



H1 2021 Results Presentation

hGears

the **heart** of your
performance

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 half-yearly 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

- Company Overview
- H1 2021 Highlights
- Financial Review
- Conclusion & Outlook
- Q&A



Company Overview



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LISTED ON THE FRANKFURT STOCK EXCHANGE SINCE 21 MAY 2021

About us

European leader for e-mobility high precision gears & components

Clear focus on driving organic profitable expansion of our business activities and our market share in the e-mobility industry, through the acquisition of new customers and expansion of our portfolio of products and services we offer to our existing customers

Aiming to be the leading manufacturer worldwide for best-in-class precision gears and components for e-mobility applications.

Led by a team of seasoned senior managers, including:

Disciplined Allocation of IPO Proceeds

- Enhance organic growth in e-Mobility business area
- Increase production capacities for e-bike and EHV parts
- Expand R&D activities
- Repayment of shareholder loans (completed)

IPO Details

- Gross proceeds of EUR 62 million
- Free float: 64%
- Prime Standard
- Ticker: HGEA
- ISIN: DE000A3CMGN3
- IR address: ir@hgears.com



Pierluca Sartorello
Chief Executive Officer

- CEO since 2015
- Business Development
- Sales & Marketing
- Mergers & Acquisitions
- Operations



Daniel Basok
Chief Financial Officer

- Finance
- Procurement & IT
- Legal & Compliance
- Investor Relations

HGEARS AT A GLANCE

Key Business Information

X3
Production sites
in Germany, Italy,
China



828
Employees



1958
HQ Germany
founded



#1
European market
share e-bike
precision
components

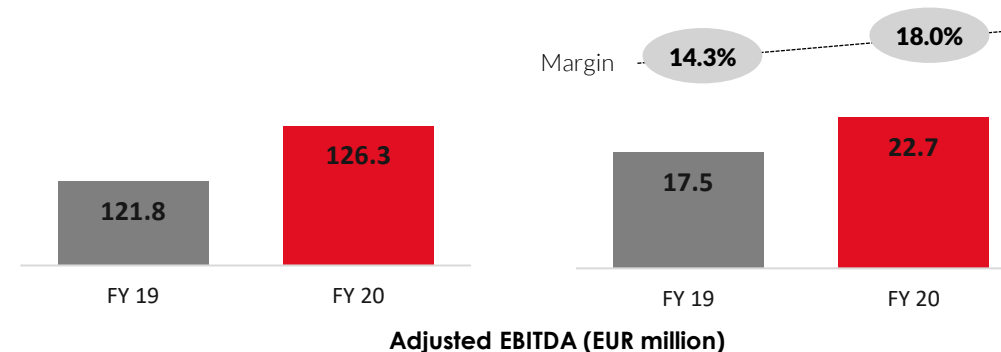


- Leading position as a supplier of "mission-critical" high precision gears and components for the e-mobility sector
- First mover and quality leader in a fast moving industry thanks to strong co-development capabilities
- Established & diverse blue chip customer base mostly served as single source supplier - differentiated positioning in a highly fragmented market
- Dynamically growing end-markets providing strong growth tailwinds
- Strong operational profitability with good revenue visibility

Revenue Breakdown as of Dec 31, 2020



Group Revenue and Adjusted EBITDA (Margin) as of Dec 31, 2020



H1 2021 Highlights



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STRONG BUSINESS PERFORMANCE IN H1 2021 UNDERPINS STRATEGIC FOCUS

Key Highlights



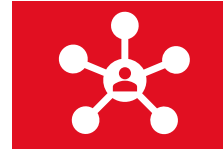
- Group revenues at EUR 70.5 million, up by 22.2% y-o-y
- e-Mobility revenues increased by 28.0% y-o-y to EUR 24.8 million
- Broad based growth across the other business areas
- Adjusted EBITDA up 61.5% y-o-y to EUR 13.1 million
- Resulting adjusted EBITDA margin at 18.5%, an improvement of 450 bps y-o-y
- Continued high revenue visibility for the full year 2021
- Won new e-bike customer
- Project pipeline progressing along IPO expectations

Market Trends



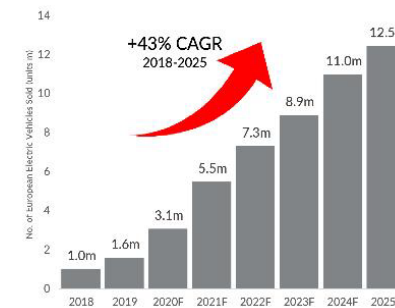
- Strong constant demand in e-mobility
- Benefiting from localized stable supply chains
- Favourable macro environment

Business Operations

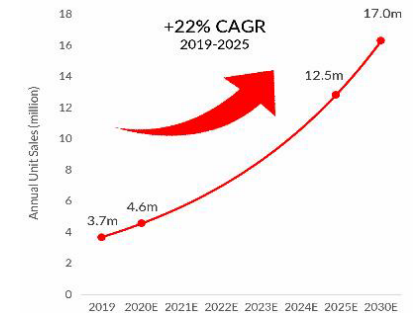


- Expanding volume growth with our existing customers, increasing market share on e-bike market
- Strengthening R&D organisation with new hires to host future growth
- Progress on prototyping activities in line with IPO timeline
- Bolstering sustainability agenda across all layers of the organisation

Tailwinds for e-mobility



Forecasted rise of EHV in Europe ¹



European e-bike market forecast ²

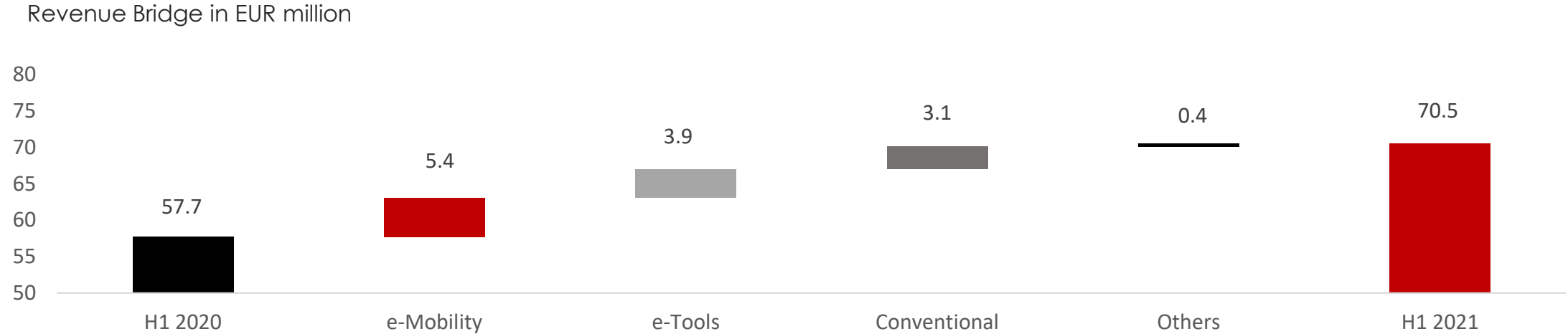
- Growing awareness of climate change-related issues
- Urbanization
- Increasing need for micro-mobility solutions
- Significantly rising number of registrations of electric and hybrid vehicles

Financial Review



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E-MOBILITY LEADING REVENUE GROWTH



Revenue Performance

- Growth primarily driven by an expansion of order volumes of existing customers
- **e-Mobility** rose by 28.0% from EUR 19.4 million to EUR 24.8 million
- **e-Tools** revenues were up 20.6% totaling EUR 22.5 million (H1 2020: EUR 18.7 million)
- **Conventional** business area went up by 16.4% to EUR 22.4 million from EUR 19.2 million

H1 2021 REVENUE GROWTH DRIVES MARGIN EXPANSION

In EUR million or %	H1 2021	H1 2020	y-o-y	Commentary
Revenue	70.5	57.7	22.2%	Growth primarily driven by an expansion of order volumes of existing customers
Gross Profit	41.1	31.9	28.6%	Higher efficiency in production and increased share of e-Mobility sales
Gross Profit margin	58.3%	55.4%	2.9 pp	
Adjusted EBITDA	13.1	8.1	61.5%	Operational leverage
Adjusted EBITDA margin	18.5%	14.0%	4.5 pp	
EBIT	5.3	1.9	182%	Strong performance despite one-off transaction costs related to IPO and IFRS 9 adjustment
Net result for the period	1.8	- 0.1	N.A.	
Net return on revenues	2.6%	-0.2%	N.A.	

FREE CASH FLOW RECONCILIATION

In EUR million	H1 2021	H1 2020	y-o-y	Commentary
Net cash flow from (for) operating activities	1.3	4.2	-2.8	Repayment of the accrued interest on the shareholder loans, increase of inventory and trade receivables
Net cash flow from (for) investing activities	-3.7	- 2.3	-1.4	Production capacity increase for e-Mobility
Paid interest	5.2	1.3	3.9	On shareholder loans
Received interest	-0.1	-0.2	0.1	
Receipts leasing contracts	-0.1	-2.3	2.1	No new leasing liabilities in 2021
Free Cash Flow	2.6	0.8	1.7	

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

NET DEBT STRUCTURE

In EUR million	30 June 2021	31 Dec 2020	Commentary
Shareholder loan	-	14.3	Repaid with IPO proceeds
Bank loans (short + long-term)	24.5	39.3	Reduction of long-term loan during the IPO process
Leasing liabilities (short + long-term)	15.1	16.2	
Total debt	39.6	69.8	
Cash	53.5	23.4	Driven by IPO proceeds
Net debt	-13.9	46.4	
Leverage	N.A.	2.0x	

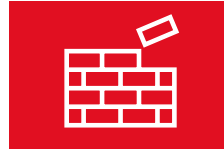
Outlook & Closing Remarks



RECENT PERFORMANCE UNDERPINS RESILIENCE OF BUSINESS MODEL



Strong business attributes



Operational visibility



Financial discipline

**Reconfirming
guidance for
FY 2021**

- Strong single-digit growth in Group revenues
- Double-digit growth in e-Mobility business area
- Further increase of share of revenues of the e-Mobility business area
- Single-digit revenue growth in e-Tools and Conventional business areas

Q&A