

Half-Year Report I 2023



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Foreword by the Management Board

Dear Shareholders,

With revenues of EUR 41.3 million, we closed the first half of the year significantly below the previous year's figure of EUR 79.3 million – but at the same time, we are in line with our planning, including the forecast to close the full year at the revenue level of the previous year. There are several reasons for this positive outlook for the second six months of 2023:

- The first half of the year was influenced by extremely good sales figures and impulses from the GT-DD products in connection with the SONY game launch "GT7", which thus makes direct comparison of the half-years difficult.
- Any remaining restrictions in the availability of goods due to supply bottlenecks for chips, which were still very noticeable in the first quarter, should be a thing of the past from the third quarter onwards.
- With a significant increase in revenues of 39% in the second quarter compared to the previous quarter, the turnaround in revenue development has already been implemented.

However, the first six months of 2023 have also been characterized by challenges for Endor AG, which have shown us above all that sustainable corporate growth can only proceed with appropriate structural adjustment. Due to the high revenue and demand dynamics in the previous year, we started the administrative tasks ahead of us partly late and thus had to focus on our "homework" in the first half of 2023 to make up for omissions.

Our focus is currently on the further restructuring and reorganization of some corporate processes and the management structure at the higher management levels. This relates to our organizational structure in general, but also to the finance area in particular. Here we need to fill important key positions in the team and find suitable candidates with the appropriate expertise to raise our overall accounting and reporting to a level in line with corporate requirements.

With the expansion and reappointment of the Management Board, we have already taken a very important step this year to streamline the areas of responsibility in the company. As the former head of Endor's development department, Daniel Meyberg is, in our opinion, the ideal candidate for the position of COO (Chief Operating Officer). With 15 years of experience in supply chain management, customer relationship management and product lifecycle management, he brings in-depth expertise. In the future, he will be responsible for strategic development, organizational management and the restructuring of operational processes. Furthermore, the position of CMO (Chief Marketing Officer) has been added to the Executive Board. We were able to recruit Belma Nadarevic for this position from within our own company. She has played a key role in Endor AG's marketing strategy in recent years. The areas of online marketing, partnerships and sponsoring will become increasingly important for the future of the company, and we see this as a key pillar for further growth alongside our innovations.

As early as 2021, we have also launched a very extensive investment program to raise the internal structures and, in particular, the IT infrastructure to a level that is appropriate for the size of the company and the continued expected growth. This is expected to be completed this year and will provide us with a completely new CRM system and improved internal process flows.

Dear shareholders, in 2023 we once again had to make optimizations in many areas of the company, which is slowing us down in our current development. However, there is no way around this in order to create the right basis for sustainable corporate development.

At the same time, we have joined forces to launch the new ClubSport series of mid-range wheelbases in the fall. In June, we successfully entered the mainstream market with the CSL DD for EUR 199.95. With the additional products in a new market segment, we expect a sustainable revenue increase. Furthermore, we see positive special effects for the current fiscal year from the cinema movie Gran Turismo starting in the fall of 2023 and the launch of the game "Forza Motorsport 8" for Xbox.

We would like to thank you for the trust you have placed in us and look forward to your continued support on our exciting journey.

Yours

Thomas Jackermeier

Management Board of Endor AG

Endor share

The Endor AG share reached its highest price in the first half of 2023 on January 2 at EUR 14.20 and developed in a sideways trend in the first quarter. Over the course of the second quarter, the value of the share gradually decreased to EUR 7.35 on June 13, 2023. The closing price of the Endor share was EUR 8.00 on June 30, 2023.

The market capitalization of Endor AG as of June 30, 2023, based on the bearer shares outstanding at that date, was approximately EUR 124.0 million (June 30, 2022: EUR 232.5 million).

Share price development* for the period 01.07.2022 – 30.06.2023



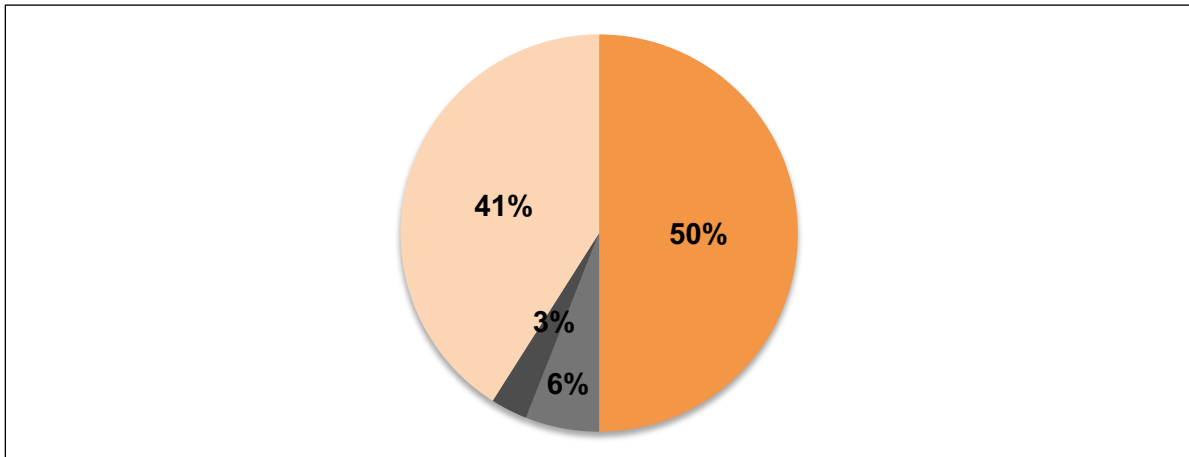
Key data for Endor shares¹

WKN (German securities ID)	549166
ISIN	DE0005491666
Stock exchanges	Munich, Hamburg, Stuttgart
Type of shares	Bearer shares (common shares)
Segment	OTC, Munich Stock Exchange
Number of shares as of 30 June 2023	15,497,584
Market capitalization on 30 June 2023 (in EUR million)	124.0
Share price in EUR on 30 June 2023	8.00
High for period (Jan. – June 2023) in EUR	14.20
Low for period (Jan. – June 2023) in EUR	7.35

* Stock exchange Munich

Shareholder structure

According to the latest information available to the Company, Thomas Jackermeier including his family holds approx. 50%, the Supervisory Board 6% and András Semsey 3% of Endor AG. The free float thus totals 41%



Interim Group Management Report for the First Half of 2023

1. | Basic information on Endor AG

1.1. | Business model

The Endor Group develops and markets high-quality input devices such as high-end steering wheels and pedals for racing simulations on game consoles and PCs as well as driving school simulators. As a "brain factory", the company's focus is on the creative sector. Product development and prototype construction are carried out by Endor itself and together with specialized technology partners, primarily in Germany ("Germaneering"). The products are mainly manufactured in Asia. Endor markets its products directly to customers under the FANATEC brand, mainly via its own e-commerce. Endor markets driving school simulators via a distribution partner. In the USA, Australia, Japan and Hong Kong, the Endor Group is represented by regional warehouses and the following distribution subsidiaries: Endor America LLC, Endor Australia Pty. Ltd, Endor Japan KK and Endor Hong Kong Limited. Scuderia Fanatec GmbH, Landshut, Germany, bundles the automotive-related activities relating to trading, rental, marketing and events.

2. | Business performance in the first half of 2023

2.1. | Overall statement

The weakened momentum, which was already evident at the end of 2022, continued in the first half of 2023. This development was still partly due to the lack of product availability of the wheelbases as a result of chip bottlenecks in the first quarter of the fiscal year, but also to a drop in market demand caused by the economic situation, which is only slowly returning to normal.

Accordingly, Endor was unable to match the previous year's very good revenues, which were strongly positively influenced by sales of the GT-DD products in connection with the SONY game launch "GT7". As the past has already shown, new launches of popular racing games in the steering wheel business are a driver for significantly increasing growth dynamics and pre-orders. The Gran Turismo series in particular is popular with consumers worldwide and is considered a blockbuster in the scene. In this context, Endor AG with its FANATEC brand has developed the Gran Turismo™ DD Pro, the first official direct drive wheel for the Gran Turismo™ series.

In the current fiscal year, and particularly in the first half of the year, Endor has continued to work on the development of such growth drivers, which are expected to be launched in the fourth quarter. In addition, the company made its entry into the mainstream market with the CSL DD in June 2023, which was a great success and will be positively reflected in sales figures later in the year.

At the corporate level, the restructuring of the Management Board that took place in June was an important step for the further development of the company and the structural adjustment to long-term corporate growth. In addition to the existing Management Board positions of CEO (Thomas Jackermeier), CFO (Andras Semsey) and COO (Daniel Meyberg), the Board was expanded to

include the position of Chief Marketing Officer "CMO" (Belma Nadarevic). The newly introduced Management Board structure is intended to streamline responsibilities and optimize the overall corporate structure. In addition, the first half of the year saw an intensive focus on the acquisition of further specialists, particularly in the area of finance.

3. | Position of the Endor Group

3.1. | Asset Position*

The Endor Group's total assets amounted to EUR 127.4 million as of June 30, 2023, compared to EUR 82.9 million as of June 30, 2022.

Current assets increased by 27% to EUR 87.6 million as of the reporting date compared to June 30, 2022, including inventories of EUR 71.7 million (June 30, 2022: EUR 52.6 million). Inventories rose sharply as a result of the strong growth in 2022 and corresponding stockpiling in conjunction with precautions taken due to the strained situation in the logistics chains.

Fixed assets increased year-on-year from EUR 16.4 million to EUR 35.6 million as of June 30, 2023, including advance payments for the new Endor AG headquarters currently under construction.

3.2. | Financial Position*

The Endor Group's equity amounted to EUR 15.3 million as of June 30, 2023, compared with EUR 27.0 million as of the corresponding date of the previous year.

Liabilities increased to EUR 100.2 million as of June 30, 2023, compared to EUR 35.7 million as of the corresponding date of the previous year. The most important items are liabilities to banks of EUR 65.3 million, trade payables of EUR 29.4 million and other liabilities of EUR 5.4 million. Liabilities to banks comprise EUR 37.5 million in loans and EUR 27.9 million in utilized overdraft facilities. The loans are divided into EUR 1.6 million for operating loans, EUR 25.0 million for money market loans and EUR 10.9 million for land and new construction.

Cash flow from operating activities amounted to EUR -10.3 million, compared to EUR -6.1 million in the previous year. Cash flow from investing activities was EUR -11.8 million in the first six months of 2023, compared to EUR 1.9 million in the same period of the previous year. This includes payments for investments in fixed assets of EUR 9.0 million, which were incurred due to the new headquarters. Cash flow from financing activities amounted to EUR 7.7 million (previous year: EUR -1.4 million) and includes payments received from financial loans.

* The comparative figures relate to June 30, 2022/2023, as the audited consolidated financial statements as of December 31, 2022, were not yet available at the time of publication of this half-year report.

3.3. | Earnings Position

Consolidated revenues in the first half of 2023 amounted to EUR 41.3 million compared to EUR 79.3 million (-48%) whereat the good revenues of the previous year were strongly positively influenced in particular by the GT-DD products in connection with the SONY game launch "GT7". Consolidated revenues generated in the first half of 2023 were in line with planning.

Due to lower sales figures, the cost of materials decreased from EUR 35.5 million in the same period of the previous year to EUR 23.4 million in the first half of 2023. The gross profit margin was 43% compared to 55% in the first six months of the previous year. In particular, planned expenses for air freight to guarantee rapid availability of goods weighed on the margin.

With the number of employees in the Group increasing from an average of 165 to 184, personnel expenses amounted to EUR 6.1 million, compared to EUR 5.3 million in the same period of the previous year. The personnel cost ratio increased disproportionately strongly from 7% to 15% due to the significant decline in revenues.

Other operating expenses amounted to EUR 15.6 million in the first six months of 2023, compared to EUR 22.4 million in the same period of 2022. In addition to freight costs, this figure also includes marketing and selling expenses as well as research and development costs of EUR 1.5 million (previous year: EUR 1.1 million).

At EUR 1.4 million, depreciation and amortization for the first half of 2023 was roughly on par with the corresponding reporting period of the previous year of EUR 1.3 million.

In the reporting period, the Endor Group generated earnings before interest, taxes, depreciation and amortization (EBITDA) of EUR -3.1 million (previous year: EUR 19.0 million). The operating result (EBIT) in the first half of 2023 was EUR -4.4 million, compared to EUR 17.7 million in the first half of the previous year.

4. | Employees

During the first half of 2023, the average number of employees in the AG was 149 (previous year: 139). The number of employees in the Group was on average 184.

5. | Forecast Report

The Endor Group is active in growing markets with the products of the FANATEC brand. A key growth driver is the booming eSports sector. Simracing, i.e., virtual racing, is becoming increasingly popular. This trend should also continue at a stronger pace in 2023.

The first half of 2023 was significantly weaker than the previous year. On the one hand, this was due to the positive special effects of GT7 in the first half of the previous year. On the other hand,

the first quarter of 2023 was impacted by delivery-related revenue losses and general consumer reticence. Due to the market launch of several products and the expansion of the entry-level range, Endor expects a very strong fourth quarter of 2023.

Overall, the Management Board anticipates consolidated revenues at the prior-year level (Range EUR 105 to 125 million) and EBITDA in the lower double-digit million range for the fiscal year 2023.

A very large uncertainty factor for the forecast and the further development of the company remains the current political and economic developments and their consequences (including losses in purchasing power), which are currently difficult to assess. In the worst case, a further deterioration could have a negative impact on the forecast for the Endor Group and Endor AG.

For the non-financial indicator of headcount, the Executive Board assumes a constant overall level, supplemented by targeted project-related deployments to restructure and update the IT infrastructure.

Landshut, 31.08.2023

The Management Board

Thomas Jackermeier

András Semsey

Daniel Meyberg

Belma Nadarevic

Balance Sheet of the Endor Group*

Endor Group in EUR million	06/30/2022	06/30/2023
Intangible Assets	9.6	14.7
Property, plant and equipment	6.8	20.8
	16.4	35.6
Inventories	51.0	71.7
Receivables and other assets	6.5	12.5
Cash on hand, Bundesbank balances, bank balances	5.7	3.4
	63.2	87.6
	1.7	0.3
	1.6	3.9
	82.9	127.4
Equity	27.0	15.3
Provisions for taxes	11.8	1.6
Other liabilities	5.6	6.5
	17.5	8.1
Liabilities to banks	23.5	65.3
Trade accounts payable	11.4	29.4
Other liabilities	0.8	5.4
	35.7	100.2
	2.6	3.8
	82.9	127.4

* The comparative figures relate to June 30, 2022/2023, as the audited consolidated financial statements as of December 31, 2022 were not yet available at the time of publication of this half-year report.

Profit and Loss Statement for the Endor Group

Endor Group P&L (in EUR million)	HY1 2022	HY1 2023
Revenues	79.3	41.3
Own work capitalized	0.6	0.3
Other income	2.3	0.3
= Total output	82.2	42.0
Cost of materials	-35.5	-23.4
= Gross profit	46.7	18.6
<i>Gross profit margin*</i>	55%	43%
Personnel costs	-5.3	-6.1
<i>Personnel costs ratio</i>	7%	15%
Other operating expenses	-22.4	-15.6
= EBITDA	19.0	-3.1
<i>EBITDA margin</i>	24%	-7%
Depreciation	-1.3	-1.4
= EBIT	17.7	-4.4
<i>% EBIT margin</i>	22%	-11%

*excl. own work capitalized and other income

Cash Flow Statement of the Endor Group

Endor Group KFR in EUR thousand	1. HJ 2023
+/- Net income/loss for the period (including minority interests)	-5,067
+/- Depreciation/write-ups of fixed assets	1,350
+/- Increase/decrease in provisions	-630
+/- Increase/decrease in inventories*	-20,572
+/- Increase/decrease in trade accounts payable and other liabilities**	17,567
+/- Interest expense/income	966
+/- Income tax expense/income	-339
+/- Income tax payments	-3,522
Cash flow from operating activities	-10,247
+ Proceeds from disposals of intangible assets	100
- Payments for investments in intangible assets	-2,865
+ Proceeds from disposals of property, plant and equipment	0
- Payments for investments in property, plant and equipment	-8,984
+ Interest received	0
Cash flow from investing activities	-11,749
+ Proceeds from issuance of bonds and (financial) borrowings	9,043
- Cash outflows for redemption of bonds and (financial) loans	-390
- Interest paid	-967
Cash flow from financing activities	7,686
= Change in cash and cash equivalents affecting payments	-14,309
Cash on hand, Bundesbank balances, bank balances and checks	-65
Exchange rate and valuation-related changes in cash and cash equivalents	-65
= Changes in cash and cash equivalents	-14,374
Cash and cash equivalents at the beginning of the period	-10,064
Cash and cash equivalents at the end of the period	-24,438

* of trade receivables and other assets not attributable to investing or financing activities

** that are not attributable to investing or financing activities

Imprint | Financial Calendar

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Financial calendar 2023

Date	Event
September 2023	Publication of Annual Report 2023
October 2023	General Annual Meeting 2023
November 2023	Publication of Q3 statement

Disclaimer: This Half-Year Report contains forward-looking statements. These statements are based on present experience, assumptions and expectations, as well as the information currently available to the Management Board. Forward-looking statements should not be understood as guarantees of the future development and results mentioned therein. Rather, future developments and results depend on a large number of factors. They are associated with various risks and uncertainties and are based on assumptions which may prove incorrect. We are under no obligation to update the forward-looking statements made in this report.



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