

Destelbergen, September 8 2022

MAZARO update on H1 2022

1 Key financial figures

1.1 P&L comments

FYE 31/12 - BE GAAP - €k	2019	2020	2021	H1 2022
Net Sales	120.9	38.6	100.9	165.3
Other Revenues	458.3	363.4	210.6	255.7
Total Revenues	579.2	402.0	311.4	421.0
COGS	-	-	-	-
Remunerations	62.4	65.6	84.8	59.9
SG&A	392.2	326.6	178.0	274.0
EBITDA	124.5	9.8	48.6	87.1
Depreciation & amortization	702.0	672.0	388.0	212.7
EBIT	(577.4)	(662.0)	(339.5)	(125.6)
Financial income	309.0	268.1	365.0	91.7
Financial charges	1.0	.6	52.7	5.0
Earnings before tax (EBT)	(269.4)	(394.5)	(27.1)	(38.8)
Taxes	(5.0)	(3.0)	(3.2)	-
Net income	(264.4)	(391.5)	(23.9)	(38.8)

MAZARO recorded €165k pre-contractual sales from pre-commercial, engineering revenues with its clients.

Other revenues related to capitalized production (BE GAAP 72), other operating revenues (BE GAAP 74) and exceptional items.

1.2 Balance sheet comments

FYE 31/12 - BE GAAP - €k	2019	2020	2021	H1 2022
Establishment cost	-	-	-	277.7
Fixed assets	1,460.4	1,003.8	1,046.5	1,195.6
Intangible assets	1,334.5	978.9	1,027.9	1,181.1
Tangible assets	22.0	24.9	18.7	14.4
Financial assets	103.8	-	-	-
Current assets	1,175.4	286.2	1,299.9	4,091.7
LT receivables	-	-	-	-
Inventories	-	-	-	-
Accounts receivables	414.2	171.4	230.1	476.2
Other receivables	212.7	32.9	25.1	54.5
Cash and equivalents	548.3	81.7	1,044.4	3,473.7
Accruals	0.3	0.3	0.3	87.3
Total assets	2,635.8	1,290.0	2,346.4	5,565.0
Total equity	901.8	- 304.2	- 693.1	4,244.6
Equity	- 592.7	- 984.1	- 1,008.0	4,021.4
Subsidies	1,494.5	679.9	314.9	223.2
Financial debt	1,267.5	1,163.1	1,913.1	557.6
Subordinated debt	1,267.5	1,163.1	1,913.1	557.6
Current liabilities	466.5	431.2	1,126.4	762.8
Accounts payables	430.0	183.3	202.1	459.6
Tax, remuneration	36.5	17.3	17.4	30.7
Other payables	-	230.6	854.7	231.4
Accruals	-	-	52.2	41.2
Total Equity & liabilities	2,635.8	1,290.0	2,346.4	5,565.0
WCR	160.7	3.9	- 16.4	86.6

Establishment costs: €295k of costs relating to the IPO have been activated on the balance sheet. They will be amortized over 5 years.

Equity:

- MAZARO raised a total of €3.7m on the occasion of its successful IPO. A first capital increase of €3.0m took place on February 11 with the proceeds of the crowdfunding (€800k) and the private placement (€2.2m) organized in view of the IPO. On February 23, the company made an additional capital increase of €700k by making use of the authorized capital.

- MAZARO also converted into equity €605k of shareholder debt (incl. capitalized interest) at the occasion of its IPO as well as a

convertible loan from Dalton Invest of €750 (plus €13k of capitalized interest).

2 First semester report

2.1 Business development

MAZARO has signed a cooperation agreement with two Tier 1 manufacturers in Europe and Asia, for the production of transmissions for several vehicles including trucks, e-trucks and quads, with the intention to begin producing transmissions in 2023. On December 22, 2019, MAZARO and Anand, a high standard Indian Group, signed a Memorandum of Understanding and a term sheet. Accordingly, Anand will produce, sell and distribute the Issuer's transmissions in exclusivity in India and some neighbouring countries. In Europe, MAZARO considers contract manufacturing as one way of addressing the market and is thereto in discussions with potential European contract manufacturers. At the moment, having no products on the market yet, the only source of revenues are engineering services, with the first royalties expected in 2023. Engineering incomes are registered as other revenues in BE GAAP accounts. Several prototypes for vehicles and a feasibility study for wind power energy are ordered by customers. Purpose is to launch series when the tests in their applications are positive.

The names of the clients cannot be made public as they are protected by a Non Disclosure Agreement.

2.2 R&D roadmap 2022

Quarter 1

- Two new RVT models– one for trucks and one for quads – are being tested on the MAZARO test rig. These are the first models of the new generation 3. Novel about this generation 3 is the application of the 3rd and 4th patent. With the new construction of the 3rd patent, the systems become even more compact while the overdrive ratios get higher. The 4th patent offers faster ratio changes in a cost effective construction and in particular an energy consumption of the actuation system as low as 0.17% of the transmitted power (The actuation system of conventional Double Clutch Transmissions consumes about 5%).
- The first test results confirm the above. These 2 models will be fully tested and tuned before being installed in the vehicles. It is the plan that these 2 vehicles will be operational still this year.
- MAZARO's technology is selected by a well-known off-road constructor. It concerns a challenging application. A demo vehicle at the customers premises is working to their full satisfaction. This project is ongoing intensively.
- For the ongoing projects, a customized electronic controller is being developed. This investment will enable MAZARO to offer its transmissions with their unique benefits and several control options at a sharp price, once produced in series. This controller is a valuable asset that can be used in all of MAZARO's transmissions.

Quarter 2

- Q1's testing projects continued: customized bearings were ordered for optimum performance.
- the RVT370 and RVT380 are the first prototypes of generation-3-models where the new construction of patent 3 and the new actuation system of patent 4 are implemented for the first time. The reaction times of the whole system are well modelled in the software so that transients in speed of ratio change are well time-aligned and do not create any pressure deviations.

- At the end of June, our test driver drove a test vehicle on the road with an integrated MAZARO transmission and made an important achievement: it is most probably the first time in history that a combustion driven vehicle drives away and stops smoothly without a clutch or torque converter.



Fig. 1: The RVT380 proving its high capabilities in a new test vehicle on the road (June 2022).

2.3 Board composition

Following the capital increase on February 11, MAZARO has appointed Steven Waelbers and Paul Matthijs (permanent rep. of ADMODUM) as board members for a 6 years mandate.

3 Other significant events during and after H1

3.1 Stock options plan

A Stock Option Plan has been approved by the Board of directors of MAZARO (the “Board”) on May 24 2022 in order to grant options to strategic key personnel, managers, directors, advisors and other selected beneficiaries. The goal of this Plan is to motivate the selected beneficiaries and increase their loyalty towards the company. MAZARO is convinced that it is essential for the growth of the company and the improvement of its results to allow the beneficiaries to become shareholders of the company or to increase their shareholding.

The Board has decided that the total number of options that could be granted from the approval of the Plan and in the future would be maximum 10% of the capital.

The Plan is provided for an indefinite period of time. The Board can decide at anytime to terminate it or to replace it by another plan in case the economic circumstances or the activities of the company require it, without prejudice to the options which would have been granted already.

The beneficiaries will be able to exercise the options that have become vested at the end of the third calendar year following the year when they have been granted. Accordingly, it will be possible to exercise the granted options as shown in this table:

Year	Vesting
After 1	25 %
After 2	50 %
After 3	75 %
After 4	100 %

However, in case of a liquidation event, all granted options will become exercisable.

3.2 Recruitment




Recruitment is on track. MAZARO is in discussion with identified candidates for the positions of Controls Engineer, Design Engineer and Business Developer Engineer. The objective is that they enter in function this autumn.

4 Reminder of financial agenda and contact details

4.1 Agenda

End of October: Release of activity report on Q3 2022

4.2 Contacts

 Listing sponsor	 IR & Media relations	 General enquiries
<p>Guy van der Heyden Managing Partner + 32 477 42 24 65 guy.vanderheyden@onetoonecf.com</p> <p>Loïc Sacré, CFA Senior Associate +32 477 75 26 84 loic.sacre@onetoonecf.com</p>	<p>Gunther De Backer gunther@backstagecom.be +32 475 90 39 09</p>	<p>Caroline De Dijcker caroline.dedijcker@mazaro.eu Mob +32 (0) 472 201 106</p>

MAZARO

MAZARO designs innovative transmissions that combine exceptionally high internal efficiency with the ability to keep the internal combustion engine or E-engine on its optimal efficiency curve at all times, providing unparalleled energy, emissions and cost savings while optimizing performance and comfort. The benefits of this technology is most impressive in trucks, buses, off-highway vehicles, SUVs, lift trucks and tractors both powered by a combustion engine and electric.

MAZARO is led by ir Filip De Mazière, Civil Engineer in Mechanical Engineering (UGent) with over 20 years of experience as Chief Design Engineer at leading transmission suppliers HÖRBIGER/TREMEC and DANA. There, he was responsible for numerous successful transmission designs for McLaren, Ferrari, Liebherr and Case New Holland among others. De Mazière was granted 15 international patents; those relating to MAZARO's technology are now owned by the company.

MAZARO nv – Bommelsrede 42 9070 Destelbergen, Belgium. Tel. +32 9 252 14 80 www.mazaro.eu