

EHang Holdings Limited

Q2 2021 Earnings Highlights

August 25, 2021

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OPERATIONAL HIGHLIGHTS FOR Q2 2021



Release of Long-Range VT-30 Passenger-grade AAV to Expand Regional Air Mobility Coverage

- In May, EHang released the “VT-30”, a new model of electric dual-seat passenger-grade AAV in EHang’s product suite that is designed for inter-city air transportation and complementary to the EHang 216 designed for intra-city air mobility. With a hybrid structure of eVTOL and fixed wings, the VT-30 is designed to travel a distance of up to 300km with a designed flight time of up to 100 minutes.



EH216 AAV's CAAC Type Certification Process Prioritized

- In January this year, the Civil Aviation Administration of China (“CAAC”) officially accepted EHang’s Type Certification application for the EHang 216 AAV.
- Since April, the CAAC’s designated type certification expert team has conducted several rounds of review meetings and inspections. Critical consensus has been reached that the type certification of EHang 216 AAV is an important project in China and needs to be prioritized.



Continued Trial Flights to Further Demonstrate AAV Technical Strength and UAM Use Cases

- As the first mover and industry leader with strong capabilities of autonomous flying, EHang with local partners continued trial and demo flights with the EHang 216 AAV series at multiple public events showcasing its practical uses.
- For example, its maiden flight in Japan was successfully completed with the local partner in June with Japan's first outdoor open airspace trial flight permission granted to a passenger-grade AAV.
- In April, the EHang 216 made an impressive debut at the Chinese Super League in Guangzhou by flying into the opening ceremony carrying a representative holding the championship trophy.
- In June, EHang participated in the anti-COVID-19 campaign in Guangzhou by transporting emergency supplies to quarantine areas using the EHang 216 and the EHang 216L AAVs.



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RECENT DEVELOPMENTS



Completion of EH216F's Technical Examination and Urban Fire Rescue Drills in China

- In July, EHang completed a comprehensive 10-month technical examination on the EHang 216F and 52 different types of tests by the China National Fire-Fighting Equipment Quality Supervision Testing Center, which is under the Ministry of Emergency Management of China.
- In August following the examination, the EHang 216F AAVs were utilized by the local emergency and/or fire departments in several urban fire rescue drills in China's cities of Qingdao, Guangzhou and Hezhou. These have laid a solid foundation for the commercialization of the EHang 216F AAVs.



Commencement of Operations in Yunfu Production Facility

- EHang's new production facility in Yunfu, China commenced operations in June. It is approximately 24,000 square meters in gross floor area to house the major AAV production processes from manufacturing key components and carbon fiber composite airframes to AAV assembling and flight testing in designated function areas. It has a planned initial annual capacity of 600 units of passenger-grade AAVs.



100 Air Mobility Routes Initiative

Objective:

To implement 100 air mobility routes in 2 years with an initial focus on the Guangdong-Hong Kong-Macao Greater Bay Area of China.

Progress:

- Expanded a professional air mobility operation team
- Targeted 15 self-run operation spots and 21 customer-run operation spots
- Screened and tested 7 operation spots



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FINANCIAL HIGHLIGHTS FOR Q2 2021



Q2 2021 Financial Highlights

- *Achieved Record High Quarterly Gross Margin Again*

(RMB '000)	Q2 2021	Q2 2020	YoY
Total revenues	12,164	35,700	-65.9%
Gross profit	8,267	20,553	-59.8%
Gross margin	68.0%	57.6%	10.4Pp ²⁾
Adjusted gross profit ¹⁾	8,267	20,553	-59.8%
Adjusted gross margin ¹⁾	68.0%	57.6%	10.4Pp ²⁾
Adjusted operating expenses ¹⁾	(59,851)	(35,424)	69.0%
Adjusted operating loss ¹⁾	(49,421)	(11,147)	343.4%
Adjusted net loss ¹⁾	(49,104)	(11,716)	319.1%

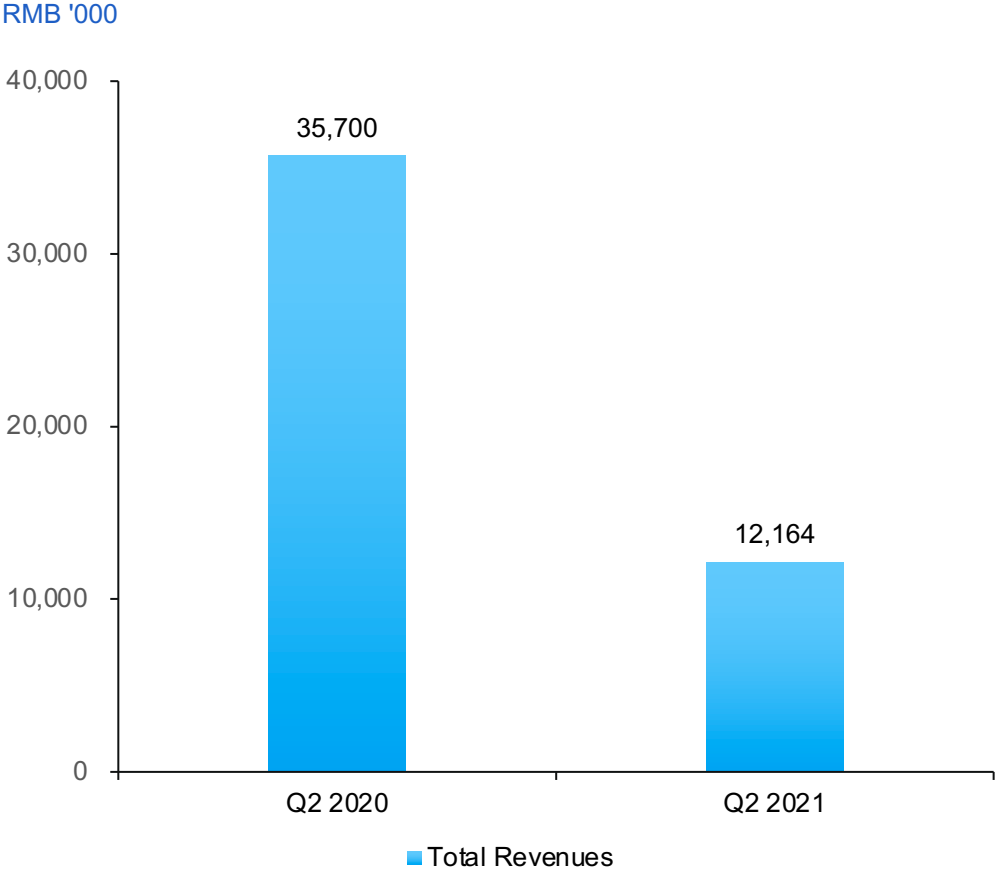
Notes:

1) The Company uses Non-GAAP Financial Measures in evaluating its operating results and for financial and operational decision-making purpose. Please refer to the press release for more details.

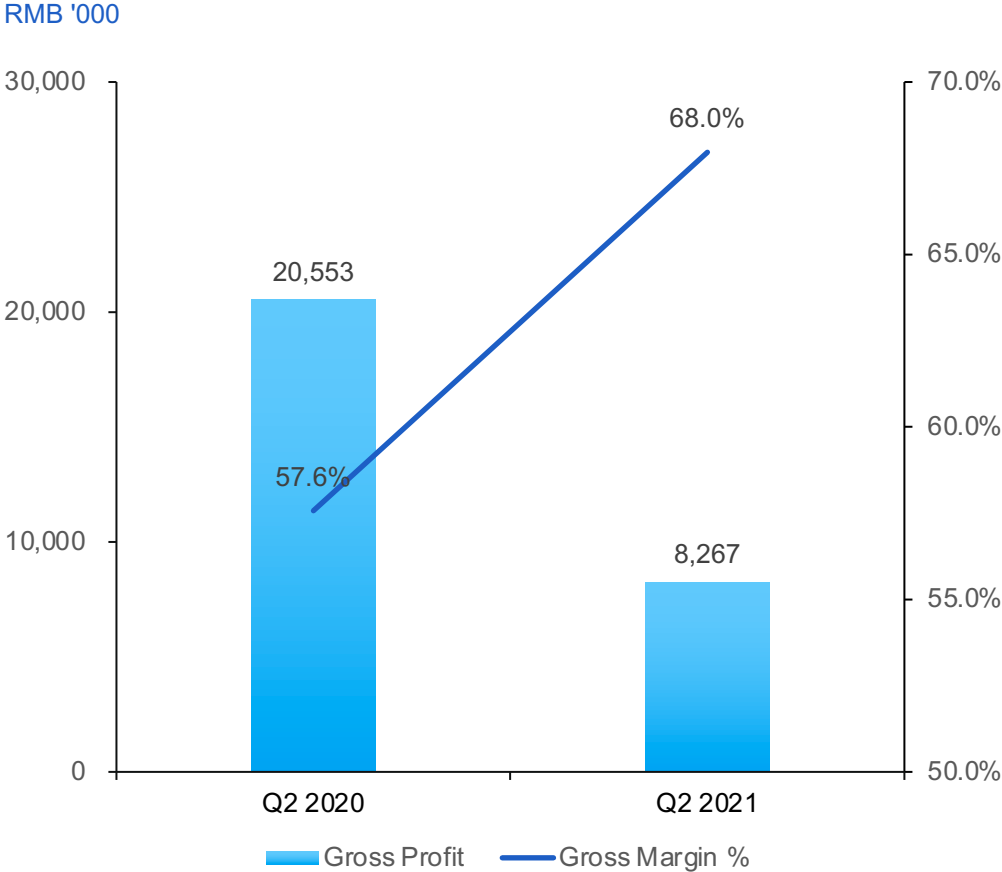
2) Pp represents percentage points.

Q2 2021 Financial Performance

Total Revenues



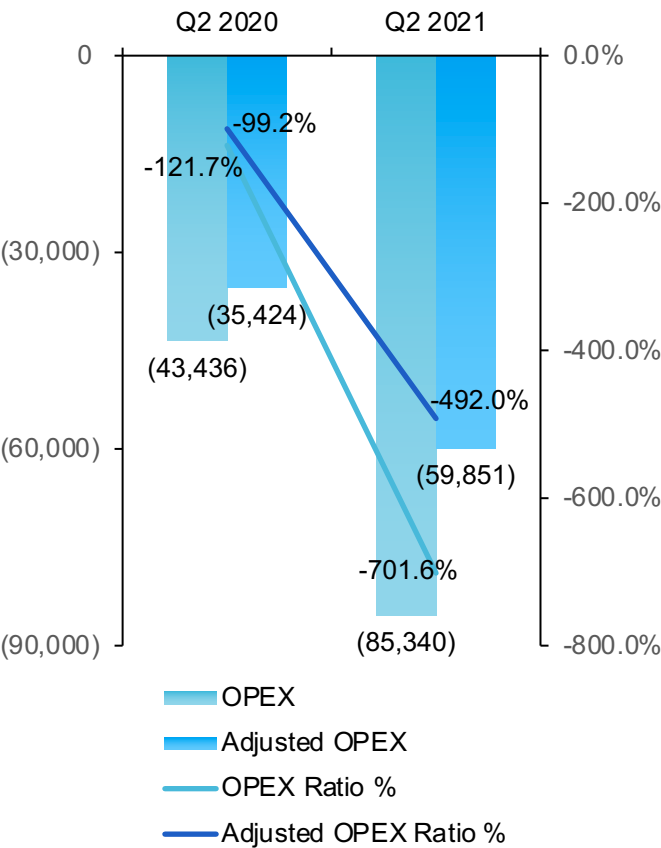
Gross Profit



Q2 2021 Financial Performance

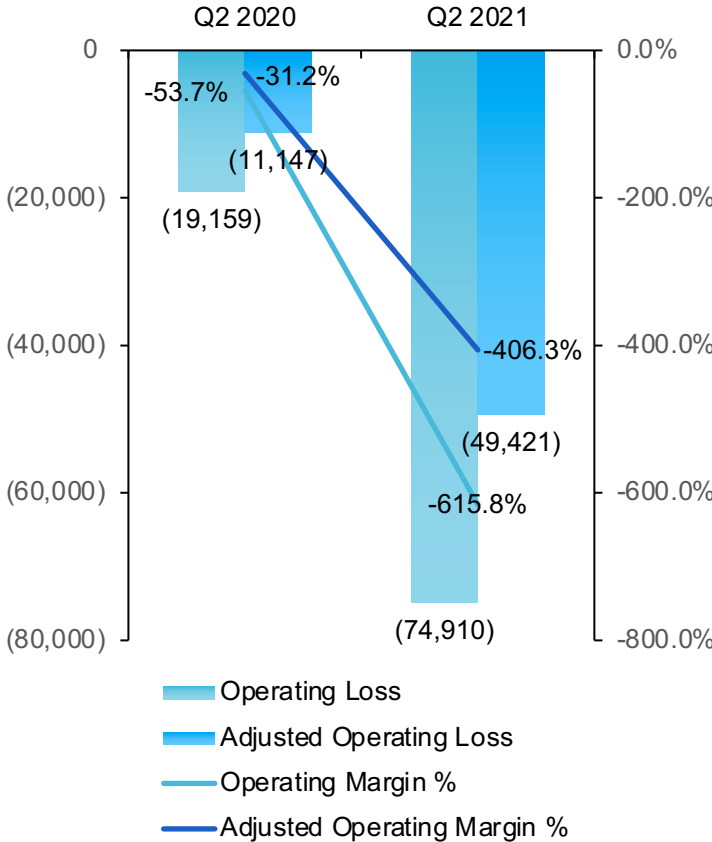
(Adjusted) OPEX

RMB '000



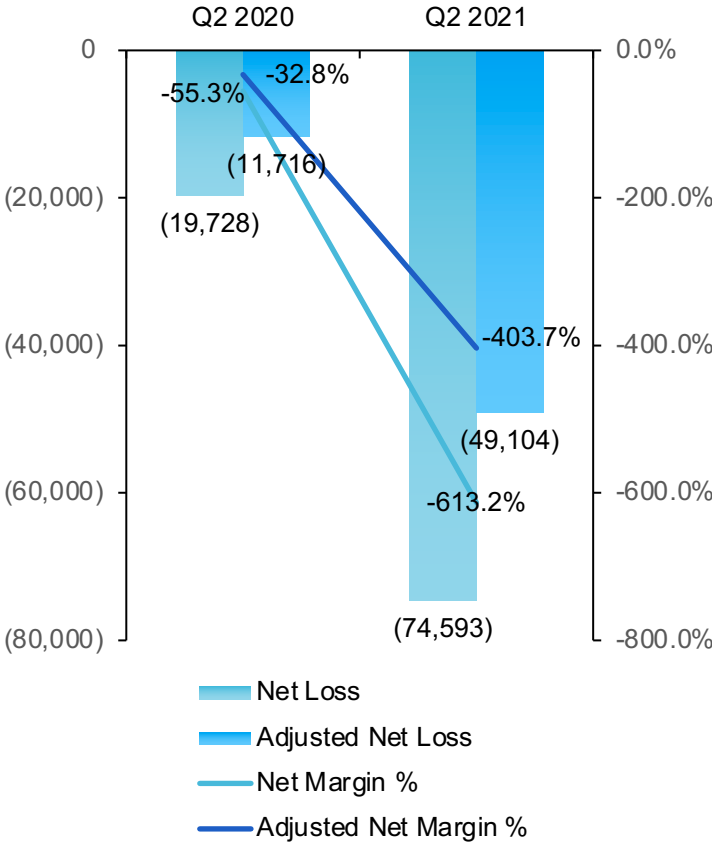
(Adjusted) Operating Loss

RMB '000



(Adjusted) Net Loss

RMB '000



Unaudited Condensed Consolidated Balance Sheets

(RMB '000)

As of December 31, 2020

As of June 30, 2021

Current assets:		
Cash and cash equivalents	137,840	319,919
Restricted cash	2,333	-
Short-term investments	49,271	86,561
Accounts receivable	163,146	111,079
Cost and estimated earnings in excess of billings	717	717
Inventories, net	47,094	54,197
Prepayments and other current assets	21,421	31,257
Others, net	2,639	2,639
Total current assets	424,461	606,369
Non-current assets:		
Property and equipment, net	20,869	34,610
Long term loans receivable	14,934	13,162
Long-term investments	2,919	2,919
Others, net	21,366	4,174
Total non-current assets	60,088	54,865
Total assets	484,549	661,234
Current liabilities:		
Short-term bank loans	15,000	10,000
Accounts payable	53,147	35,770
Contract liabilities	7,492	17,029
Accrued expenses and other liabilities	81,578	59,000
Others, net	830	2,466
Total current liabilities	158,047	124,265
Non-current liabilities:		
Long-term bank loans	-	20,000
Mandatorily redeemable non-controlling interests	40,000	40,000
Others, net	8,802	8,364
Total non-current liabilities	48,802	68,364
Total liabilities	206,849	192,629
Total shareholders' equity	277,700	468,605
Total liabilities and shareholders' equity	484,549	661,234

Unaudited Condensed Consolidated Statements of Comprehensive Loss

(RMB '000)	2020 Q2	2021 Q1	2021 Q2	2020 H1	2021 H1
Total revenues	35,700	22,977	12,164	54,518	35,141
Costs of revenues	(15,147)	(8,451)	(3,897)	(22,811)	(12,348)
Gross profit	20,553	14,526	8,267	31,707	22,793
Operating expenses:					
Sales and marketing expenses	(9,218)	(9,486)	(10,762)	(14,994)	(20,248)
General and administrative expenses	(16,348)	(46,059)	(42,809)	(26,956)	(88,868)
Research and development expenses	(17,870)	(27,854)	(31,769)	(34,530)	(59,623)
Total operating expenses	(43,436)	(83,399)	(85,340)	(76,480)	(168,739)
Other operating income	3,724	2,667	2,163	4,493	4,830
Operating loss	(19,159)	(66,206)	(74,910)	(40,280)	(141,116)
Other income/(expense):					
Interest and investment income	974	1,957	561	2,386	2,518
Interest expenses	(488)	(394)	(474)	(976)	(868)
Foreign exchange gain/(loss)	278	(306)	38	7	(268)
Other(expense)/income/	(1,445)	2,541	192	(1,364)	2,733
Total other income/(expense)	(681)	3,798	317	53	4,115
Loss before income tax and share of net loss from an equity investee	(19,840)	(62,408)	(74,593)	(40,227)	(137,001)
Income tax benefits/(expenses)	145	(117)	-	145	(117)
Loss before share of net loss from an equity investee	(19,695)	(62,525)	(74,593)	(40,082)	(137,118)
Share of net loss from an equity investee	(33)	-	-	(52)	-
Net loss	(19,728)	(62,525)	(74,593)	(40,134)	(137,118)
Net loss attributable to non-controlling interests	1,111	361	197	1,967	558
Net loss attributable to ordinary shareholders	(18,617)	(62,164)	(74,396)	(38,167)	(136,560)

Unaudited Condensed Consolidated Statements of Cash Flows

(RMB '000)	2020 Q2	2021 Q1	2021 Q2	2020 H1	2021 H1
CASH FLOWS FROM OPERATING ACTIVITIES					
Net loss	(19,728)	(62,525)	(74,593)	(40,134)	(137,118)
Adjustments to reconcile net loss to net cash used in operating activities:					
Share-based compensation	8,012	48,871	25,489	9,948	74,360
Allowance for doubtful accounts	3,727	505	5,869	3,869	6,374
Others, net	1,881	(410)	2,107	3,470	1,697
Changes in operating assets and liabilities:					
Accounts receivable	(30,900)	54,542	(8,220)	(39,991)	46,322
Cost and estimated earnings in excess of billings	-	-	-	10,490	-
Inventories	(18,868)	318	(10,849)	(30,021)	(10,531)
Accounts payable	11,446	(17,789)	412	14,142	(17,377)
Contract liabilities	(170)	1,613	(1,476)	(3,513)	137
Accrued expenses and other liabilities	(1,387)	(3,534)	7,548	(2,990)	4,014
Others, net	1,238	(5,417)	(5,663)	926	(11,080)
Net cash (used in)/provided by operating activities	(44,749)	16,174	(59,376)	(73,804)	(43,202)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property and equipment	(866)	(8,322)	(3,732)	(1,158)	(12,054)
Proceeds from maturity of short-term investments	2,500	49,271	56,600	15,500	105,871
Purchase of short-term investments	(19,899)	(18,000)	(125,161)	(37,099)	(143,161)
Loans to third parties	-	-	-	(53,900)	-
Repayment of loan from a third party	-	-	-	10,000	-
Others, net	(77)	(9)	(11)	(140)	(20)
Net cash (used in)/provided by investing activities	(18,342)	22,940	(72,304)	(66,797)	(49,364)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from short-term bank loans	5,000	5,000	-	10,000	5,000
Repayment of short-term bank loans	-	(5,000)	(5,000)	(5,000)	(10,000)
Proceeds from long-term bank loans	-	20,000	-	-	20,000
Proceeds from issuance of mandatorily redeemable non-controlling interests of a subsidiary	40,000	-	-	40,000	-
Proceeds from issuance of subsidiaries' equity to non-controlling interest holders	2,023	-	-	2,023	-
Proceeds from issuance of Class A ordinary shares pursuant to underwriters' exercise of over-allotment option	-	-	-	7,313	-
Proceeds from the issuance of Class A ordinary shares pursuant to a private placement	-	258,836	-	-	258,836
Payment of issuance of Class A ordinary shares pursuant to underwriters' exercise of over-allotment option's issuance costs	-	-	-	(516)	-
Payment of issuance costs for initial public offering	(304)	-	-	(9,423)	-
Net cash (used in)/provided by financing activities	46,719	278,836	(5,000)	44,397	273,836
Effect of exchange rate changes on cash and cash equivalents and restricted cash	(454)	4,351	(5,875)	2,731	(1,524)
Net (decrease)/increase in cash and cash equivalents and restricted cash	(16,826)	322,301	(142,555)	(93,473)	179,746
Cash and cash equivalents and restricted cash at the beginning of the period/year	245,015	140,173	462,474	321,662	140,173
Cash and cash equivalents and restricted cash at the end of the period/year	228,189	462,474	319,919	228,189	319,919

Investment Highlights



1. World's First Publicly Traded Urban Air Mobility Company
2. Massive, Fast-growing Target Market Ready for True Disruption
3. Global Market Leader and First Mover of Commercialization Ahead of Competition
4. World's Leading Scalable Urban Air Mobility Platform with Integrated Product Suite
5. Continuous, Industry-disruptive Regulatory Breakthroughs
6. Compelling High Growth and Margin Business Model
7. Ecosystem Enabler with Global Partnership Network
8. Experienced, Entrepreneurial Management Team

Thank You

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