

hGears AG Group: Start to 2025 as expected - well positioned for a persistently challenging market environment thanks to measures

FIRST-QUARTER 2025 HIGHLIGHTS

- Group sales of EUR 25.1 million 3.5 % lower than in the previous year
- The positive development of e-Tools only partially compensated for the declining business performance of [e]-Mobility and e-Bike in particular
- Gross profit at previous year's level despite declining sales
- Adjusted EBITDA totalled EUR 0.7 million, which corresponds to an improvement of EUR 0.2 million compared to the previous year
- We confirm our outlook for 2025

Schramberg, 13 May 2025 - hGears AG generated consolidated revenue of EUR 25.1 million and adjusted EBITDA of EUR 0.7 million in the first quarter of 2025. The e-Tools business area recorded a positive development, which, however, could not offset the slight decline in [e]-Mobility and particularly in e-Bike. Overall, Group sales in the first quarter of 2025 were down 3.5 % on the previous year. Despite the persistently challenging market environment, the Group therefore succeeded in achieving results in line with the expectations of the Management and the forecast.

After the destocking in the prior-year period had a strong negative impact on e-Tools, the business area stabilised further in 1Q25 and recorded a 20.4 % increase in sales to EUR 8.7 million. Despite the noticeable negative impact on the automotive industry due to the threat of US tariffs and the structural crisis in the industry - not least as a result of the slowdown in the transformation to electromobility - sales in the [e]-Mobility business area were only slightly weaker, falling by 3.8 % to EUR 12.2 million. The destocking process, which extends across all channels of the bicycle industry, is continuing for the third year in a row and is likely to be reflected in a further downward trend in bicycle production in 2025. The ongoing streamlining process was reflected in the e-Bike business area in the first quarter of 2025 with a further decline in sales of 32.1% to EUR 4.0 million.

Adjusted gross profit reached EUR 11.7 million in 1Q25, marginally up on the prior-year quarter despite a lack of operational leverage, inefficiencies related to start-stop costs and a deterioration in the product mix. This resulted in an adjusted gross margin of 46.7 %, which corresponds to an increase of 190 basis points compared to the previous year's figure. The structural and organisational measures implemented in recent quarters are having a positive effect and contributed to a reduction in fixed costs, among other things. Adjusted EBITDA totalled EUR 0.7 million in the reporting period, reflecting a margin of 2.6 %. hGears' balance sheet remains stable with an equity ratio of 47.2 %, cash and cash equivalents of EUR 14.3 million and net debt of EUR 13.8 million.

Sven Arend, CEO of hGears, comments:

"In the first quarter of 2025, we achieved a solid result in line with expectations despite persistently challenging market conditions and economic policy uncertainties. However, we believe that hGears and the e-Bike business area in particular have not yet bottomed out. We are well prepared for the current market situation at and the organisational and operational measures we have implemented are having an increasingly positive effect, while at the same time we are consistently driving forward the further development of our business and the expansion of our

entrepreneurial flexibility. This will ensure that we are efficient and strategically well positioned to benefit from a recovery in the end markets."

OVERVIEW 1Q 2025 FIGURES

Group figures (in EUR million)	1Q 2025	1Q 2024	Δ
Revenue	25.1	26.0	-3.5 %
Adj. Gross profit	11.7	11.6	0.7 %
Adj. Gross profit margin	46.7 %	44.8 %	190 bps
Adj. EBITDA	0.7	0.5	25.9 %
Adj. EBITDA margin	2.6 %	2.0 %	60 bps

Revenues by Business Area (in EUR million)	1Q 2025	1Q 2024	Δ
e-bike	4.0	6.0	-32.1 %
[e]-Mobility	12.2	12.6	-3.8 %
e-Tools	8.7	7.3	20.4 %

Please note: The figures may be rounded.

OUTLOOK

The outlook for the 2025 financial year remains unchanged. Against the backdrop of ongoing cyclical, geopolitical and economic challenges on international markets, the Management of hGears continues to expect

- Group revenues of EUR 80 - 90 million
- Adjusted EBITDA of EUR minus 4 to minus 1 million
- Free cash flow of EUR minus 6 to minus 2 million

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About hGears

hGears is a global manufacturer of mission-critical high-precision gears and components with a strategic focus on products for e-mobility. The products include gears, shafts and other function-critical components that are used in electric drive systems for e-bikes and in electric and hybrid vehicles (EHV). In the e-bike sector, hGears AG is a leading European company in the supply of high-precision gear parts and components. The company is thus well positioned to benefit from the growing end markets for e-bikes and EHV. hGears has three different business areas for which it develops and manufactures high-precision components: e-Bike, [e]-Mobility (primarily for premium and luxury cars, EHV and powersports vehicles) and e-Tools.

hGears combines over 65 years of experience in highly developed machining steel processing and state-of-the-art sintered metal production. This makes it one of the few companies in the world that can offer its customers both processes. hGears works together with its customers in a "co-development" role to design components and find technologically optimal solutions to satisfy the customer's specifications. hGears' blue-chip customer base includes several major Tier 1 suppliers and original equipment manufacturers (OEMs). The company benefits from long-standing, stable and sustainable relationships with its customers, with many key customers being supplied for more than 20 years.

hGears is headquartered in Schramberg (Germany) and operates worldwide with production facilities in Schramberg (Germany), Padua (Italy) and Suzhou (China). Visit hGears on the Internet at: www.hgears.com