

Quarterly Statement Q3 | 2023



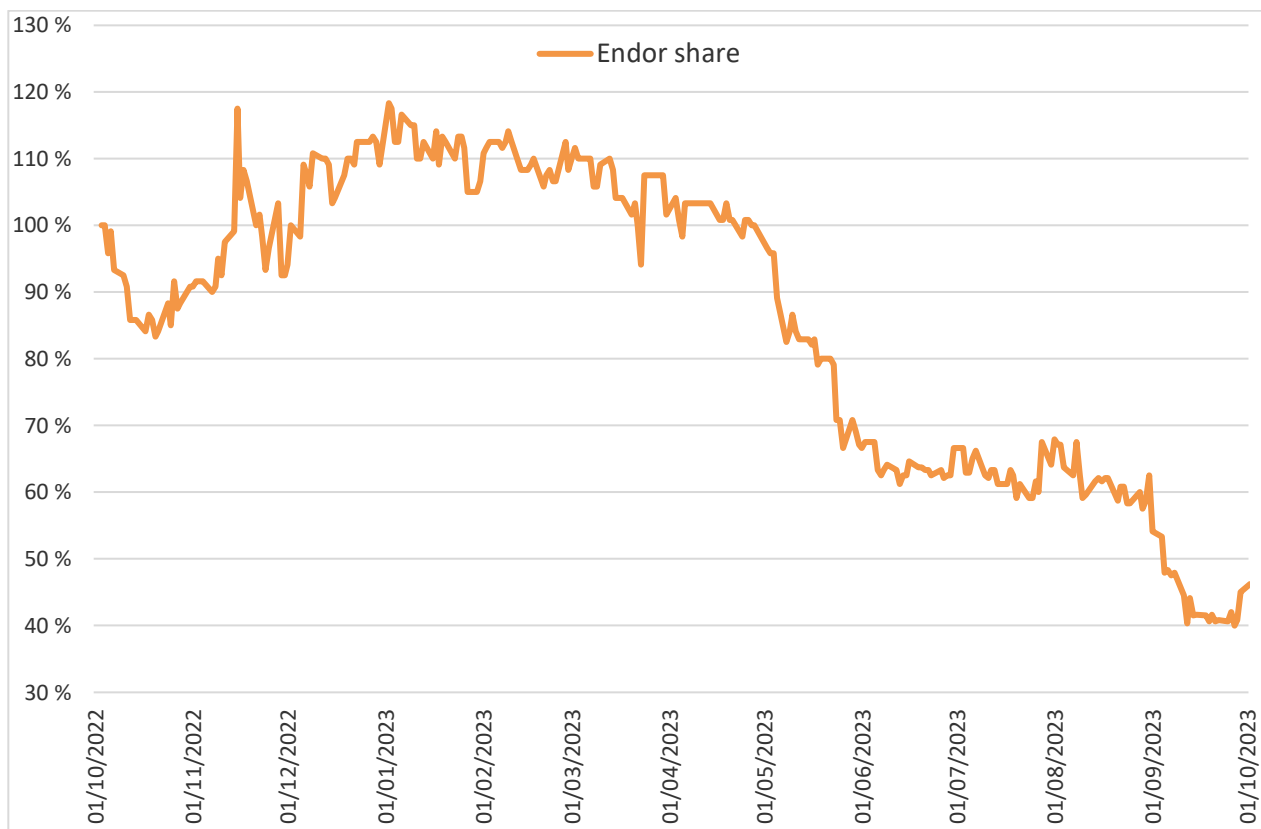
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Endor share

The Endor AG share reached its highest price in the first nine months of 2023 of EUR 14.20 on 2 January and followed a sideways trend throughout the first quarter. Over the course of the second and third quarters, the share price then gradually dropped to EUR 4.80 on 27 September, its lowest point in the first nine months of 2023. The closing price of the Endor share was EUR 5.40 on 30 September 2023. Accordingly, Endor AG's market capitalization as of 30 September 2023, based on the bearer shares outstanding at that time, was around EUR 83.7 million (30 September 2022: EUR 186.0 million).

Share price development* for the period 01.10.2022 – 30.09.2023



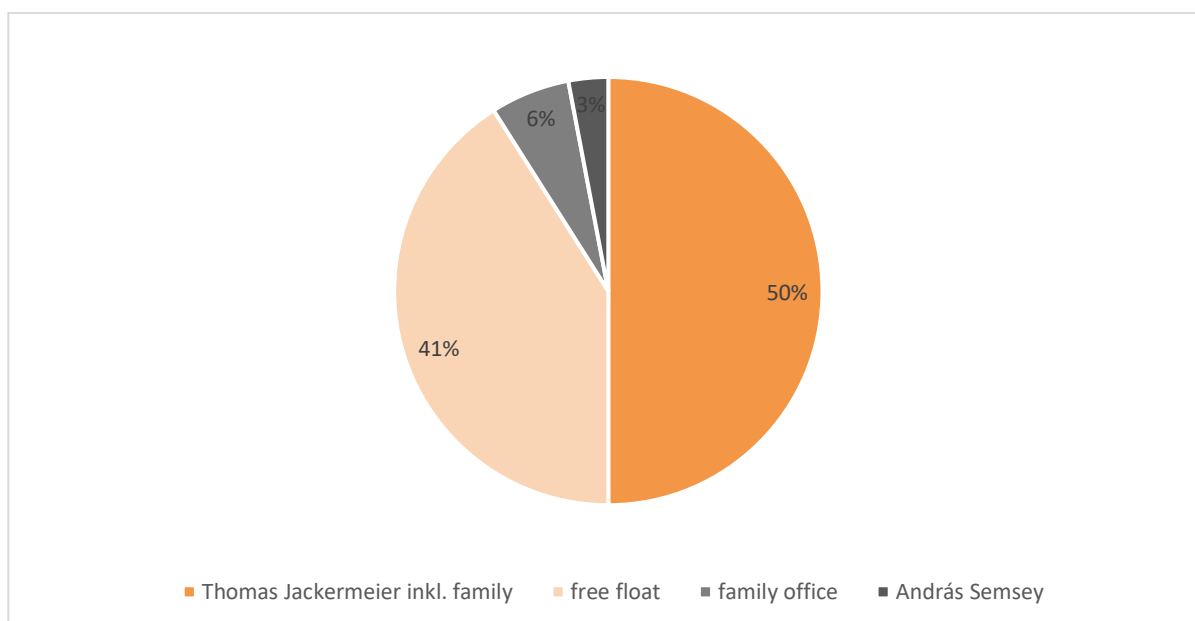
* Share prices on the Munich Stock Exchange

Key data for the share¹

WKN (German securities ID)	549166
ISIN	DE0005491666
Stock exchanges	Munich, Hamburg, Stuttgart
Type of shares	Bearer shares (common shares)
Stock exchange segment	OTC, Munich Stock Exchange
Number of shares as of 30 September 2023	15,497,584
Market capitalization on 30 September 2023 (in EUR million)	83.7
Share price in EUR on 30 September 2023	5.40
High for the period (Jan. – September 2023) in EUR	14.20
Low for the period (Jan. – September 2023) in EUR	4.80

Shareholder structure

According to the latest information available to the company, Thomas Jackermeier and his family hold around 50%, the family office 6% and András Semsey 3% of Endor AG. The free float thus totals 41%.



Business performance in the first nine months 2023

Business momentum slowed over the course of the first three quarters of 2023 compared to the same period of the previous year. This development was partly due to a lack of availability of the product wheelbases that was caused by chip bottlenecks in the first quarter of the financial year. Besides this, the previous year's figures were also positively impacted by the launch of the SONY game GT7.

Accordingly, Endor was unable to match the previous year's very good revenues (EUR 99.4 million), which were positively influenced by sales of GT-DD products in connection with the SONY game launch, with consolidated revenues of EUR 64.7 million in the first nine months of 2023. New launches of popular racing games are an important factor for pre-orders in the steering wheel business, yet represent a non-recurring effect. The Gran Turismo series in particular is popular with consumers around the world and is considered a blockbuster in the scene. After deducting the non-recurring effect of the game launch, however, revenues in the second quarter of 2023 were up on the same quarter of the previous year. In the third quarter, consolidated revenues amounted to EUR 23.4 million and were therefore also up on the previous year's figure of EUR 20.1 million. The year-on-year increase of around 14% in the third quarter is due, among other factors, to the market entry into the mainstream market with CSL DD, which took place in June 2023 and was a great success with customers. In addition, Endor has continued to work on the development of new products that drive growth over the course of the year that will be launched on the market starting in the fourth quarter of 2023.

Cost of materials for the Group amounted to EUR 35.1 million in the first nine months of the year (previous year: EUR 44.6 million), whereby the lower revenue figures compared to the previous year are reflected in the absolute figures. By contrast, the cost of materials ratio rose to 54% after 45% in the previous year. The relatively higher cost of materials was due to higher expenses for air freight to guarantee rapid availability of goods, product mix effects due to the entry into the Entry segment with the CSL product line and the non-recurring effect of the SONY games launch in the previous year. The Endor Group's gross profit margin was therefore 46% in the first nine months of 2023 compared to 55% in the previous year.

Personnel expenses increased from EUR 7.6 million in the previous year to EUR 9.4 million in the first nine months of 2023. This is due in particular to the increase in the number of employees in the Group from 176 to 200. The personnel expense ratio therefore increased disproportionately from 8% to 15% due to the simultaneous decline in revenues.

Other operating expenses amounted to EUR 24.7 million in the first nine months of 2023 after EUR 30.5 million in the same period of 2022. This includes freight charges, marketing and sales as well as research and development expenses. R&D expenses amounted to EUR 2.6 million in the current financial year (previous year: EUR 1.8 million).

The Endor Group generated earnings before interest, taxes, depreciation and amortization (EBITDA) of EUR -3.5 million in the reporting period (previous year: EUR 20.2 million). The

EBITDA margin (based on Group revenues) was -5% (previous year: 20%). The operating result (EBIT) amounted to EUR -5.6 million in the first nine months of 2023 after EUR 18.3 million in the same period of the previous year. The EBIT margin (based on Group revenues) amounted to -9% (previous year: 18%).

Key figures at a glance

in EUR million	9M 2023	9M 2022
Revenues	64.7	99.4
EBITDA	-3.5	20.2
EBIT	-5.6	18.3
Operating cash flow	-8.3	-19.7
	30 Sep 2023	30 Sep 2022
Total assets	136.9	109.8
Equity	12.8	26.6
Current assets	90.8	88.3
- Inventories	75.7	70.7
- Receivables and other assets	12.5	11.6
Number of employees	200	176

The Endor Group's total assets amounted to EUR136.9 million on 30 September 2023, compared to EUR 101.3 million as of 31 December 2022. Current assets increased from EUR 71.8 million on 31 December 2022 to EUR 90.8 million as of the reporting date 30 September 2023. This figure includes inventories, which increased from EUR 55.9 million on 31 December 2022 to EUR 75.7 million on 30 September 2023. Inventories, consisting of raw materials, consumables and supplies, finished goods and advance payments, rose sharply due to the strong growth in 2022 and corresponding stockpiling in connection with precautions due to the tense situation in the logistics chains.

On the liabilities side of the balance sheet, liabilities increased to EUR 114.5 million as of 30 September 2023 after EUR 64.4 million at the end of 2022. The most significant items are liabilities to banks (EUR 69.7 million), trade payables (EUR 34.9 million) and other liabilities (EUR 9.9 million). Liabilities to banks comprise EUR 22.7 million in loans and EUR 47 million in overdraft facilities. Equity amounted to EUR 12.8 million as of the reporting date, compared to EUR 20.4 million on 31 December 2022. The equity ratio for the nine-month period was therefore 9%.

Cash flow from operating activities amounted to EUR -8.3 million (previous year: EUR -19.7 million). Cash flow from investing activities amounted to EUR -17.8 million in the first nine months of 2023 after EUR -8.3 million in the same period of the previous year. This includes payments for investments in fixed assets amounting to EUR 3.6 million, which were incurred in part due to the new headquarters. Construction work on Endor AG's new headquarters has made good progress so far in 2023. The new building with total costs of around EUR 35 million (including furnishings) will be completed in May 2024 with a planned move-in date of 30 May 2024.

Cash flow from financing activities amounted to EUR 12.7 million, compared to EUR 1.9 million in the previous year. Proceeds from taking out financial loans amounted to EUR 15.4 million.

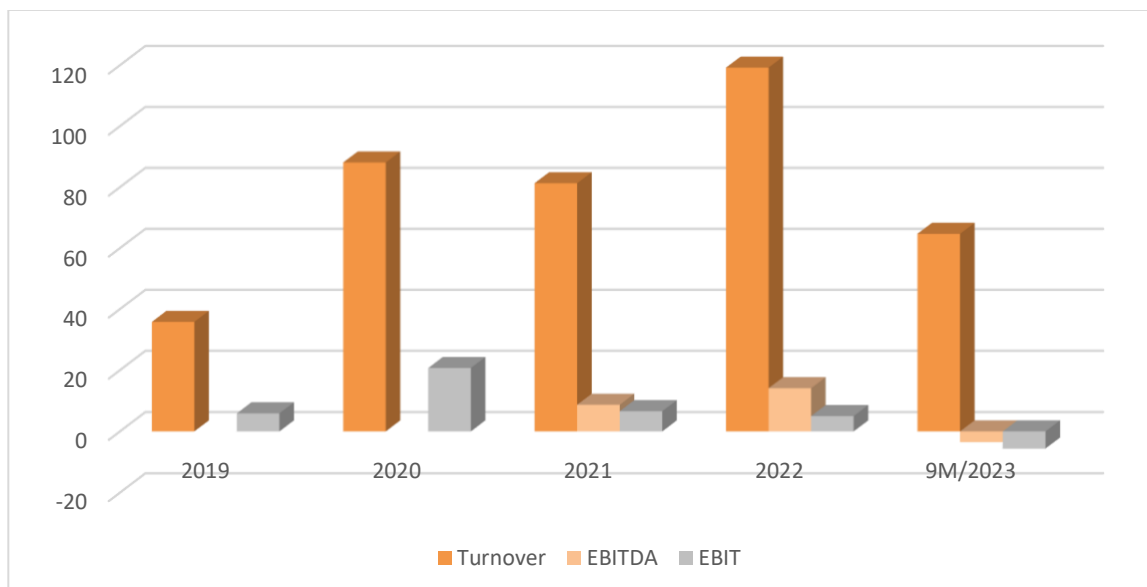
Restructuring of the Management Board and new Chief Financial Officer

In June 2023, the Management Board was expanded as an important step in the company's further development. In addition to the current positions of CEO (Thomas Jackermeier), CFO (Andras Semsey) and COO (Daniel Meyberg), the Management Board was expanded to include the position of Chief Marketing Officer "CMO" (Belma Nadarevic). The new structure of the Management Board is intended to distribute responsibilities even better and focus on further growth.

On 29 September 2023, the Supervisory Board appointed Matthias Kosch to the Management Board as of 1 November 2023. As CFO, Matthias Kosch will assume sole responsibility for the Finance division at Endor AG from 1 January 2024 and will be responsible for the capital market together with CEO Thomas Jackermeier. Until this date, the Management Board will operate as a five-member board for a transitional period of two months. Andras Semsey, CFO of Endor AG for 25 years, will not extend his term of office. He will continue to be available to the company in an advisory capacity for a transitional period of up to two years, however.

Matthias Kosch has worked for Blue Cap AG, a medium-sized listed industrial holding company, since 2008. He initially worked there as an investment manager and later as Chief Financial Officer (CFO). In addition to acquiring and financing new investments, he improved the structures, processes and reporting within the respective operating subsidiaries and managed commercial digitalization projects. During his time as CFO, sales of the Blue Cap Group more than quadrupled. Before moving into investment management, Kosch earned a degree in Business Administration at Munich University of Applied Sciences.

Revenues and earnings performance over the last five years (in EUR million)



- The coronavirus pandemic has led to a significant growth spurt in the sim racing sector, which has had a lasting impact.
- The strong growth made restructuring measures in the company unavoidable, which recently had a dampening effect on earnings.
- Endor expects to return to an EBITDA margin in the lower double-digit percentage range in the medium term.

Forecast for financial year 2023

The Endor Group is active in the growing eSports market with the products of its FANATEC brand. The company develops and markets high-quality sim racing equipment for professional users that offers a realistic racing experience. This trend is set to continue.

Nevertheless, the first nine months of 2023 were significantly weaker than in the previous year. On the one hand, this was due to the positive non-recurring effects from GT7 in the same period of the previous year. On the other hand, the first quarter of 2023 was impacted by delivery-related sales losses. On 24 October 2023, Endor specified its previous sales forecast and adjusted its earnings forecast for the current financial year. This was due to production delays caused by the licensing of several products later than planned as well as higher expenses for air freight to ensure the availability of goods and, based on this, an updated outlook for the fourth quarter of 2023.

The Management Board of Endor now expects Group revenues for 2023 to be in the range of EUR 105 to 115 million (previously: EUR 105 to 125 million) and the EBITDA margin to be in the mid single-digit percentage range (previously: low double-digit percentage range). Revenues in

the second quarter of EUR 24.0 million (previous year: EUR 32.8 million) and the third quarter of EUR 23.4 million (previous year: EUR 20.1 million) were very positive without non-recurring effects and with a significantly higher number of new customers. Furthermore, at around EUR 27 million including revenues from shipments, the volume of orders booked in the month of November, which was characterized in particular by the Black Friday event, was nearly twice as high as in the previous year (EUR 14 million). However, license-related delays will lead to later availability of goods in the important fourth quarter of 2023.

The current political and economic developments and their consequences, which are currently difficult to assess, remain a certain uncertainty factor for the forecast and the further development of the overall economy and consumption. In a worst-case scenario, a further deterioration could have a negative impact on the forecast for the Endor Group and Endor AG.

With regard to the non-financial indicator of the number of employees, the Management Board assumes a constant overall level, supplemented by targeted project-related assignments as part of the restructuring and updating of the IT infrastructure and company processes.

Landshut, 30 November 2023

The Management Board

Profit and Loss Statement of the Endor Group

Endor Group in EUR million	9M 2022	9M 2023
Sales revenue	99.4	64.7
Own work capitalized	0.8	0.5
Other related income	2.7	0.4
= Total output	103.0	65.7
Cost of materials	-44.6	-35.1
= Gross profit	58.3	30.6
<i>% Gross profit margin*</i>	55%	46%
Personnel expenses	-7.6	-9.4
<i>% Personnel deployment rate</i>	8%	15%
Other expenses	-30.5	-24.7
= EBITDA	20.2	-3.5
<i>% EBITDA margin</i>	20%	-5%
Depreciation and amortization	-2.0	-2.0
EBIT = EBIT	18.3	-5.6
<i>% EBIT margin</i>	18%	-9%

*excl. own work capitalized and other operating income

Balance Sheet of the Endor Group

Endor Group balance sheet	31.12.22	30.09.23
Fixed assets		
Intangible assets	12.5	15.2
Property, plant and equipment	12.7	25.8
	25.2	41.0
Current assets		
Inventories	55.9	75.7
Receivables and other assets	8.9	12.5
Cash on hand, Bundesbank balances, bank balances	7.0	2.5
	71.8	90.8
Prepaid expenses and deferred charges	1.3	0.5
Deferred tax assets	3.9	3.9
ASSETS	101.3	136.9
Equity	20.4	12.8
Provisions		
Tax provisions	6.1	-1.4
Other provisions	6.6	7.2
	12.7	5.8
Liabilities		
Liabilities to banks	45.9	69.7
Advance payments received on orders	0.0	0.0
Liabilities from deliveries and services	11.1	34.9
Other liabilities	7.5	9.9
	64.4	114.5
Deferred tax liabilities	3.8	3.8
LIABILITIES	101.3	136.9

Cash Flow Statement of the Endor Group

Endor Group Cash Flow Statement in EUR thousand	9M 2023
+/- Profit for the period (including minority interests)	-7,526
+/- Depreciation/write-ups on fixed assets	2,021
+/- Increase/decrease in provisions	-303
+/- Increase/decrease in inventories*	-24,870
+/- Increase/decrease in trade payables and other liabilities**	26,765
+/- Interest expenses/interest income	2,213
+/- Income tax expense/income	-251
+/- Income tax payments	-6,309
Cash flow from operating activities	-8,260
+ Proceeds from the disposal of intangible assets	193
- Payments for investments in intangible assets	-3,613
+ Proceeds from the disposal of property, plant and equipment	0
- Payments for investments in property, plant and equipment	-14,380
+ Interest received	1
Cash flow from investing activities	-17,800
+ Proceeds from the issue of bonds and the raising of (financial) loans	15,403
- Payments from the redemption of bonds and (financial) loans	-453
- Interest paid	-2,213
Cash flow from financing activities	12,736
= Cash-effective change in cash and cash equivalents	-13,324
Cash on hand, Bundesbank balances, bank balances and checks	-104
Exchange rate and valuation-related changes in cash and cash equivalents	-104
= Changes in cash and cash equivalents	-13,428
Cash and cash equivalents at the beginning of the period	-10,064
Cash and cash equivalents at the end of the period	-23,485

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

** not attributable to investing or financing activities

Imprint | Financial calendar

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Financial calendar 2024

Date	Event
May 2024	Publication of the Quarterly Statement Q1 2024
July 2024	Publication of the 2023 Annual Report
August 2024	2023 Annual General Meeting
August 2024	Publication of the 2024 Half-Year Report
November 2024	Publication of the Quarterly Statement Q3 2024

Disclaimer: This Quarterly Statement contains forward-looking statements. These statements are based on the current experience, assumptions and forecasts of the Management Board and the information currently available to it. The forward-looking statements are not to be understood as guarantees of the future developments and results mentioned therein. Rather, future developments and results depend on a variety of factors. They involve various risks and uncertainties and are based on assumptions that could prove to be incorrect. We assume no obligation to update the forward-looking statements made in this report.



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