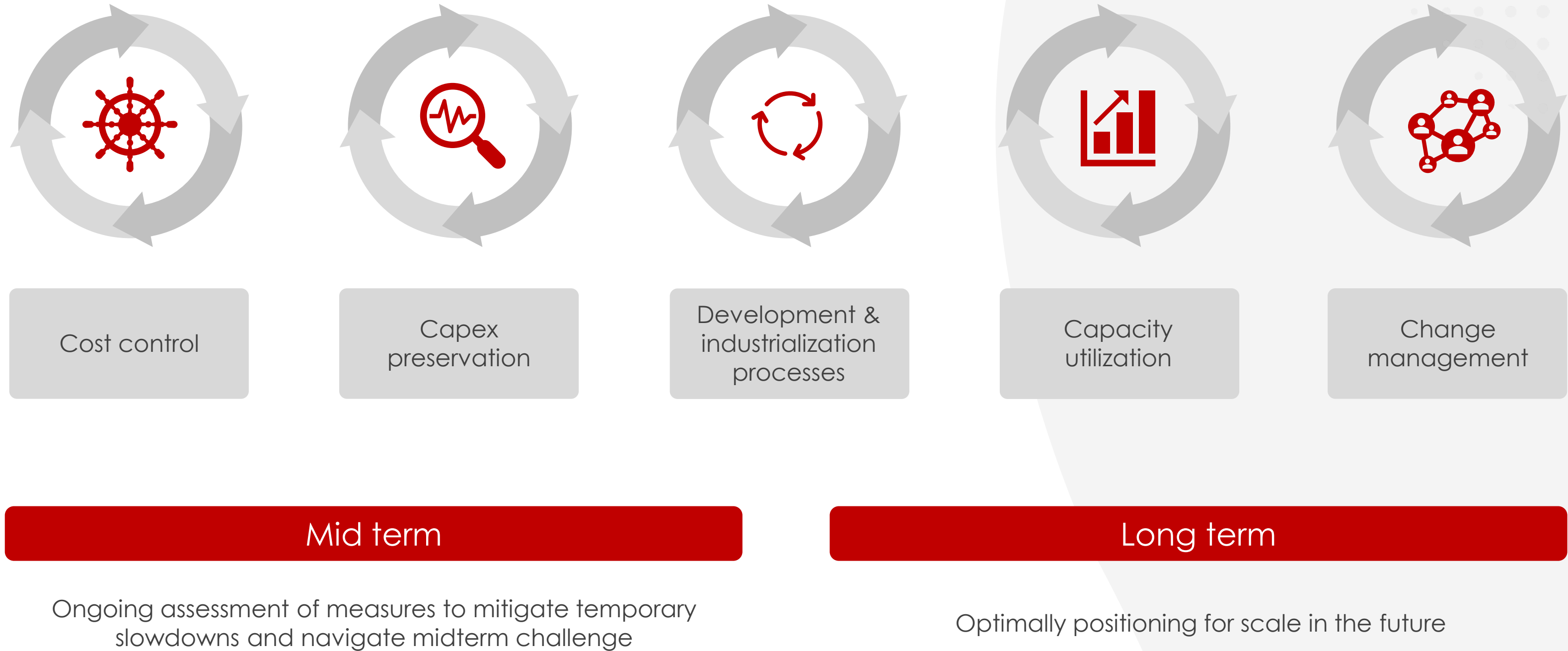
Fundamental drivers intact



Strong platform to support future growth

| | |
|---|----|
| Steady customer base | = |
| Stable competitive & industrial environment | = |
| e-bike rebound to fuel over proportional component demand | + |
| Increasing amount of e-bike developers | + |
| Opportunity to tap into niche markets (e.g., cargo bikes) | + |
| Opportunity to expand into adjacent industries (e.g., robotics, eVTOL, warehouse systems) | ++ |

Refining resource management to boost business potential



Confirming guidance for 2023

2023 Guidance

| | |
|------------------------|-------------------------|
| Revenue | EUR 115 – 123 million |
| Adjusted EBITDA | EUR 5 – 9 million |
| Free Cash Flow | neg. EUR 9 – 12 million |

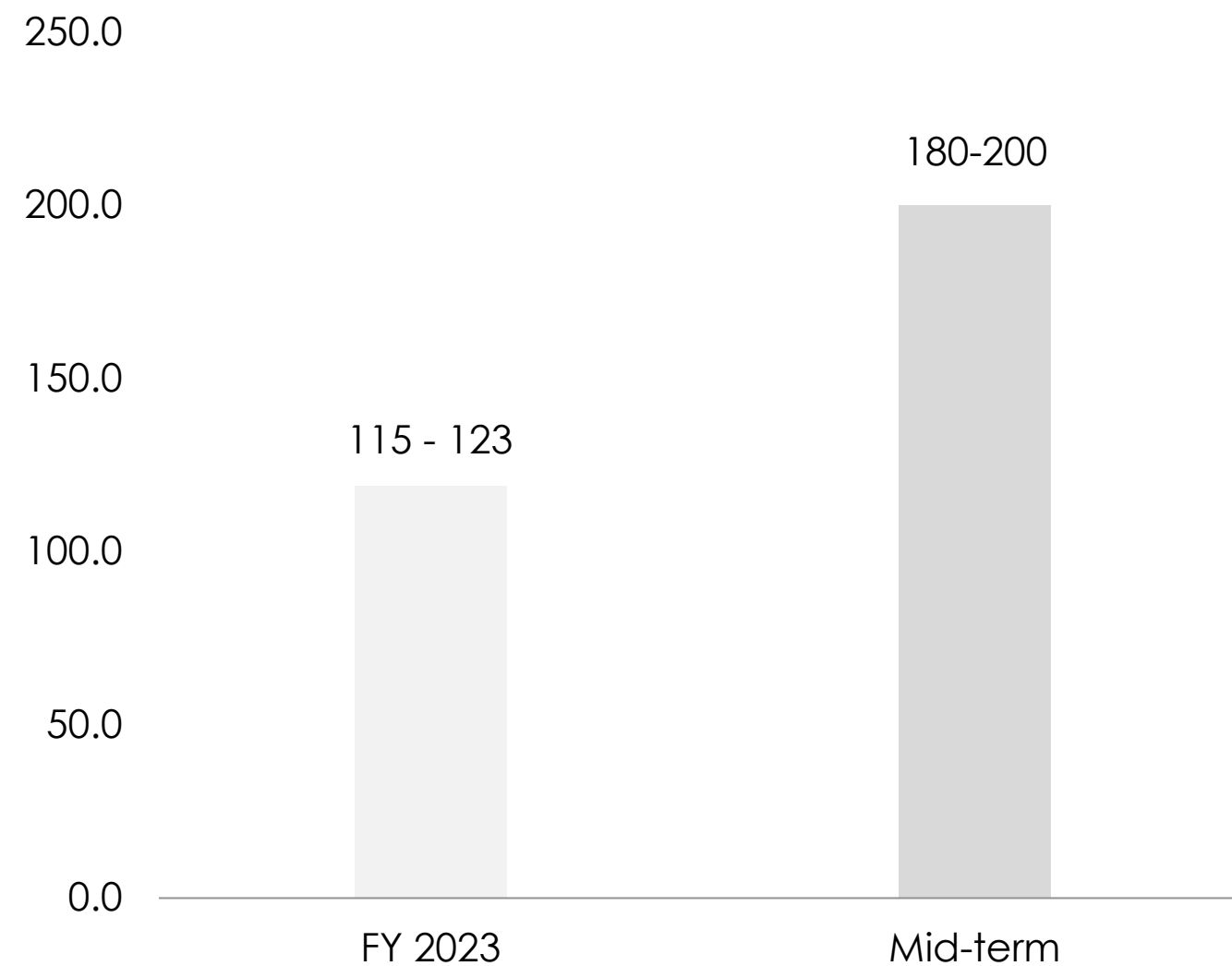
FY 2023 guidance assumptions

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

Mid-term outlook – promising markets will drive growth

Mid-term outlook...

Group revenue of EUR 180 - 200 million,
Of which e-Mobility 55% - 60%



...supported by:

- 01.** Customer wins and strong existing pipeline
- 02.** Product specialization and segmentation
- 03.** Increasing number of components per system
- 04.** Expansion into other/adjacent industry segments



Well positioned for
future growth.

CEO's initial observation confirmed:
A Group with outstanding expertise,
offering innovative high-quality and
mission-critical components



Q&A

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