

Gogoro Inc. (Q2 2025 Earnings)
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Corporate Speakers

- George Chiao; Gogoro Inc.; Head of SEC Reporting and Compliance
- Henry Chiang; Gogoro Inc.; Interim CEO
- Bruce Aitken; Gogoro Inc.; CFO

PRESENTATION

Operator^ Welcome to the Gogoro Inc., 2025 Second Quarter Earnings Call.

This conference call is now being recorded and broadcast live over the Internet. Webcast replay will be available within an hour after the conference is finished.

I'd like to turn the call over to the Gogoro team.

George Chiao^ Welcome to Gogoro's 2025 second quarter earnings conference call hosted by our Interim CEO, Henry Chiang; and CFO, Bruce Aitken.

Hopefully by now you have seen our earnings release. If you haven't, it is available on the Investor Relations tab of our website, investor.gogoro.com.

We are hosting our earnings conference call via live webcast through Gogoro's website where you can also download the earnings release materials. We will also be displaying the material on the webcast screen as we go.

(Operator Instructions)

Henry will provide an overview of Gogoro's progress, executions and achievements for the second quarter of 2025. Bruce will then go into the second quarter financial results in more detail. And then we will open the line for Q&A and answer as many questions as time allows.

As usual, we would like to remind everyone that today's discussion may contain forward-looking statements that are subject to risks and uncertainties, which could cause actual results to differ materially from those contained in the forward-looking statements. Please refer to the forward-looking statements that appear in our press release and investor presentation provided today.

Additionally, many of the financial figure we will use in our webcast are in a non-IFRS basis. For detail about the non-IFRS measure and reconciliation to the corresponding IFRS measures, please refer to our earnings release.

Now I would like to turn the call over to Henry.

Henry Chiang^ Thank you, George. Good morning. And good evening, everyone. And thank you for joining us for Gogoro's second quarter earnings call for 2025.

The word that we continue to rally around both internally and externally is focused. We are focused on delivering a great experience for our customers, predictable financial results and a clear vision for the future.

We are executing our plan and affirm our commitment to ongoing strategic streamlining of product and solutions. That streamlining has substantially increased our operating cash flow from \$4.8 million in the first half of 2024 to \$15.2 million in the first half of 2025 and cost savings initiatives are trending according to plan with approximately \$11 million in OpEx saved year-to-date versus 2024.

During the second quarter, we launched new products, continued our cost savings efforts and delivered improved gross margin as well as generating operating cash flow for the first half of 2025.

We increased our adjusted EBITDA to \$12.5 million, a 4.2% increase over last year and delivered adjusted gross margin of 17.0%, an improvement over 13.5% in 2024.

We continue to invest both for future products as well as in our ongoing battery upgrade initiatives. Macroeconomic trends including uncertainty regarding global trade and overall consumer confidence in Taiwan have resulted in overall 2-wheel market reduction.

Despite these challenges to top line revenue, we continue to deliver improved non-IFRS results. Product development continues as planned, a new vehicle will be launched in quarter three as well as an all-new vehicle platform in 2026.

New battery pack developments are underway to meet aggressive cost targets and increasing applications for second life uses of battery packs are being identified with partners.

International markets are showing positive signs. Increased demand for Gogoro solutions in Korea for B2B applications, substantial government policy pronouncements in Vietnam indicating tailwinds for electrification of the 2-wheeler market and good progress toward the establishment of our joint venture with Castrol in Vietnam.

I believe Gogoro's current market valuation does not reflect the fundamental value of our business. We are committed to acting in the best interest of our customers, shareholders and employees to increase our performance, deliver solid and predictable financials and contribute to an improved long-term view of Gogoro.

We would like to reaffirm that we remain on track to our long-term financial objectives of energy breakeven in 2026. Energy cash flow positive in 2027 and vehicle business profitability in 2028. Whole company profitability will be achieved in 2027.

We've done the hard work of repositioning the company. And while change takes time, we are seeing these efforts result in improvements to our operational goals and financial performance indicators.

Let me now turn the call over to Bruce for more detail on the financials.

Bruce Aitken^ Thanks, Henry.

We delivered meaningful financial improvements in the second quarter of 2025 and demonstrated that our focus is clear and taking effect.

Our battery swapping business continues to deliver as expected, with revenue of \$37.6 million, up 8.5% year-over-year. If we exclude the onetime cost for the battery upgrade initiative that we are undertaking, our battery swapping business is already reaching breakeven and we expect to complete those battery upgrades by the end of the year, which should see improved bottom line financial results, both in the second half of 2025 and in full year 2026.

A new pay-as-you-go Gogoro network plan was launched this quarter to complement the off-peak unlimited mileage plan we launched towards the end of the first quarter. The off-peak unlimited mileage plan allows consumers who primarily swap during off-peak hours to enjoy lower cost services by assisting us in increasing the efficiency of our platform. And the pay-as-you-go plan allows customers after paying an upfront onetime fee to only pay for their actual energy consumption.

These two plans seek to address some of the regular feedback we get from consumers regarding our services and indicate our interest in innovating on our offerings to meet the needs and use cases of our customers.

We continue to see increases in our total installed base of batteries and subscribers, total kilometers written on Gogoro's ecosystem and continued market penetration. Total subscribers at the end of the first quarter was 648,000, up 7% from 608,000 subscribers at the end of the same quarter last year.

We continue to see the strength of our subscription-based business model, which enables us to accrue more customers to maximize our battery swapping network efficiency.

We also launched a new vehicle this quarter called Ezzy, it's a great product, which allows new consumers to buy an electric vehicle for as little as TWD 26,680 or USD 910 after the government subsidies.

We're seeing significant demand for a vehicle in this price band and Ezzy is light, easy to maneuver and can be driven by anyone who has either a motorcycle license or a car driver's license.

The versatility of the product has seen it perform well during its first months in market and iterations of the product based on the same designer planned.

While the product launch was a bit behind schedule, due to government approval processes. And while that delayed temporarily affected our Q2 sales cadence, I'm happy to report that market traction has been strong in July. We're seeing demand pick up, and we expect continued momentum in the second half of this year.

Looking ahead, we're excited to introduce a new entry-level high-performance vehicle in the second half of this year, and we've already started development on a new scooter vehicle platform for launch in 2026.

Innovation remains core to who we are, and we're going to continue building for the long term even in a short-term challenging market.

Sales of hardware and other revenue for the second quarter was \$28.2 million, down 39.1% year-over-year. The year-over-year decrease in sales of hardware and other revenue was driven primarily by a decrease in vehicle sales volume on a year-to-year basis, primarily due to the delayed launch of the Ezzy vehicle.

We did launch that vehicle in the second quarter and we believe these sales are nonperishable and the demand will shift to subsequent quarters. Additional factors include a minor reduction in parts, accessories and service revenue and less international sales than in Q2 of 2024.

There have been challenges in the past quarter. The overall 2-wheeler market in Taiwan was 11% lower than the same quarter last year, the lowest Q2 performance for the last three years. And the overall macroeconomic climate driven by uncertainty regarding tariffs and global trade impacted consumer sentiment and spending with consumer confidence slipping to its lowest point since April of 2024.

Despite these headwinds, we remain focused on what we can control, executing our strategy, innovating our product offerings and staying committed to long-term profitability.

By prioritizing agility and simplifying how we work over the last three quarters, we have been able to deliver consistent adjusted bottom line results despite soft sales and revenues. We anticipate a seasonal pickup in sales in the second half of the year and expect to be on track to the low end of our revenue guidance for the year.

For the second quarter, non-IFRS gross margin was 17% up from 13.5% in the same quarter last year. This was primarily driven by lower depreciation across our entire installed base of battery packs from increased network efficiency as well as the extended lifespan of upgraded batteries.

In the second quarter, we decreased operating expenses by \$5.1 million compared to the same quarter last year. This was the result of our focus on savings in general and administrative expenses and marketing and promotional expenses and other operational efficiency efforts.

For the second quarter, while net loss was \$26.5 million, adjusted EBITDA was \$12.5 million, representing an increase of 4.2% from \$12 million in the same quarter last year. This sets us up well to deliver against our financial targets for the year and for each of our businesses.

SG&A is trending lower as a percentage of revenue, reflecting discipline in execution. These are early but meaningful signs that our cost savings initiatives and structural changes we made are working. Of course, in an environment like this, results take time to flow through to the bottom line, but we're on the right path.

In the first half of 2025, we incurred an operating cash inflow of \$15.2 million compared to an operating cash inflow of \$4.8 million in the first half of 2024, primarily due to cost reductions from organizational restructuring, improved expense efficiency and favorable changes in operating assets and liabilities.

During the second quarter ended June 30, 2025, we drew down a TWD 2.0 billion loan, which is approximately \$68.3 million in new long-term borrowings to enhance our liquidity and strengthen our financial structure in preparation for potential market uncertainties.

With the current cash balance of \$92 million at the end of the second quarter of 2025 and the additional credit facilities that are available to us, we believe we have sufficient sources of funding to meet our near-term business growth objectives.

We anticipate the Taiwan 2-wheeler market in 2025 to be slightly more subdued than in 2024. Due to the later-than-expected launch of Ezzy, our revenues are likely to come in at the low end of the previously provided range of \$295 million to \$315 million for the full year. We estimate that approximately 95% of such full year revenue will be generated from the Thailand market.

Our gross margin may be continuously negatively impacted in the short term because of our ongoing and accelerated battery upgrade initiatives, which we are expecting to be completed by the end of 2025.

Gogoro is on the right path to profitability. We are conscious of the need to stay focused and deliver, and we look forward to doing so throughout the balance of 2025.

Our long-term goals remain unchanged. We continue to expect profitability in our battery swapping business by 2026 and we remain on track toward our 2026 through 2028 targets as previously communicated.

We're navigating through one of the toughest consumer environments in recent years. Our strategy is working in the organizational shifts we made over the past three quarters are starting to yield results. New products are gaining traction and we're optimistic about the second half of this year.

Thanks. And now we'll take some questions.

QUESTIONS AND ANSWERS

George Chiao^ Thank you, Henry, and Bruce for the updates.

As attendees are formulating your questions, I will ask three questions that we have collected.

Question number one, given Taiwan's 2035 and 2050 net zero targets and the current pace of EV adoption, especially among the 15 million registered scooters, it seems the transition is clinically lagging behind expectations. From your perspective, is the government planning to introduce more aggressive subsidy programs or regulatory incentives to accelerate electrification and how is Gogoro positioning itself to align with or influence this upcoming policy shift.

Henry Chiang^ Thanks, George. That's a great question.

And you are right to point out the gap between the policy ambition and current adoption rates. Taiwan government has make clear -- make it clear the commitment to achievement -- to achieving net zero emission by 2050. And transportation electrification particularly in the 2-wheeler space, is a major part of the strategy.

However, the current path of adoption while encouraging in some regions does need to accelerate significantly if we are going to meet the 2035 intermediate goals.

We are actively engaged in ongoing dialogue with the officials. And based on those discussions, we hope the government is able to consider more aggressive subsidies and regulatory measures being introduced by referring other countries where they are on track for their emission reduction targets, potentially as early as in 2026. And this could include target incentive for free electrification and more integrated charger infrastructure funding.

But policy is the main part of the electrification. But at Gogoro, we are not just waiting for the policy. We are leading with scalable solutions. Our smart battery swapping network hardware platforms and recent partnership with traditional OEMs are designed to ensure that when the next run of subsidies does arrive, the market has the capacity and readiness to scale rapidly.

So yes, we do expect stronger government action on the horizon and we believe Gogoro is well positioned both technically and operationally to accelerate Taiwan's path towards net zero.

George Chiao^ Thank you, Henry.

Now the question number two, it appears that Gogoro will continue investing in battery upgrades and network infrastructure through the second half of 2025, which suggests that positive operating cash flow may not yet be sufficient to fully offset infrastructure investments. Shall we view this as a front-loaded investment cycle with a capital expenditure tapering of next year and assuming current adjusted gross margin level are maintained, can we expect net cash flow to turn positive at some point in 2026?

Henry Chiang^ Thanks, George.

As the question mentioned, investments in network infrastructure are really fundamental to our growth. We make those investments in infrastructure, both through the expansion of the Gogoro network and also through upgrades of some of our battery packs, which we do -- which we're doing at the moment. And as we've said, those upgrades should be completed by the second half of 2025.

This is an investment period for us. We have to preposition batteries and stations before customers are willing to adopt our technology. We've been very successful at that in Taiwan and expect to continue those investments in the coming quarters and in the coming months.

On the margin side of things, we are expecting a gradual improvement or at least the maintenance of our current gross margins as we slow down the number of upgrades that we need to do in the back half of the year and going into 2026. And as we've previously said, we expect the battery business to be fully -- full year breakeven in 2026 because it is effectively already breakeven if you take out those onetime battery upgrade expenses, that we're currently carrying.

So investment is a critical part of our growth story. We are managing that investment in such a way to maintain gross margin, and we are anticipating a breakeven basis for our Energy business in 2026 full year.

George Chiao^ Thank you, Bruce. Here's question number three.

Could you please provide an update of your current relationship with Castrol, the progress of the joint venture in Vietnam and when do you expect to begin recognizing revenue from this partnership?

Henry Chiang^ Yes. So thanks for the question.

Our partnership with Castrol remains strong and strategic. We have been working closely together on the joint venture in Vietnam and with the goal of accelerating the development of our battery swapping platform and supporting 2-wheel electrification in the region.

I think Bruce can give more color on this project.

Bruce Aitken^ So Vietnam, as I think most people know is a large and strategic market for 2-wheelers in the Southeast Asia region. We're excited to move towards pilot towards the end of this year. We're excited to move towards full launch in 2026.

We don't expect instant revenue pickup from any of our international operations, but we do expect that over the course of the coming quarters, in the coming years that the Vietnam market will continue to grow, and we hope other international markets will continue to grow as well.

So we do expect some revenue in 2026, although I don't expect it to be a sizable amount, given our overall almost \$300 million revenue for the full year 2025.

George Chiao^ Thank you, Henry and Bruce.

Operator, please open the line for the Q&A session.

Operator^ Thank you. We will now take your questions from the webcast. (Operator Instructions) I'll now hand back to George to check for questions online. George?

George Chiao^ Okay. We will give it a minute or two, let people formulating their question.

Operator^ There are no questions at this time. I'll now turn the call over to Henry for some closing remarks.

Henry Chiang^ Thank you all for joining us today.

As we look ahead to the second half of 2025 and beyond, we remain focused on executing our strategic priorities, accelerating electrification, scaling our battery swapping network and deepening our relationship in Taiwan while expanding into high-growth international markets.

We recognize the importance of balancing innovation with financial discipline. The investments we are making today are positioning us for sustainable growth and long-term profitability.

As a global shift towards clean mobility continues, we believe Gogoro is uniquely positioned to lead the transformation not just in technology but in how energy is delivered and consumed in cities.

Thank you again for your continued support and confidence in Gogoro. We look forward to updating you on our progress in the quarters ahead.

Operator^ Thank you for your participation in today's conference. This does conclude the program. You may now disconnect your lines.