



HALF-YEAR FINANCIAL REPORT

2025

hGears

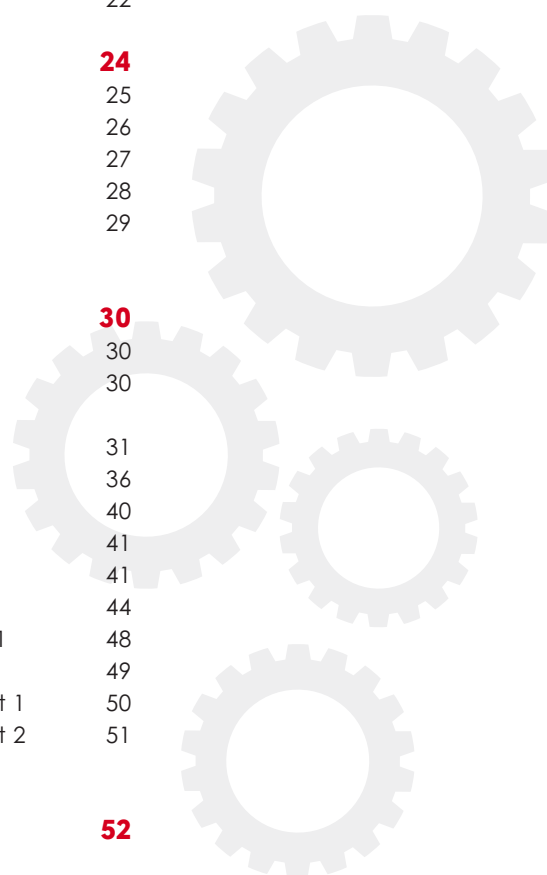
the **heart** of your
performance

KEY FIGURES

in EUR million	H1 2025	H1 2024
Revenue	49.5	50.5
Gross profit	22.6	22.8
Gross profit margin in %	45.6	45.3
Adjusted EBITDA	1.1	0.5
Adjusted EBITDA margin in %	2.2	1.1
EBIT	-5.4	-6.7
Net result	-6.5	-8.1
Net return on revenues in %	-13.1	-16.0
Free cash flow	-2.3	-1.7
Net financial position	-14.7	-6.2
Net debt / adj. EBITDA	14.1×	1.9×

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WHO WE ARE

LEADING SUPPLIER OF HIGH-PRECISION GEARS AND COMPONENTS

hGears develops and manufactures high-precision gears and components with a strong focus on e-mobility and e-drive applications. The legacy of the Company dates back to 1958, which means that the group combines more than 60 years of experience and unique expertise in machined metal processing and state-of-the-art sinter process production. With its three production sites in Schramberg (Germany), Padova (Italy) and Suzhou (China), hGears is one of few companies able to offer both metal processing technologies worldwide.



FOCUS ON E-MOBILITY

A woman wearing a red t-shirt with a 'MALOJA' logo, a white helmet, and sunglasses is riding a black cargo e-bike. A young child wearing a white helmet and a grey jacket is seated in the front cargo basket of the bike. The basket is filled with fresh produce, including green beans and red onions. They are riding on a dirt path that curves through a rural landscape with green fields and distant hills under a clear blue sky. The image has a motion blur effect, suggesting speed.

The group is a globally leading manufacturer of best-in-class precision gears and components for e-mobility applications, especially e-bikes. hGears is constantly increasing its weight in this global business by providing agile and distinctive co-development engineering services. This enables new customers to introduce their products faster into the market while at the same time allowing existing customers to expand their product offering. This drives hGears' profitable organic growth.

SUSTAINABLE LEADERSHIP DRIVEN BY STRONG RESEARCH & DEVELOPMENT

The backbone of the group's growth are the strong research and development (R&D) capabilities paired with unique co-development expertise. Meanwhile, hGears benefits of the extensive production technology know-how that has grown over decades, enabling the group to meet even the highest requirements in terms of noise, weight and torque. As a result, hGears is a quality leader in all business areas it operates in and continues to be a first mover in e-mobility where it seeks to expand its important role as a prime supplier. Thereby, hGears was able to establish itself as a supplier of mission critical components for high-end products.

WORKING IN TANDEM WITH THE CUSTOMERS

Due to the high specification of the products, hGears always works closely with its customers in a co-developer role to adapt the product design to the requirements and optimize the manufacturing process in terms of quality and cost. hGears continues enhancing and expanding its co-development capability as this is one key differentiator for winning new projects, above all in the e-mobility industry. Furthermore, the process also deepens the long-lasting relationships with existing customers.



THE FIRST SIX MONTHS OF 2025 AT A GLANCE



EUR 49.5 M

Revenue
H1 2025



EUR 1.1 M

Adj. EBITDA
H1 2025



EUR 14.7 M

Net debt
H1 2025

e-Bike
15%



[e]-Mobility
48%

e-Tools
37%

Sales
H1 2025



Leading supplier
for e-bike
precision
components



47.8%

Equity ratio



×3

Production sites
in Germany, Italy, China



614

Employees

TO OUR SHAREHOLDERS

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LETTER FROM THE MANAGEMENT BOARD

Dear shareholders, ladies and gentlemen,

The structural and efficiency measures implemented in previous years enabled us to improve adjusted EBITDA in the first half of 2025 compared with the same period last year, while volumes and sales remained virtually unchanged. This demonstrates that, through the partly far-reaching measures taken in recent years, the Company has successfully positioned itself for a still challenging environment, which continues to be characterized by economic uncertainty, political tensions, and new armed conflicts.

The measures also included the reintroduction of short-time work at our European sites in the first half of 2025, despite the layoffs decided in the previous year. We are aware of the burden these measures place on our employees. We are all the more grateful to them for their high level of flexibility, loyalty and tireless commitment in times of great uncertainty. Thanks to their dedicated contribution, we are facing the current challenges with determination and are working together to emerge stronger from the current situation and secure the future of our company.

In addition to the structural and organisational adjustments, there was also a change to the Supervisory Board: Professor Volker Stauch, who supported hGears with his extensive operational expertise for many years prior to the IPO, stepped down as Chairman at the 2025 Annual General Meeting. The shareholders elected Marco Freiherr von Maltzan as his successor, who will lead the board with his many years of operational experience and proven financial expertise. We would like to express our sincere thanks to Professor Volker Stauch for his many years of dedicated support, which has had a lasting impact on the development of hGears. At the same time, we would like to welcome Mr. von Maltzan on behalf of the entire Company.



Sven Arend and Daniel Basok

The economic environment remained volatile, not least due to emerging economic policy tensions, which were primarily influenced by the threatened and partially implemented tariffs of the new US administration. While inflation in Europe has been declining since the beginning of the year and was exactly in line with the ECB's target of 2% in June 2025, the United States also initially saw a downward trend before the inflation rate picked up again. The European Central Bank responded by easing its monetary policy and lowering its deposit rate by a total of 100 basis points since the beginning of the year, while the US Federal Reserve left its key interest rate unchanged. Overall, the geopolitical and economic environment had a negative impact on consumer sentiment.

Nevertheless, the e-Tools business area continued its positive sales performance, supported in particular by solid demand from the garden tools segment. In the [e]-Mobility business area, our focus on the premium and sports segments contributed to stability, while ongoing structural challenges in the automotive industry in the Western Hemisphere and weak consumer sentiment had an adverse effect. As expected, the e-Bike business area continued to be affected by the reduction of excess inventories. However, initial indicators may suggest that the trough in this industrial segment could have been reached.

The positive performance of e-Tools in the first half of the year helped cushion the slightly declining trend in [e]-Mobility and, in particular, the negative trend in e-Bike, though it did not fully offset these developments. Revenue declined slightly by 1.8% to EUR 49.5 million in the first half of 2025 compared with the same period of the previous year, while adjusted gross profit fell by 4.1% to EUR 22.6 million.

However, thanks to targeted countermeasures and despite the continued lack of operating leverage and ongoing start-stop inefficiencies, adjusted EBITDA reached EUR 1.1 million in the reporting period, compared with EUR 0.5 million in the previous year, representing an increase in the adjusted EBITDA margin of 60 basis points to 1.1 %. The balance sheet remained stable at mid-year with an equity ratio of 47.8 % (December 2024: 49.4 %). In order to reduce interest expenses and thus save costs, existing credit lines with banks were not utilised and were repaid in the second quarter, resulting in cash and cash equivalents of EUR 9.4 million at the end of June 2025. Including the repaid credit lines, cash and cash equivalents would have amounted to EUR 14.4 million, compared with EUR 17.1 million at the end of 2024. Due to seasonal factors, the ratio of net working capital to revenue was 9.1 %, slightly below the previous year's figure of 9.2 %.

Sustainability is firmly anchored in hGears' business model, regardless of changing regulatory conditions. The increasing demand from our customers for information on sustainability shows that our proactive approach is gaining strategic importance. In the first half of 2025, we developed new ESG monitoring and control systems that will be implemented in the course of the year and will serve as effective tools for managing and implementing our sustainability goals. This underscores our commitment to being a responsible corporate citizen and increasingly aligning our business practices with ESG criteria.

Overall, we are satisfied with the operational and financial performance of the Company in view of the challenging first half of the year, in which the countermeasures we initiated had an additional impact and further successes became apparent.

Despite the current tense market environment, we are looking ahead with confidence. We are convinced that structurally increasing demand in all three business areas will support our growth in the medium to long term, and we are strategically well positioned to benefit from the underlying industry trends.

We would like to express our sincere thanks to all our employees, shareholders, customers and business partners for their continued support and trust. You all make an important contribution to the successful development of hGears. We will, of course, continue to keep you regularly informed about significant progress and the course of business.

Schramberg, 13 August 2025

Management Board,

Sven Arend, CEO
Chairman of the
Management Board

Daniel Basok, CFO
Member of the
Management Board

HGEARS AND CAPITAL MARKETS

Key data hGears stock H1 2025

Number of shares as of 30 June 2025	10,400,000 shares
Share capital as of 30 June 2025	EUR 10,400,000.00
Share price as of 30 June 2025	EUR 1.48
Market capitalization as of 30 June 2025	EUR 15.4 million
Share price high H1 2025	EUR 2.25
Share price low H1 2025	EUR 1.34

Share reference data

ISIN	DE000A3CMGN3
German Securities Identification Number	A3CMGN
Bloomberg Ticker Symbol	HGEA GR
Reuters Ticker Symbol	HGEA.DE
Stock Market Segment	Prime Standard

The world's leading stock indices were volatile in the first half of 2025, which was not surprising given ongoing geopolitical tensions, new armed conflicts and increasing uncertainty due to erratic economic policy decisions. Despite these negative factors, stock markets tended to perform well, with European stock markets and, above all, the DAX index recording the strongest gains. The main drivers were, on the one hand, the ongoing global AI boom and the associated impetus for peripheral industries (AI infrastructure). On the other hand, the investments in infrastructure and defence announced by several European countries contributed to the positive development, with Germany sending a clear signal with its new government programme.

While inflation in Europe has been declining since the beginning of the year and was exactly in line with the ECB's target of 2% in June 2025, the United States also initially saw a downward trend before the inflation rate picked up again. The interest rate moves expected by the stock markets from the US Federal Reserve are increasingly becoming the focus of political attention, which has led, among other things, to a noticeable depreciation of the US dollar. On the European stock markets, however, the focus no longer seems to be on monetary policy, but rather on economic developments, which are also likely to be supported by investment programmes.

In the first half of 2025, the German benchmark index DAX recorded solid performance, gaining 20.1%. The EURO STOXX 50, which tracks the performance of the most important listed companies in the Eurozone, rose by 8.9% over the same period. The SDAX, which comprises the shares of small and medium-sized German companies, recorded particularly strong growth, rising by 28.1%. Despite ongoing challenges in the automotive sector, the DAX sub-index Auto Parts & Equipment also achieved an increase of 14.6%.

In the first half of 2025, hGears shares reached their high of EUR 2.25 on 6 March and their low of EUR 1.36 on 11 June. The closing price on 30 June was EUR 1.48, representing a decline of 12.7% since the beginning of the year. In the first six months of 2024, an average of 12,875 shares were traded per day (annual average for 2024: 5,569 shares).

As of 30 June 2025

Bank	Target price EUR	Recommendation
ABN Amro – Oddo BHF	1.80	Neutral

Annual General Meeting 2025

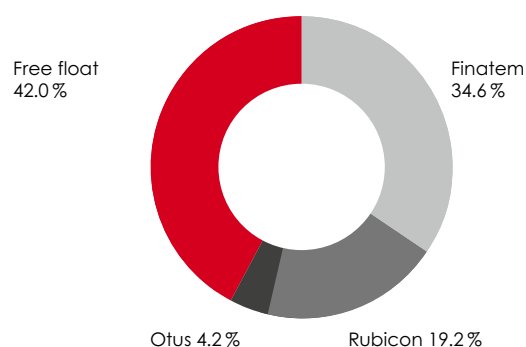
The shareholders of hGears AG approved all items on the agenda at the Annual General Meeting held on 11 June 2025 at the company's headquarters in Schramberg. For the first time, the Annual General Meeting was held as an in-person event, reflecting the preferences of many of our shareholders. A total of 71.71 % of the share capital was represented. All resolutions put to the vote were approved by a large majority.

Marco Freiherr von Maltzan was elected to the Supervisory Board with 90.27 % of the votes and appointed to this body until 2030. In the subsequent constituent meeting, Mr von Maltzan was elected Chairman of the Supervisory Board. His extensive experience and proven expertise as a manager in top international positions make him the ideal Chairman of the Supervisory Board. He succeeds Professor Dr. Volker Stauch, who has stepped down from his position for personal reasons. The Management Board, Supervisory Board and the entire company would like to express their sincere thanks to Professor Stauch for his more than 13 years of service to the company, which he has played a key role in shaping as Chairman of the Supervisory Board since its IPO.

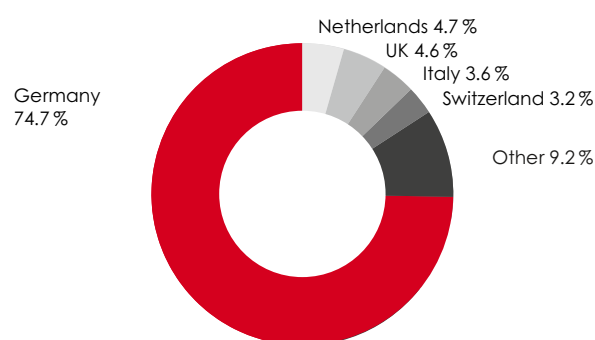
In addition, the Annual General Meeting approved the actions of the Management Board and Supervisory Board with approval ratings of 99.99 % and 97.76 %, respectively. The remuneration report was approved with 89.69 % of the votes cast.

A detailed summary of the individual voting results and the presentation by CEO Sven Arend can be found under the link "Annual General Meeting" in the "Investor Relations" section of our website (www.hgears.com).

Shareholder structure 30 June 2025



Shareholders by region 30 June 2025



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COMPANY FUNDAMENTALS

Business model

hGears AG and its subsidiaries and second-tier subsidiary ("hGears Group", "Group") manufacture, distribute and sell high-precision turned parts, drive components, gear kits as well as complex system solutions. For this, the Group combines steel machining with powder metal technologies.

The Company develops, manufactures and supplies high-precision components and subsystems as well as complex overall system solutions. The products include gears, sprockets, shafts, structural components, complete transmissions and other mission-critical components used primarily in combustion-free electric or battery-powered applications (e-drive), in areas such as e-bikes, electric and hybrid vehicles (EHV), electric power-tools and gardening equipment. The mission-critical components are essential for the proper functioning of the end product and must meet highest quality requirements.

Within the supply chain, hGears operates as either a Tier 1 or Tier 2 supplier. As a Tier 1 supplier, hGears manufactures and supplies its products directly to original equipment manufacturers ("OEMs"), mainly in the electric power-tools and gardening equipment industries. As a Tier 2 supplier, hGears produces components for manufacturers who in turn develop systems for integration into end products (e.g., for e-bikes and EHVs). Many of hGears' customers are leaders in their own respective industries, and the Company benefits from having long-standing, stable and sustainable relationships with them. Many of hGears key customers have been with the Company for over 15 years.

hGears business activities are divided into three business areas:

e-Bike

The e-Bike business area focuses on the manufacture of high-precision, function-critical components (e.g. crankshafts and gears) for the production of electric drives for e-bikes and micromobility solutions. The business area offers both development and co-development services and uses its simulation capabilities, among other things, to support customers in reducing weight, noise and vibrations.

[e]-Mobility

The [e]-Mobility business area supplies the automotive industry with high-precision and function-critical parts and systems for electric vehicles, hybrid vehicles and vehicles with combustion engines in the premium, sports and luxury segments as well as powersports vehicles. Engineers support the development and co-development processes and help to optimize the systems' noise, vibrations, and durability. hGears meets the highest quality standards and holds all the necessary certifications, which is increasingly proving to be a competitive advantage.

e-Tools

This business area focuses on components used in the drive mechanism of electric power-tools and gardening tools (e-drive). It includes the production of precision components used in the part of the gearbox that connects the electric motor to the actual tool (e.g., cutting and trimming tools). The business area also manufactures gearboxes for various industrial applications, such as roller shutters and systems for heating, ventilation and air conditioning.

Share Capital

The Company successfully completed its IPO in 2021. Since 21 May 2021, hGears shares have been listed in the Prime Standard of the Regulated Market of the Frankfurt Stock Exchange. There were 2,400,000 new shares and 8,000,000 old shares admitted to trading on the regulated market, amounting to a total of 10,400,000 no-par value ordinary bearer shares. Each share has a notional amount in the share capital of EUR 1.00, is granted one vote at the Annual General Meeting, and is fully entitled to dividends, should a dividend be paid.

Authorized Capital 2025

By virtue of the amended Articles of Association approved by Annual General Meeting on 11 June 2025, the Executive Board is authorized, with the approval of the Supervisory Board, to increase the share capital of the Company on one or more occasions on or before 10 June 2030, by up to a total of EUR 5,200,000.00 by issuing

up to a total of 5,200,000 new no-par value bearer shares in return for cash contributions and/or contributions in kind (Authorized Capital 2025). The Executive Board is authorized, with the approval of the Supervisory Board, to determine the further content of the share rights and the conditions of the share issue and the implementation of the capital increases. Among other things, the Executive Board was also authorized, with the approval of the Supervisory Board, to exclude shareholders' subscription rights under certain conditions and within defined limits.

No use has been made of the authorized capital 2025 to date.

Conditional Capital 2025

The Management Board was authorized by the Annual General Meeting on 11 June 2025, with the approval of the Supervisory Board, to issue convertible and/or warrant-linked bonds or profit-sharing rights with or without conversion or subscription rights (collectively hereinafter also referred to as "bonds") in a total nominal amount of up to EUR 100,000,000.00 on one or more occasions until 10 July 2030. The holders of the Bonds referred to in the preceding sentence may be granted conversion or subscription rights to up to 3,261,000 no-par value bearer shares of the Company with a pro rata amount of the share capital of up to EUR 3,261,000.00 in total. The conversion and subscription rights may be serviced from conditional capital to be resolved at this or future Annual General Meetings, from existing or future authorized capital and/or from a cash capital increase and/or from existing shares and/or provide for a cash settlement instead of the delivery of shares.

No use has yet been made of Conditional Capital 2025 to date.

Group strategy

The Company aims to be one of the world's leading manufacturers of high-precision components for e-mobility applications.

Strong profitable growth through a focus on e-mobility applications

In the emerging e-mobility sector, high-precision components are crucial for the development and optimization of e-drive applications. With hGears' focus on high-quality precision components, this results in market potential.

Decades of industry experience, initially gained in the e-Tools business area, have enabled hGears to develop the competence and know-how to meet the high requirements demanded by these applications for precision transmission parts and components that must withstand high torques, be lightweight, and minimize noise and wear and tear as much as possible. To meet these demands, the Company utilizes the latest technological processes with the highest quality standards in manufacturing.

hGears is currently focusing on further profitable, organic expansion in related business activities and increasing its market share in e-mobility applications. In Europe, the Company is already a leading supplier of high-precision gearboxes and components for e-bikes.

hGears' organic growth strategy remains focused on expanding its customer base. This includes expanding the range of products and solutions for new and existing customers in the [e]-Mobility and e-Tools business areas. By taking this approach, hGears can benefit from the continuing demand for e-bikes and the future trend of micromobility. As part of the current technical evolution, e-motors and transmissions are being combined to form an integral system. hGears has been able to establish itself as a preferred partner for such systems in this area based on its long-standing experience in the production of high-precision parts. In the past years, hGears succeeded in concluding several prototyping agreements and is constantly in talks with both existing and new customers to embark on further development projects.

To enable further growth, hGears has made investments in recent years and is very well equipped for a recovery in demand.

Co-development

To optimally tailor its offering to customer needs and further strengthen business relationships, hGears is extensively and meaningfully involved in its customers' development process. The Company works with

customers in a “co-development” role to design components and find technically optimal solutions that meet the customer’s specifications. hGears provides it based on its long-standing experience, precise knowledge of the applicable standards and use of state-of-the-art calculation tools.

Co-development is particularly important for manufacturers of e-bikes and electric and hybrid vehicles, as mission-critical requirements are typically accompanied by higher quality and precision demands and often require customized solutions. Co-development is also a key differentiator for winning projects in newer markets such as e-mobility and is readily embraced by most customers.

Research and development

hGears has over 65 years of experience in advanced machined steel processing and state-of-the-art sintered metal production. Its research and development programmes are primarily focused on testing, validating, and integrating new alloys, advanced simulation models, and innovative production processes into the Company’s production processes and business model.

By focusing specifically on innovations for e-mobility solutions combined with continuous quality and cost improvements, hGears firmly believes that its research and development capabilities and combined expertise are key differentiators and the main reasons for its leading market position. Examples in this area are hGears’ ability to design for NVH (Noise, Vibration, Harshness) and lightness and efficiency, combined with its expertise in simultaneous engineering.

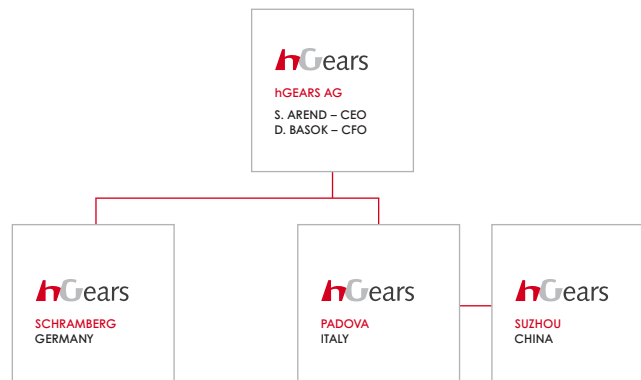
hGears major strength in engineering is its multinational technical teams, consisting of highly talented and experienced engineers covering all phases of research and development, from advanced design to application and process engineering. These capabilities are an important strategic asset for the Company’s further growth. In providing co-development expertise, hGears engineers also work closely together with customers. The added value related to these activities also supports our pricing efforts.

The Company is leveraging the Process and Application Engineering expertise in e-drives to increase their range and performance and reduce costs at the same time.

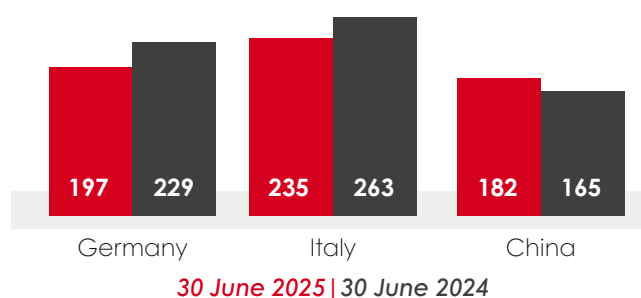
The current R&D activities are focused on developing additional production processes and expanding the Company’s patent portfolio.

Locations and employees

hGears is headquartered in Germany and operates globally with production facilities in Schramberg/Germany, Padua/Italy, and Suzhou/China.



As of 30 June 2025, hGears had 614 (30 June 2024: 657) FTEs (excluding members of the Management Board). The distribution of employees across the various locations was as follows:



Of these employees, 512 work as factory workers and 102 as administrators and managers (excluding Management Board).

Management system and performance indicators

Despite the Company's voluntary disclosure of revenue figures for the three business areas, hGears is a single-segment company. Information on segment reporting can be found in [Note 3.7 Segment Reporting](#) contained in the notes to the consolidated financial statements.

hGears manages its business activities using selected financial performance indicators that are continuously monitored and integrated into the monthly reporting to the Management Board. The key performance indicators used by hGears' management to measure the success of its operations are revenues, adjusted EBITDA (adjusted earnings before interest, taxes, depreciation and amortization) and free cash flow.

Sales and marketing

hGears' customers select their suppliers by first reviewing the supplier's technical capabilities within the scope of a bidding phase. The number of potential suppliers per component is typically limited to two or three, as manufacturers require very specific production and technical capabilities. With increasing product complexity and customization, purchasing decisions are shifting to the engineering departments of OEMs and Tier 1 suppliers and away from procurement departments. This extends the time frame for the selection process, e. g., qualification processes in the automotive industry can take up to five years.

BUSINESS REPORT

Economic environment

The global economy grew at an almost unchanged pace at the beginning of 2025 compared with the previous two quarters. In the advanced economies, growth slowed significantly, and in the United States, GDP contracted slightly in the first quarter after having expanded strongly before. The main reasons were subdued private consumption and uncertainty related to new US tariffs, which led to a marked increase in global trade and industrial production until March. This increase was mainly driven by front-loading effects before momentum declined sharply from April onward. Emerging markets continued to expand strongly in the first quarter, with India benefiting in particular from tax cuts and higher incomes. Growth in China remained stable, while Latin America recorded solid gains overall. According to the Kiel Institute for the World Economy (IfW No. 124 2025/Q2 of June 11, 2025)¹, the global economy likely weakened significantly in the second quarter, especially in the United States, where tariffs and persistently high interest rates dampened economic activity, which may have had a negative impact on the global economy. While inflation in Europe has fallen to the ECB's target level of 2 % since the beginning of the year – and temporarily even below that mark – the United States initially showed a similar downward trend before inflationary pressure picked up again. US inflation declined from 2.82 % in January to 2.31 % in May, but rose again to 2.67 % in June.

¹ https://www.ifw-kiel.de/fileadmin/Dateiverwaltung/IfW-Publications/fis-import/989badcc-661a-46b3-83c6-bb6de3f9c35a-KKB_125_2025-Q2_Deutschland_DE_.pdf

In the eurozone, inflation decreased from 2.3 % in January to 1.9 % in May and stood precisely at 2.0 % in June. Against this backdrop, the US Federal Reserve kept the target range for its key interest rate unchanged at 4.25 to 4.50 % during the first six months of the year. The European Central Bank, by contrast, lowered its main refinancing rate in four steps of 25 basis points each to 2.0 %. The interest rate cuts also anticipated in the US are increasingly becoming a matter of political debate – most recently reflected in a noticeable depreciation of the US dollar.

In the first half of 2025, the geopolitical situation remained marked by significant tensions. The war between Russia and Ukraine continued without any foreseeable resolution. Statements and demands by the United States toward NATO and its partners created uncertainty, raising questions about the reliability of the US within the Western political and military alliance. In the Middle East, the conflict in Gaza persisted, while the situation temporarily escalated due to a limited US military intervention in Iran. On a global scale, repeated threats and, in some cases, the implementation of sharply increased US tariffs on almost all countries led not only to trade disputes but also to political dissonance.

Sector-specific environment

Sales of e-bikes in Europe during the first half of 2025 are estimated to be roughly on par with the previous year in terms of volume, supported by favourable spring weather conditions and, in some cases, significant retail discounts^{2,3}. In contrast, European e-bike production has not recovered as expected. The reason is that the entire value chain of the bicycle industry is still focused on reducing the substantial inventories accumulated in recent years. This confirms the assessment that 2025 will mark the third consecutive year of inventory reduction and continued consolidation. However, there are early signs that inventories along the entire value chain have already been significantly reduced and that the situation could ease toward the end of the year. At the same time, there remains considerable scepticism regarding the pace of production recovery. The latest EY-Parthenon⁴ study also concludes that the industry is currently characterized by cautious optimism regarding long-term sales growth, while only minor short-term changes in sales and pricing are expected.

In the first half of 2025, the automotive industry continued to be affected by a weak economic environment and geopolitical uncertainties, which led to subdued consumer sentiment and reduced purchasing willingness. After a temporary downturn caused by reduced government incentives and the still insufficient expansion of charging infrastructure, the transition toward full electric mobility has regained momentum. At the same time, hybrid vehicles (HEVs) saw a further increase in demand and now represent the largest single category in new car registrations in Europe.

Overall, new car registrations⁵ in the European Union recorded a slight decline of 1.9 % during the reporting period, totalling around 5.6 million vehicles. Electric vehicles (BEV, PHEV, HEV) significantly increased their market share to 58.8 %, confirming the structural shift toward electrified drive units. Compared with the previous year, their share rose by 10.2 percentage points, driven primarily by strong demand for hybrid vehicles (HEVs), which accounted for 34.8 %, the largest share within this group and overall registrations, followed by battery electric vehicles (BEVs) at 15.6 % and plug-in hybrids (PHEVs) at 8.4 %. Conventional drive units continued to lose relevance: diesel registrations dropped by 28.1 % to a 9.4 % market share, while gasoline models fell by 21.2 % to 28.4 %. The combined share of diesel and gasoline vehicles decreased to 37.8 %. Vehicles with alternative drive units (e.g., gas) remained stable at 3.3 %.

² <https://ir.bike24.com/news/news-detail/b137a025-b8ec-48f4-9680-4c9fc4caab1b>

³ <https://www.ziv-zweirad.de/2025/06/24/ziv-sieht-anzeichen-fuer-erholung-im-deutschen-fahrradmarkt/>

⁴ https://www.ey.com/de_de/newsroom/2025/06/ey-fahrradstudie-2025

⁵ <https://www.acea.auto/pc-registrations/new-car-registrations-1-9-in-h1-2025-battery-electric-15-6-market-share/>

BUSINESS PERFORMANCE

Income Situation

Revenue



In the first half of 2025, the hGears Group generated revenue of EUR 49.5 million, representing a decline of 1.8% compared to the same period of the previous year (previous year: EUR 50.5 million). As expected, the e-Bike business area continued to suffer from high inventory levels across the entire value chain, which led to a further decline in production. As a result, revenue decreased by 28.6% to EUR 7.5 million (previous year: EUR 10.5 million). In the [e]-Mobility business area, subdued demand in the automotive industry and resulting delays in project ramp-ups weighed on performance. Revenue in this business area declined by 3.0% to EUR 23.8 million (previous year: EUR 24.6 million). In contrast, e-Tools recorded an increase of 19.4% year-on-year to EUR 18.0 million (previous year: EUR 15.1 million), thus continuing the positive momentum of the second half of 2024 and further stabilizing this business area.

Capitalized own work amounted to kEUR 43 in the first half of 2025, thus remaining almost at the previous year's level (previous year: kEUR 44).

Expenses

While the cost of materials in the first six months remained virtually unchanged year-on-year at EUR 19.8 million (previous year: EUR 19.7 million), savings on energy costs as well as on raw materials and consumables had a positive impact. The cost ratio for raw materials, consumables and supplies improved by EUR 0.7 million, or 50 basis points, to 52.3% (previous year: 52.8%). In absolute terms, raw materials and consumables amounted to EUR 25.9 million compared to EUR 26.6 million in the previous year.

Gross profit, defined as total output less material expenses, amounted to EUR 22.6 million in the first half of 2025 compared to EUR 22.8 million in the previous year, representing a marginal decrease of EUR 0.2 million. The gross margin (gross profit as a percentage of revenue) was 45.6% in 2025 compared to 45.3% in the previous year. Despite ongoing stop-and-go costs and an unfavourable mix, the gross margin was improved, primarily driven by savings and efficiency gains.

Personnel expenses amounted to EUR 17.5 million in the first six months of 2025 (previous year: EUR 18.4 million), corresponding to a personnel expense ratio of 35.2% of revenue (previous year: 36.6%). Compared to the same period of the previous year, an additional 43 full-time positions were reduced, above all in Germany, enabling hGears to lower personnel costs by EUR 0.9 million or 5.3%. This reflects the ongoing personnel adjustments required to align the Company with the current market situation.

Other operating expenses and income, net (OPEX, excluding impairments on financial assets in accordance with IFRS 9), amounted to EUR –5.0 million in the first half of 2025 (previous year: EUR –5.7 million), representing 10.1% of revenue (previous year: 11.3%). Thereby, net expenses decreased by EUR 0.7 million or 11.9%, thus declining significantly more than revenue. This reflects our consistent cost discipline, supported by lower maintenance expenses due to reduced production and savings in advisory fees.

Adjusted EBITDA at Group level amounted to EUR 1.1 million in 1H25 (previous year: EUR 0.5 million). The adjusted EBITDA margin reached 2.2% compared to 1.1% in the previous year. Adjustments include extraordinary personnel expenses (e.g., severance payments and related consulting and legal costs) of EUR 0.7 million (previous year: EUR 0.6 million). Extraordinary consulting and project costs amounted to EUR 0.3 million (previous year: EUR 1.2 million). For further information, please refer to [Section 3.7](#) of the segment reporting in the notes to the consolidated financial statements.

The hGears Group generated an unadjusted EBITDA of EUR 0.1 million in the first six months of the year (previous year: EUR –1.3 million), thus slightly positive and above the previous year's level. The unadjusted EBITDA margin was 0.2 % compared to –2.6 % in the previous year, mainly due to strict cost-cutting measures and efficiency improvements. In addition, targeted organizational optimizations and the bringing forward of production volumes resulted in higher utilization of our facilities, which in turn reduced start-stop costs. Overall, additional savings in personnel expenses and OPEX amounting to EUR 1.7 million were achieved in the first half of 2025 compared to the previous year.

Depreciation and impairments amounted to EUR 5.5 million in 2025 and were therefore at the previous year's level of EUR 5.4 million.

The Group's earnings before interest and taxes (EBIT) amounted to EUR –5.4 million in the first half of 2025, compared to EUR –6.7 million in the previous year.

Meanwhile, the financial result amounted to EUR –1.3 million in 2025 and was thus only marginally higher than the previous year's figure of EUR –1.2 million.

The Group's earnings before taxes (EBT) improved from EUR –7.9 million in 2024 to EUR –6.7 million in 2025 during the reporting period.

After a tax expense of EUR 0.2 million in the previous year, the tax refund in the first half of 2025 amounts to EUR 0.2 million.

The net result for the period amounted to EUR –6.5 million in the first six months of 2025, compared to EUR –8.1 million in the previous year. The return on sales (net income as a percentage of revenue) was –13.1 % in the reporting period, compared to –16.0 % in 2024.

Net assets

The Company's total assets decreased from EUR 107.0 million at year-end 2024 to EUR 95.3 million.

Non-current assets amounted to EUR 58.7 million in June 2025, which was 5.9 % lower than at the end of fiscal year 2024 (EUR 62.4 million). The main reason for the decrease was depreciation on property, plant and equipment of EUR 5.5 million.

Current assets decreased by 18.0 % to EUR 36.6 million as of June 2025 compared to EUR 44.6 million in December 2024. Inventories were further reduced as part of active net working capital management and amounted to EUR 14.6 million, 12.3 % below the level of EUR 16.6 million at year-end 2024. Trade receivables stood at EUR 9.1 million in the first half of 2025, below the previous year's level of EUR 9.5 million and seasonally higher than the year-end 2024 level of EUR 7.6 million. To reduce interest expenses and save costs, credit lines with banks, which remain in place, were not utilized in the second quarter, resulting in cash and cash equivalents of EUR 9.4 million at the end of June 2025. Including the repaid credit lines, cash and cash equivalents would have amounted to EUR 14.4 million (December 2024: EUR 17.1 million).

The ratio of net working capital to revenue stood at 9.1 %, slightly below the previous year's level of 9.2 %, mainly due to seasonal effects.

Equity of hGears decreased primarily due to the negative half-year result and amounted to EUR 45.5 million in June 2025 (31 December 2024: EUR 52.9 million). Accordingly, the equity ratio declined only slightly from 49.4 % in December to 47.8 % in June 2025. At around 50 %, the equity ratio is still considered solid.

Non-current liabilities amounted to EUR 15.2 million in June 2025, only slightly below the level of EUR 16.8 million in December 2024.

Cash flow

In the first half of 2025, hGears reported a cash flow from operating activities of EUR –2.3 million, around EUR 0.5 million better than the EUR –2.8 million recorded in the same period last year. The improvement was mainly the result of a stronger operating performance – supported by bringing forward production volumes –

and a reduction in inventories, partially offset by negative effects from changes in other assets and trade payables.

Cash flow from investing activities amounted to EUR –1.3 million in the reporting period, compared to EUR –0.1 million in the previous year. However, the prior-year figure was positively impacted by proceeds from the sale of assets of EUR 0.8 million, resulting in a comparative value of around EUR –0.8 million.

Cash flow from financing activities amounted to EUR –3.8 million in the first six months of 2025, compared to EUR –2.1 million in 2024. Due to the reclassification of debt maturities in the previous year, a comparison of the components of financing cash flow is only of limited significance. Cash flow during the reporting period was largely influenced by the repayment of EUR 4.9 million under existing credit lines, which continue to be in place.

During the reporting period, hGears recorded a net cash flow of EUR –7.3 million after the repayment of amounts drawn under existing credit lines, which remain in place, compared to EUR –4.9 million in the first six months of the previous year.

Cash and cash equivalents totalled EUR 9.4 million as of June 2025, compared to EUR 21.7 million in the prior-year period. To reduce interest expenses and save costs, existing credit lines with banks totalling EUR 4.9 million were not utilized in the second quarter but remain in place, resulting in cash and cash equivalents of EUR 9.4 million at the end of June 2025. Including the repaid credit lines, cash and cash equivalents would have amounted to EUR 14.3 million (December 2024: EUR 17.1 million).

OPPORTUNITY AND RISK REPORT

hGears' relevant opportunities and risks were comprehensively described in the Annual Report 2024 and are still valid (please refer to page 42 of our Opportunity and Risk Report in the Group Management Report as of December 2024).

OUTLOOK REPORT

Overall economy

The Russian war of aggression against Ukraine has now lasted for more than three years, and despite isolated diplomatic efforts, a solution remains out of sight. Even aside from the ongoing war in the Gaza Strip, the Middle East continues to be a highly sensitive conflict zone. At least the recent military strikes on Iranian uranium enrichment facilities suggest that the positions of the Western Allies and the United States are once again aligning, and the feared division on fundamental geopolitical issues appears to have been averted for the time being. Nevertheless, the new President of the United States is causing irritation with his theses and demands. America's future role in the global order is currently being redefined, which may also be reflected in an increasingly confrontational trade policy. As a result, geopolitical risks have not diminished but have merely changed in their structure.

According to the Kiel Institute for the World Economy (IfW)⁶, the global economy in 2025 will continue to be shaped by a high level of economic policy uncertainty. The negative effects of US tariff policy, which influence both trade flows and investment decisions, are becoming increasingly evident. On a positive note, monetary policy conditions have already eased significantly. They are expected to improve further going forward, while higher wages – which in many places have once again reached or exceeded pre-COVID levels – together with a declining inflation rate, are supporting real incomes. This improves the outlook for private consumption but comes at the expense of corporate margins, reduces investment willingness, and could, in the medium term, weigh on employment. Added to this is the persistent uncertainty surrounding US economic policy. After the short-term demand effect at the beginning of the year, triggered by advanced deliveries to the US, this stimulus will be absent in the coming months, reinforcing the strain from the new tariffs.

⁶ https://www.ifw-kiel.de/fileadmin/Dateiverwaltung/IfW-Publications/fis-import/989badcc-661a-46b3-83c6-bb6de3f9c35a-KKB_125_2025-Q2_Deutschland_DE_.pdf

Therefore, according to the Kiel Institute for the World Economy (IfW)⁷, global economic momentum is expected to weaken over the course of the year. For 2025, global economic output is projected to increase by 2.9 %, after 3.3 % in the previous year. For 2026, similarly moderate growth is forecast. World trade is expected to expand by an average of 2.7 % in 2025, before slowing sharply to 0.3 % in 2026.

The Management Board monitors the economic environment and geopolitical developments, particularly the ongoing armed conflicts, with the utmost attention. In doing so, it also relies on information from the risk management system. In the event of rising energy and raw material prices, the pass-through clauses embedded in contracts will apply. In addition, the Management Board will, where necessary, take immediate action to offset uncovered cost increases through appropriate price adjustments.

Outlook

Non-Financial performance indicators

The group-wide occupational safety and health measures will continue to be optimized to fundamentally reduce lost workdays due to workplace accidents. In 2025, an LTAR of 4 is to be achieved. The recycling rate is also to be fundamentally improved but should at least reach the specified target of 84 % in the current year.

hGears' energy consumption can only be reduced gradually and step by step, primarily through the acquisition of new machinery. Meanwhile, absolute energy consumption is expected to decline slightly, although, in purely mathematical terms, it may increase slightly in relation to employee working hours due to the reduced workforce. Thus, we expect an energy consumption of 26 kWh per working hour in 2025.

Financial performance indicators

Considering the uncertainties and challenges in global markets, accompanied by persistently high inventory levels in e-bikes, structural issues in the automotive industry, and general shifts in demand trends, the Management Board of hGears remains cautious in its outlook.

For fiscal year 2025, hGears expects:

- Revenue in the range of EUR 80 – 90 million
- Adjusted negative EBITDA of EUR minus 4 to minus 1 million
- Negative free cash flow of EUR minus 6 to minus 2 million

Schramberg, 31 July 2025

Sven Arend

Chairman of
the Management Board

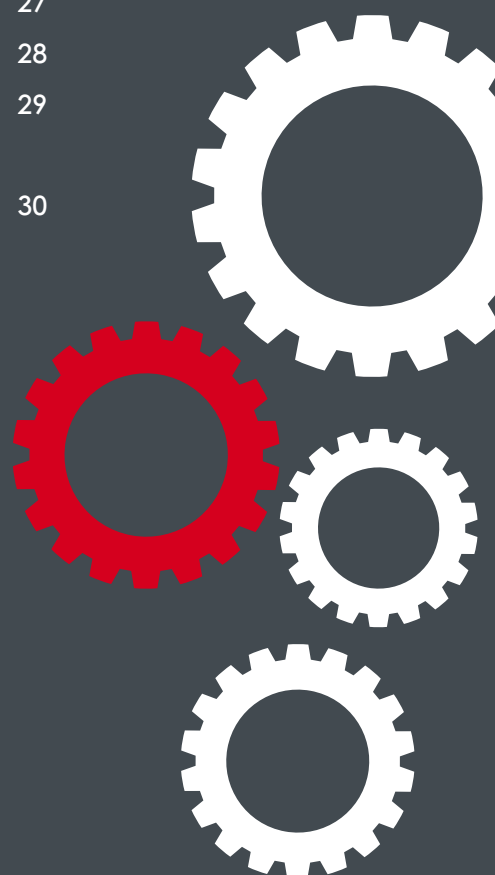
Daniel Basok

Member of
the Management Board

⁷ https://www.ifw-kiel.de/fileadmin/Dateiverwaltung/IfW-Publications/fis-import/989badcc-661a-46b3-83c6-bb6de3f9c35a-KKB_125_2025-Q2_Deutschland_DE_.pdf

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS

of hGears AG, Schramberg for the period 1 January to 30 June

in kEUR	Note	H1 2025	H1 2024
Revenues	3.1	49,541	50,454
Other capitalized own work		43	44
Changes in inventories		(1,092)	(999)
Total output		48,492	49,499
Other operating income	3.2	750	951
Impairment gains/losses from financial instruments IFRS 9		(7)	10
Raw materials and consumables used	3.3	(25,917)	(26,650)
Personnel expenses	3.4	(17,463)	(18,448)
Depreciation, amortization and impairment		(5,532)	(5,446)
Other operating expenses	3.5	(5,761)	(6,656)
Profit/loss from operating activities		(5,438)	(6,740)
Finance income		86	78
Finance expenses		(1,354)	(1,274)
Financial result	3.6	(1,268)	(1,196)
Income before income taxes		(6,706)	(7,936)
Income and deferred taxes		229	(156)
Net result of the period		(6,477)	(8,092)
The result is attributable to:			
Result attribution to Shareholders		(6,477)	(8,092)
Basic/diluted earnings per share (EUR)	3.8	(0.62)	(0.78)

The accompanying condensed notes are an integral part of the interim consolidated financial statements.
Figures in the tables may be rounded.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

of hGears AG, Schramberg for the period 1 January to 30 June

in kEUR	H1 2025	H1 2024
Net result of the period	(6,477)	(8,092)
Other comprehensive income:		
Other comprehensive income that may be reclassified subsequently to profit or loss		
Currency translation adjustment*	(860)	67
Total comprehensive income	(7,337)	(8,025)

* Exchange rate differences arising from the translation of hGears (Suzhou) Co., Ltd., Suzhou (China)

The accompanying condensed notes are an integral part of the interim consolidated financial statements.

Figures in the tables may be rounded.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

of hGears AG, Schramberg

in kEUR	Note	30 June 2025	31 December 2024
Property, plant and equipment		58,069	61,302
Intangible assets		568	653
Other non-current assets	4.3	107	118
Other non-current financial assets	4.3	–	340
Deferred tax assets		–	2
Total non-current assets		58,744	62,415
Inventories	4.1	14,598	16,649
Trade receivables	4.2	9,132	7,556
Other receivables	4.3	1,248	952
Other current assets	4.3	2,226	2,319
Cash and cash equivalents	4.4	9,376	17,127
Total current assets		36,580	44,603
Total assets		95,324	107,018

in kEUR	Note	30 June 2025	31 December 2024
Share capital		10,400	10,400
Capital reserve		69,232	69,232
Other reserves		400	400
OCI		1,515	2,371
Retained earnings		(29,527)	(8,359)
Net result of the period		(6,477)	(21,168)
Total Equity	4.6	45,543	52,876
Lease liabilities		5,481	5,606
Borrowings	4.5	8,327	9,694
Deferred tax liabilities		32	20
Provisions		319	319
Employee benefit obligations		866	901
Trade and other payables		194	234
Total non-current liabilities		15,219	16,774
Lease liabilities		2,465	2,240
Borrowings	4.5	7,705	8,782
Provisions		364	630
Other current financial liabilities		143	168
Trade and other payables		23,877	25,548
Current tax liabilities		8	–
Total current liabilities		34,562	37,368
Total liabilities		49,781	54,142
Total equity and liabilities		95,324	107,018

The accompanying condensed notes are an integral part of the interim consolidated financial statements.
Figures in the tables may be rounded.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

of hGears AG, Schramberg for the period 1 January to 30 June

in kEUR	OCI						Total equity
	Share capital	Capital reserve	Other reserves	Currency translation	Employee plan	Retained earnings	
Balance at 1 January 2024	10,400	69,232	400	1,013	1,058	(8,359)	73,744
Other changes	–	–	–	–	–	–	–
Net result of the period	–	–	–	–	–	(8,092)	(8,092)
Other comprehensive income	–	–	–	67	–	–	67
Total comprehensive income	–	–	–	67	–	(8,092)	(8,024)
Balance at 30 June 2024	10,400	69,232	400	1,080	1,058	(16,451)	65,720
Balance at 1 January 2025	10,400	69,232	400	1,305	1,066	(29,527)	52,876
Other changes	–	–	–	–	4	–	4
Net result of the period	–	–	–	–	–	(6,477)	(6,477)
Other comprehensive income	–	–	–	(860)	–	–	(860)
Total comprehensive income	–	–	–	(860)	4	(6,477)	(7,333)
Balance at 30 June 2025	10,400	69,232	400	445	1,070	(36,004)	45,543

The accompanying condensed notes are an integral part of the interim consolidated financial statements.
Figures in the tables may be rounded.

CONSOLIDATED STATEMENT OF CASH FLOWS

of hGears AG, Schramberg for the period 1 January to 30 June

in kEUR	H1 2025	H1 2024
Profit / loss from operating activities	(5,438)	(6,740)
Depreciation, amortization and impairment	5,532	5,446
Other non-cash items	6	(255)
Income tax payments	243	(75)
Provisions and others	(297)	(240)
Interest paid	(1,277)	(1,177)
Interest received	36	76
Change in inventories	1,892	811
Change in receivables	(2,010)	1,052
Change in liabilities	(1,337)	(2,366)
Change in other assets	120	975
Change in other liabilities	243	(259)
Net cash provided by (used in) operating activities	(2,287)	(2,751)
Cash flows provided by (used in) investing activities		
(Payments) for investments	(1,263)	(830)
Income from sales of fixed assets	–	763
Net cash provided by (used in) investing activities	(1,263)	(67)
Cash flows provided by (used in) financing activities		
Proceeds from borrowings	9,906	19,367
Repayments of borrowings	(12,419)	(20,213)
Repayments leasing agreements	(1,274)	(1,229)
Cash flows provided by (used in) financing activities	(3,787)	(2,075)
Net cash increase (decrease) in cash and cash equivalents	(7,337)	(4,893)
Cash and cash equivalents at the beginning of the year	17,127	26,597
Effects of exchange rate changes on cash and cash equivalents	(414)	26
Closing Cash and cash equivalents	9,376	21,730

The accompanying condensed notes are an integral part of the interim consolidated financial statements.
Figures in the tables may be rounded.

CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

hGears AG (former hGears Holding GmbH) – HRB 778870 was incorporated in 2011 and is domiciled in Schramberg, Germany. The conversion of the legal form of the Company from a limited liability company (Gesellschaft mit beschränkter Haftung) into a stock corporation (Aktiengesellschaft) was registered in the commercial register of the local court (Amtsgericht) of Stuttgart, Germany, on 27 April 2021.

The address of registered office is Brambach 38, 78713 Schramberg.

hGears AG prepares the consolidated financial statements in accordance with IFRS for the largest and for the smallest group of companies in accordance with Section § 290 in conjunction with Section § 315e of the German Commercial Code ("HGB").

The consolidated financial statements consist of the financial statements of hGears AG, its subsidiaries: hGears Schramberg GmbH (herewith: "Schramberg"); hGears Padova S.p.A. (herewith: "Padova"), and its second-tier subsidiary hGears (Suzhou) Co., Ltd. (herewith: "Suzhou") were prepared using uniform group accounting policies.

hGears AG and its subsidiaries and second-tier subsidiary ("hGears Group", "Group") manufacture, distribute and sell precision turned parts, drive components, gear kits as well as complex system solutions. For this, the group combines steel machining with powder metal technologies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The presented half-year interim consolidated financial statements of hGears Group as of 30 June 2025 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS and applying the same reporting methods and group accounting principles as in the audited consolidated financial statements for fiscal year ended 31 December 2024.

The interim condensed consolidated financial statements are presented in Euros (EUR). Individual items in the interim condensed consolidated financial statements and the notes to the interim condensed consolidated financial statements are presented in Euro thousands (kEUR) in accordance with commercial rounding practices. hGears Group's fiscal years ends 31 December. The functional currency of the Company as well as of its subsidiaries is Euro, except for its second-tier subsidiary Suzhou, for which the functional currency is Renminbi (RMB).

Assets and liabilities are generally classified as current if they are expected to be realized or settled within one year.

The interim condensed consolidated financial statements have been prepared under the historical cost convention except for financial assets and liabilities measured at fair.

The interim condensed consolidated statement of profit or loss is prepared based on the "Total cost method". The consolidated financial statements have been prepared on a going concern basis.

The interim condensed consolidated financial statements for the Group include the accounts and results of hGears AG ("hGears") as well as its subsidiaries and second-tier subsidiary (herewith: subsidiaries).

Subsidiaries are all entities with regard to which hGears has the power to govern the financial and operating policies, generally by means of hGears having more than half of the voting rights ('control'). Potential voting rights that are currently exercisable or convertible are taken into consideration when assessing whether hGears controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained by hGears and are deconsolidated from the date on which hGears' control ceases. All intercompany transactions, balances, and unrealized results on transactions with subsidiaries are eliminated.

The hGears Group is only directly affected to a very limited extent by the geopolitical developments related to the armed conflicts, as it has no significant customer or supplier relationships in Russia, Ukraine, or the Middle East. While inflation continued to decline in Europe, it remained above target in the United States. As a result, the European Central Bank (ECB) reduced its key interest rate in further steps, while the US Federal Reserve (Fed) left its rate unchanged. Nevertheless, consumer sentiment in both economic regions has recently deteriorated again and remains at a generally low level, which is likely to dampen global economic growth.

IFRS issued, EU endorsed and adopted in the reporting period

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2025:

Title	IASB Effective date	EU Endorsement status	Effects
IAS 21: The Effects of Changes in Foreign Exchange Rates	1 January 2025	Endorsed	No material impact for hGears Group

3. NOTES TO THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

3.1 Revenues

hGears Group generates revenue from the sale of manufacturing, distribution and selling of precision turned parts, drive components, gear kits as well as complex system solutions.

The Group derives revenue its operations at a point in time in the following major revenue streams, business areas and geographical regions:

in kEUR	H1 2025	H1 2024
Sales of goods	49,302	50,114
Other	239	340
Total Revenues	49,541	50,454

Other revenues relate to the sale of scrap mainly in Germany.

The following table provides hGears Group's sales of goods by the new business areas:

in kEUR	H1 2025	H1 2024
e-Bike	7,480	10,471
[e]-Mobility	23,841	24,579
e-Tools	17,981	15,064
Sales of goods	49,302	50,114

hGears business activities are divided into three business areas:

- **e-Bike:** The focus is now purely on the e-bike industry. The activities of the business area include the co-development and manufacturing of components for e-bike applications, which also help to improve noise, vibration, and harshness characteristics.
- **[e]-Mobility:** Focuses on supplying the EHV and conventional automotive industry and manufacturers of powersports vehicles according to the highest quality standards and fulfils all necessary certifications.
- **e-Tools:** Focuses on components utilized in the powering mechanism of battery driven, cordless power and gardening tools. It includes the manufacturing of precision components that are used in the part of the gearbox that connects the electric motor to the actual tools (e. g., cutting tools, trimming tools). Furthermore, the business area contains industrial applications.

Sales of goods in the e-Bike business area continued to decrease due to ongoing destocking in the e-bike industry (first half 2025: kEUR 7,480; first half 2024: kEUR 10,471).

The revenue in the [e]-Mobility business area slightly declined from kEUR 24,579 in the first half 2025 to kEUR 23,841 in the first half 2024 mainly due to lower demand in Automotive and Motorbike markets, while projects related to new product introductions are postponed.

Sales of goods in the e-Tools business area increased from 15,064 kEUR in the first half 2024 to 17,981 kEUR in the first half 2025 mainly due to higher demand in the Gardening market.

The following table provides hGears Group's sales of goods by geographic location:

in kEUR	H1 2025	H1 2024
EU area	34,530	35,563
USA	4,173	4,233
China	2,748	2,793
Rest of the world	7,851	7,525
Sales of goods	49,302	50,114

Sales of goods in the EU area include sales in Germany for a total amount of kEUR 8,708 (first half 2024: kEUR 9,654), Hungary for a total amount of kEUR 7,240 (first half 2024: kEUR 8,667) and Italy for a total amount of kEUR 9,891 (first half 2024: kEUR 9,088).

Besides Germany, Hungary and Italy, sales in EU area are highly fragmented and are not exceeding more than 10 % from sales of goods.

3.2 Other operating income

The line item breaks down as follows:

in kEUR	H1 2025	H1 2024
Foreign currency exchange gains	485	307
Disposal of non-current assets	–	60
Reversal of provisions	4	210
Non-cash benefits to employees	99	132
Government grants	5	126
Refund from social contribution for employees	39	8
Other	118	108
Total	750	951

In the line Government grants are recognized subsidies received in Italy and in Germany according to IAS 20.

3.3 Raw materials and consumables used

The line item breaks down as follows:

in kEUR	H1 2025	H1 2024
Raw Materials less discounts received	(19,788)	(19,598)
Consumables used and energy	(4,521)	(5,264)
Outsourced manufacturing costs	(1,608)	(1,788)
Total	(25,917)	(26,650)

3.4 Personnel expenses

The line item breaks down as follows:

in kEUR	H1 2025	H1 2024
Wages and salaries	(13,767)	(14,523)
Social security contributions	(3,373)	(3,449)
Temporary workers	(323)	(476)
Total	(17,463)	(18,448)

Wages and salaries include expenses for defined contribution pension plans in the amount of kEUR 888 in the first half 2025 and kEUR 924 in the first half 2024.

In the first half 2025 the use of short-time-work in Germany led to claims for the reimbursement of short-time allowance, which are recognized as reduction of the Personnel expenses, according to IAS 20 (first half 2025: kEUR 74, first half 2024: kEUR 141).

In the first half 2025 the Group employed 633 FTEs on average (first half 2024: 679).

	H1 2025	H1 2024
Factory workers	468	506
Office workers and Managers	165	173
Total	633	679

As of 30 June 2025, the Group employed 616 FTEs, including the Management Board (30 June 2024: 659).

	30 June 2025	30 June 2024
Factory workers	451	486
Office workers and Managers	165	173
Total	616	659

3.5 Other operating expenses

The line item breaks down as follows:

in kEUR	H1 2025	H1 2024
Maintenance, distribution and manufacturing expenses	(1,976)	(2,470)
Administration and marketing	(2,463)	(2,810)
Miscellaneous personnel expenses	(627)	(668)
Foreign currency exchange losses	(351)	(149)
Lease expenses	(265)	(403)
Losses from disposal of fixed assets	–	(14)
Other	(79)	(141)
Total	(5,761)	(6,656)

3.6 Financial result

The line item breaks down as follows:

in kEUR	H1 2025	H1 2024
Interest bank income	36	78
Other interest income and similar income	50	–
Financial income	86	78
Interest expense on finance lease liabilities	(253)	(215)
Interest expenses banks loans and overdrafts	(222)	(487)
Other interest expenses and similar expenses	(879)	(572)
Financial expenses	(1,354)	(1,274)
Total	(1,268)	(1,196)

Other interest expenses and similar expenses include the scheduled amortization of transaction costs in relation to the loans in the amount of kEUR 69 (first half 2024: kEUR 174), factoring interests in the amount of kEUR 123 (first half 2024: kEUR 177) and interest on Maturus financing in the amount of kEUR 639. Interest income of a total of kEUR 86 (first half 2024: kEUR 78) primarily resulted from bank deposits and from other interest income.

3.7 Segment reporting

An operating segment is defined as a unit of an entity that engages in business activities from which it can earn revenues and incur expenses and whose operating results are regularly reviewed by the entity's chief operating decision-maker, the Management Board, and for which discrete financial information is available.

In light of such definition, hGears consists of one operating segment, production of high precision gears and components.

The management board evaluates hGears Group economic success using selected key figures so that all relevant income and expenses are included. In detail the performance of the operating segment is measured on the basis of consolidated Adjusted EBITDA, the return on consolidated revenues and the consolidated Free Cash Flow, as measured for the Management Board reporting purposes.

The following table shows the segment Revenue and Adjusted EBITDA to consolidated net result of the period:

in kEUR	IFRS consolidated	
	H1 2025	H1 2024
Revenues	49,541	50,454
Adjusted EBITDA ⁽¹⁾	1,077	536
One-off transaction costs	(983)	(1,829)
Depreciation, amortization and impairment	(5,532)	(5,446)
EBIT	(5,438)	(6,739)
Finance income	86	78
Finance expenses	(1,354)	(1,274)
EBT	(6,706)	(7,936)
Income and deferred taxes	229	(156)
Net result of the period	(6,477)	(8,092)

(1) The Company defines EBITDA as profit from operating activities before depreciation, amortization and impairment. The Company discloses EBITDA as a supplemental APM as it believes this is a meaningful measure to indicate hGears' earnings and thus to evaluate the performance of hGears' business activities over time.

The adjustments include non-recurring items that lead to material effects in a reporting year.

The following table is the breakdown of One-off transaction costs:

in kEUR	IFRS consolidated	
	H1 2025	H1 2024
Personnel costs ⁽¹⁾	703	631
One-off advisory fees	25	–
One-off Impairment	–	10
One-off special project cost	255	1,188
Total	983	1,829

(1) Includes additional bonuses for employees and accruals for severance costs

The following table shows the return on revenues and the Free Cash Flow:

in kEUR	IFRS consolidated	
	H1 2025	H1 2024
Return on revenues in % ⁽¹⁾	(13.1)	(16.0)
Free Cash Flow ⁽²⁾	(2,309)	(1,720) ⁽³⁾

(1) The Company defines return on revenues as the ratio of net result of the period to return revenues.

(2) The Company defines free cash flow as a sum of net cash flow from operating activities and net cash flow for investing activities, minus paid interest and received interest.

(3) Last year was restated to reflect the new method

The hGears Group earns revenues worldwide through its operations. Geographic location of revenue is determined based on the final location of delivery. Sales by region are presented in [Section 3.1](#).

The non-current assets (intangible assets and property, plant and equipment) of the hGears Group are distributed across the following regions:

in kEUR	hGears AG/ Germany		Schramberg/ Germany		Padova/ Italy		Suzhou/ China		Reconcilia- tion ⁽¹⁾		IFRS consolidated	
	1H25	1H24	1H25	1H24	1H25	1H24	1H25	1H24	1H25	1H24	1H25	1H24
Additions	1	–	2,149	666	487	224	130	107	–	–	2,767	997
Carrying amounts	34	60	34,352	38,906	19,396	21,287	4,898	6,458	(43)	(40)	58,637	66,671

(1) The reconciliation relates to the elimination of intragroup transactions

3.8 Earnings Per Share

The basic earnings per share (as defined in IAS 33) as of 30 June 2025 is EUR –0.62 (30 June 2024: EUR –0.78). It is calculated by dividing the net income or loss for the period attributable to holders of ordinary equity instruments of hGears by the weighted average number of ordinary shares outstanding during the first half 2025, amounting to 10,400,000 (first half 2024: 10,400,000).

The 262,750 options granted on 16 April 2025 are not included in the calculation of diluted earnings per share because they are antidilutive for the year ended 30 June 2025.

4. NOTES TO THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

4.1 Inventories

in kEUR	30 June 2025	31 December 2024
Raw materials, consumables and supplies	11,308	12,158
Finished goods and work in progress	9,232	10,666
Provisions for inventory	(5,942)	(6,175)
Total	14,598	16,649

The gross value of written-down inventories as of 30 June 2025 is kEUR 12,018 (31 December 2024: kEUR 14,728).

Movements in the Group's provision for inventory is as follows:

in kEUR	
Balance as of 31 December 2023	(5,295)
Addition	(632)
Release	77
Utilization	–
Other	(1)
Balance as of 30 June 2024	(5,851)
Balance as of 31 December 2024	(6,175)
Addition	(181)
Release	395
Utilization	–
Other	19
Balance as of 30 June 2025	(5,942)

Depreciation of kEUR 181 was recognized in the consolidated statement of profit and loss. These are mainly due to revaluation in order to state inventories at net realizable value. During the year the Group recognized income from release for a total amount of kEUR 395. The utilization mainly refers to the scrapping.

Inventories recognised as an expense during the year ended 30 June 2025 amounted to kEUR 16,673 (first half 2024: kEUR 20,045). These were included in Raw materials and consumables used and Changes in inventories.

4.2 Trade receivables

The carrying amounts of the trade receivables approximate to their fair values and it is equal to kEUR 9,132 (31 December 2024: kEUR 7,556).

The Group entered into various supplier finance programs of our customers. Under these arrangements, the Group sells trade receivables to financial institutions. When the receivables are transferred, they are paid out in full by the bank, after the deduction of a discount. As the sale is non-recourse and the Group has transferred the credit risk, trade receivables amounting to kEUR 6,126 as of the reporting date, are fully derecognized (31 December 2024: kEUR 6,127). Further trade receivables intended to be sold and amounting to kEUR 54 are not sold yet as of the reporting date (31 December 2024: kEUR 731).

At 30 June 2025, provision for impairments amounted to kEUR 47 (31 December 2024: kEUR 33).

4.3 Other current assets and non-current assets

The following table provides an overview of financial and non-financial assets.

In kEUR	30 June 2025	31 December 2024
Other receivables non-current	107	118
Other financial assets non-current	–	340
Total Non-Current	107	458

The table above mainly refers cash deposits made to secure future payments and services.

The following table provides an overview of current financial other receivables and non-financial other receivables.

in kEUR	30 June 2025	31 December 2024
Receivables for energy costs	286	196
Receivables for leasing suppliers	713	605
Other	27	24
Total Non-Financial Assets	1,026	825
Loan to employees	192	95
Supplier with debit balance	6	7
Suppliers premium	9	19
Other	15	6
Total Financial Assets	222	127
Total	1,248	952

The following table provides the breakdown of the Group's other current non-financial assets:

in kEUR	31 June 2025	31 December 2024
VAT receivables	359	530
Tax receivables	1,085	1,336
Current prepaid operating expenses	782	453
Total	2,226	2,319

4.4 Cash and cash equivalents

At 30 June 2025, cash and cash equivalents amounted to kEUR 9,376 (31 December 2024: kEUR 17,127). This position includes cash in hand in the amount of kEUR 2 (31 December 2024: kEUR 1).

Foreign currency balances were translated into the Group currency at the closing day exchange rate.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified expected credit loss was immaterial as of 30 June 2025.

4.5 Borrowings

On 27 March 2024 hGears signed a financing agreement with a lender for a financing of EUR 15 million with duration of 36 months. The agreement is secured by pledging the manufacturing equipment of the German plant with carrying amount of EUR 14.5 million. The agreement has a balance of EUR 6.0 million due at maturity.

On 10 May 2024 the conditions precedent of the financing agreement were fulfilled and thus the agreement became effective.

In April 2024 hGears signed additional financing agreements with two leading European banks with total amount of EUR 5.0 million (each EUR 2.5 million). hGears pledged as of 30 June 2025 account receivables (EUR 4.4 million) and inventory (EUR 8.2 million) of the German plant to secure these credit agreements. The agreements have no maturity and can be drawn and repaid at any time.

In October 2024 hGears signed a master agreement with a leading Italian bank with a total amount of up to EUR 4.0 million. The master agreement doesn't require any collaterals and has a maturity of six months and can be drawn, repaid and extended at any time.

On 13 December 2024 hGears signed a financing agreement with a lender for a financing of EUR 0.5 million with duration of 72 months. The agreement is secured by pledging the specific related equipment of the German plant with carrying amount of EUR 0.8 million.

The carrying amounts of borrowings are as follows:

in kEUR	30 June 2025	31 December 2024
Bank loan current	3,847	4,921
Other lenders current	3,858	3,861
Other lenders non-current	8,327	9,694
Total	16,032	18,476

4.6 Equity

On 8 April 2021, the Company's share capital increased from kEUR 63 to kEUR 8,000 from Company funds.

On 21 May 2021 the share capital is increased due to the IPO to kEUR 10,400. At 31 December 2024 the total share capital of the Company is divided into 10,400,000 ordinary shares with a par value of EUR 1.00.

Besides the minimum amount of share capital, required under German law, there are no distribution restrictions applicable. The entity itself does not hold any own shares.

All shares issued are fully paid.

Capital Reserve represents contributions of the shareholders (kEUR 6,963), the contribution of "former" miniGears companies (kEUR 13,485), reduced by kEUR 7,938 as result of the share capital increase from Company funds. The proceeds from IPO amounts to kEUR 60,000, reduced by certain legal, consulting and other third-party fees that are directly associated with in-process equity (kEUR 3,278, increased by kEUR 7 compared to last year). Due to the missing recoverability of the tax advantages, no taxes were recognised in the equity.

Other reserve includes the legal reserve is booked in the subsidiary Padova and it is equal to 5 % of its share capital.

The OCI Reserves includes:

- **Currency Translation Reserve:** it includes the reserve of the subsidiary Suzhou deriving from translating it results and financial position from RMB (functional currency) into EURO (presentation currency);
- Effective changes in **fair value of derivative contracts** in cash flow hedge relationships (interest rate swaps and forward exchange contracts);
- Changes in **Employee Plan Reserve** related to employee termination indemnities of defined benefit plans;
- Fair value of Stock Option Programme.

Retained earnings includes the result of the current period and the results of the previous years that are not still paid to the shareholders.

Authorized Capital 2025

By virtue of the amended Articles of Association approved by Annual General Meeting on 11 June 2025, the Executive Board is authorized, with the approval of the Supervisory Board, to increase the share capital of the Company on one or more occasions on or before 10 June 2030, by up to a total of EUR 5,200,000.00 by issuing up to a total of 5,200,000 new no-par value bearer shares in return for cash contributions and/or contributions in kind (Authorized Capital 2025). The Executive Board is authorized, with the approval of the Supervisory Board, to determine the further content of the share rights and the conditions of the share issue and the implementation of the capital increases. Among other things, the Executive Board was also authorized, with the approval of the Supervisory Board, to exclude shareholders' subscription rights under certain conditions and within defined limits.

No use has been made of the authorized capital to date.

Conditional Capital 2025

The Management Board was authorized by the Annual General Meeting on 11 June 2025, with the approval of the Supervisory Board, to issue convertible and/or warrant-linked bonds or profit-sharing rights with or without conversion or subscription rights (collectively hereinafter also referred to as "bonds") in a total nominal amount of up to EUR 100,000,000.00 on one or more occasions until 10 July 2030. The holders of the Bonds referred to in the preceding sentence may be granted conversion or subscription rights to up to 3,261,000 no-par value bearer shares of the Company with a pro rata amount of the share capital of up to EUR 3,261,000.00 in total. The conversion and subscription rights may be serviced from conditional capital to be resolved at this or future Annual General Meetings, from existing or future authorized capital and/or from a cash capital increase and/or from existing shares and/or provide for a cash settlement instead of the delivery of shares.

No use has yet been made of Conditional Capital 2025.

Conditional Capital 2024

The Management Board was authorized by the Annual General Meeting on 11 June 2024, with the approval of the Supervisory Board, to conditionally increase the Company's share capital by up to EUR 525,450.00 by issuing up to 525,450 no-par value bearer shares (Conditional Capital 2024). Conditional Capital 2024 serves exclusively to issue shares of the Company to service subscription rights to shares of the Company issued to members of the Management Board of the Company and selected managers of the Company as well as to companies affiliated with the Company within the meaning of Sections 15 et seq. of the German Stock Corporation Act (AktG) in the form of share options in accordance with the authorization resolution of the Annual General Meeting on 11 June 2024. The conditional capital increase shall only be implemented to the extent that stock options are granted in accordance with the aforementioned authorization resolution (Stock Option Programme 2024), the holders of the stock options exercise their rights, and the Company does not grant any treasury shares to service the stock options. The new no-par value bearer shares shall carry dividend rights from the beginning of the financial year for which the Annual General Meeting has not yet adopted a resolution on the appropriation of profits at the time of issue. The Supervisory Board is authorized to amend

the wording of the Articles of Association in line with the respective utilization of Conditional Capital 2024 and after expiry of all exercise periods. The Management Board with the approval of the Supervisory Board and – with regard to the members of the Management Board – the Supervisory Board are authorized to determine the further details of the issue of shares from Conditional Capital 2024.

The total nominal amount of the Company's conditional capital, including Conditional Capital 2025 in the amount of EUR 3,261,000.00 (Section 4.3 of the Articles of Association) and the Conditional Capital 2024 in the amount of EUR 525,450.00 (Section 4.4 of the Articles of Association), amounts to a total of EUR 3,786,450.00 and therefore not exceeds half of the share capital existing at the time of the resolution on the conditional capital increase.

5. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOW

The following table provides the reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities.

in kEUR	Non-cash changes						30 June 2025
	31 December 2024	Cash flows	Acquisition	Fair value changes	Foreign exchange movement	Other	
Finance lease liabilities	7,845	(1,275)	–	–	(126)	1,502	7,946
Borrowings	18,476	(2,513)	–	–	–	69	16,032
Other current financial liabilities	168	(168)	–	–	–	143	143

in kEUR	Non-cash changes						30 June 2024
	31 December 2023	Cash flows	Acquisition	Fair value changes	Foreign exchange movement	Other	
Finance lease liabilities	9,743	(1,444)	133	–	18	215	8,666
Borrowings	20,081	(1,354)	–	–	–	499	19,226
Other current financial liabilities	149	(149)	–	–	–	–	–

The paid interests in the cash flow statement include interests for factoring in an amount of kEUR 123 (first half 2024: kEUR 177) and interest for leasing in an amount of kEUR 253 (first half 2024: kEUR 215). The "Other" column includes additions to the lease liability due to new lease agreements.

6. CAPITAL MANAGEMENT AND FINANCIAL RISK MANAGEMENT

6.1 Capital management

hGears Group's policy is to maintain a strong base in terms of equity capital and sufficient cash balance in order to maintain investor and creditor confidence and to sustain the future development of the business. The primary goals when managing capital are to ensure sufficient liquidity to meet working capital requirements, fund capital investments and to safeguard our ability to continue operating as going concern.

hGears Group monitors all capital positions regularly (at least monthly) within its financial reporting, discusses the capital status frequently within the Management Board meetings and also within its Supervisory Board meetings.

None of the borrowings mentioned in [Note 4.5](#) are subject covenants.

7. ADDITIONAL DISCLOSURES ON FINANCIAL INSTRUMENTS

7.1 Fair value measurement

The fair value of financial instruments follows a fair value hierarchy based on input factors. The fair value of financial instruments can be categorized following the hierarchical levels:

- Level 1: quoted market prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2;
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables, and current borrowings are assumed to be the same as their fair values, due to their short-term nature.

Specific valuation techniques used to determine the fair value of financial instruments include:

- the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- the fair value of forward foreign exchange contracts is determined as a present value by using forward exchange rates at the balance sheet date;
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis based on observable market data.

The Group's policy is to recognize transfers into and transfers out of the different levels as of the end of the reporting period. There were no transfers between levels 1 and 2 and from level 2 and 3 for recurring fair value measurements during the year.

The fair values of the derivative financial instruments and the fair values of the trade receivables measured at fair value through profit or loss (FVPL) are assigned to level 2. Financial instruments not measured at fair value are assigned to level 2.

7.2 Carrying amounts, amounts recognized, and fair values by class and measurement category

The tables below show the carrying amounts of financial instruments by category as well as the fair values of financial instruments by class.

in kEUR	Classification IFRS 9	Carrying amount 30 June 2025	Fair Value 30 June 2025
ASSET			
Non-current assets			
Other non-current assets	AC	107	107
Other non-current financial assets	AC	–	–
Current assets			
Trade receivables			
Trade receivables	AC	9,078	n/a*
Trade receivables subject to factoring	FVPL	54	54
Other receivables	AC	1,248	n/a*
Other current financial assets			
Other current financial assets	AC	1	1
Cash and cash equivalents	AC	9,376	n/a*
LIABILITIES			
Non-current liabilities			
Finance lease liabilities	n/a	5,481	n/a**
Borrowings	FLAC	8,327	8,327
Current liabilities			
Finance lease liabilities	n/a	2,465	n/a**
Borrowings	FLAC	7,705	7,705
Other current financial liabilities			
Accrued interest	FLAC	143	143
Trade and other payables			
Trade payables	FLAC	15,119	n/a*
Other payables			
Other current non-financial payables	n/a	8,757	n/a*

n/a* According to IFRS 7.29 (a) disclosures of fair value are not required when the carrying amount is a reasonable approximation of fair value (e.g. for short-term trade receivables and payables). If this is the case for short-term financial instruments from your perspective, the disclosure of fair value is not required.

n/a** According to IFRS 7.29 (d) disclosure of fair value is not required for lease liabilities.

Figures in the tables may be rounded.

Carrying amounts per category (kEUR)	Classification IFRS 9	30 June 2025
Financial Assets measured at Amortized costs	AC	19,809
Financial Liabilities measured at Amortized Cost	FLAC	31,294
Financial Assets & Liabilities measured at Fair Value through Profit or Loss	FVPL	54

in kEUR	Classification IFRS 9	Carrying amount 31 December 2024	Fair Value 31 December 2024
ASSET			
Non-current assets			
Other non-current assets	AC	118	118
Other non-current financial assets	AC	340	340
Current assets			
Trade receivables			
Trade receivables	AC	6,825	n/a*
Trade receivables subject to factoring	FVPL	731	731
Other receivables	AC	952	n/a*
Cash and cash equivalents	AC	17,127	n/a*
LIABILITIES			
Non-current liabilities			
Finance lease liabilities	n/a	5,606	n/a**
Borrowings	FLAC	9,694	9,694
Current liabilities			
Finance lease liabilities	n/a	2,240	n/a**
Borrowings	FLAC	8,782	8,782
Other current financial liabilities			
Accrued interest	FLAC	168	168
Trade and other payables			
Trade payables	FLAC	16,996	n/a*
Other payables			
Other current non-financial payables	n/a	8,552	n/a*

n/a* According to IFRS 7.29 (a) disclosures of fair value are not required when the carrying amount is a reasonable approximation of fair value (e.g. for short-term trade receivables and payables). If this is the case for short-term financial instruments from your perspective, the disclosure of fair value is not required.

n/a** According to IFRS 7.29 (d) disclosure of fair value is not required for lease liabilities.

Figures in the tables may be rounded.

Carrying amounts per category (kEUR)	Classification IFRS 9	31 December 2024
Financial Assets measured at Amortized Costs	AC	25,362
Financial Liabilities measured at Amortized Cost	FLAC	35,640
Financial Assets & Liabilities measured at Fair Value through Profit or Loss	FVPL	731

8. OTHER DISCLOSURES

8.1 Contingencies and commitments

8.1.1 Future obligations from short-term and low-value leases

The Group leases machinery and other minor assets under non-cancellable short-term or low value leases agreements. The lease terms are less than 5 years and the agreements are not renewable at the end of the lease term. The future aggregate minimum lease payments under non-cancellable short-term and low value leases and existing purchase commitments are as follows:

in kEUR	30 June 2025	31 December 2024
No later than 1 year	86	46
Later than 1 year and no later than 5 years	108	60
Total	194	106

8.1.2 Other commitments

The Group has no purchase commitments for capital expenditures related to property, plant and equipment.

8.1.3 Contingencies

As of 30 June 2025, there were no contingent liabilities.

8.2 Related party transactions

Finatem III GmbH & Co. KG, Frankfurt am Main, is the largest shareholder with an interest of 34.62 % in the capital of the Company as of 30 June 2025.

In the normal course of its business activities, hGears Group enters into agreements and transactions with its shareholders and other entities of Finatem III Group (defined as Finatem III GmbH & Co. KG and its subsidiaries, joint ventures and associated companies) for various business purposes, including the furnishing of services. These related-party transactions are described below.

Transactions within hGears Group are not included in the description as these are eliminated in the consolidated financial statements.

The following transactions were carried out with related parties:

8.2.1 Transactions with shareholders

The transactions with minority shareholders are summarized below:

- Building rent: the total value for the first half 2025 is equal to kEUR 224 (first half 2024: kEUR 215)

The Group believes that all transactions with related parties substantially took place on the basis of normal market conditions.

8.2.2 Transactions with related individuals

The Group's key management personnel is defined as those individuals that have authority and responsibility for planning, directing and controlling the activities of the Group. At hGears Group, key management personnel consists of the members of the Board of Management as well as the members of the Supervisory Board of hGears.

In the course of the conversion of the Company into a stock corporation, on 27 April 2021 the Supervisory Board was appointed.

Management Board

- Sven Arend (CEO)
- Daniel Basok (CFO)

Supervisory Board

- Prof. Volker Michael Stauch (Chairman) till 11 June 2025
- Marco Freiherr von Maltzan (Chairman) from 11 June 2025
- Christophe Hemmerle (Deputy Chairman)
- Daniel Michael Kartje
- Christoph Mathias Seidler
- Dr. Gabriele Fontane

The Company shares owned by Supervisory Board members and Management board members are shown below:

Shares	30 June 2025	31 December 2024
Sven Arend	33,800	33,800
Daniel Basok	20,000	20,000
Management board	53,800	53,800
Volker Stauch (*)	–	53,472
Christophe Hemmerle	5,769	5,769
Daniel Kartje	8,000	4,000
Mathias Seidler	11,538	11,538
Dr. Gabriele Fontane	3,846	3,846
Total	29,153	78,625
Supervisory Board	82,953	132,425

(*) Member of the Supervisory Board until 11 June 2025, no disclosure is required

8.3 Share-based payments

8.3.1 Stock Option Programme 2024

On 11 June 2024, the General Meeting of the Company authorised the Management Board, with the consent of the Supervisory Board and – to the extent that members of the Management Board are among the participants entitled to stock options – the Supervisory Board of the Company to grant up to 525,450 subscription rights (Stock Option Programme 2024).

Each stock option right granted under the Stock Option Programme 2024 entitles the holder of the stock option right to subscribe to one Company share with a pro rata amount of the share capital of EUR 1.00 from the Contingent Capital 2024 created for this purpose against payment of the exercise price in accordance with these conditions. Alternatively, the Company may grant treasury shares against payment of the exercise price.

The share option rights will be issued over a period of two years in three equal tranches per year (tranches 2024 A/B/C and tranches 2025 A/B/C).

The following performance targets and exercise price apply to the **2025 A/B/C** tranches:

Tranche	Performance target in EUR	Exercise price in EUR
2025/A	$1.62 + 1.00 = 2.62$	2.78
2025/B	$1.62 + 2.00 = 3.62$	2.78
2025/C	$1.62 + 3.00 = 4.62$	2.78

The reference price (1.62 EUR) for determining the performance target for the Tranches 2025 A/B/C is the EUR amount that corresponds to the arithmetic average of the closing prices of the Company's share in Xetra trading of the Frankfurt Stock Exchange during the 20 trading days prior to 31 December 2024 (Reference rate).

The Management Board of the Company (with the consent of the Supervisory Board) and – insofar as the members of the Management Board are concerned – the Supervisory Board of the Company have made use of the authorization to the extent that a total of 262,717 (Tranches 2025 A/B/C) were issued on 16 April 2025 as part of the 2024 Stock Option Programme, whereby 142,000 stock option rights were issued to the members of the Management Board and 120,717 stock option rights were issued to selected executives of the companies affiliated with the Company within the meaning of Sections 15 et seq. AktG were issued.

8.3.2 Overview of the Stock Option Programme

Set out below are summaries of options granted under the plans:

	H1 2025		H1 2024	
	Average exercise price per share option	Number of options	Average exercise price per share option	Number of options
As at 1 January				
Granted during the year	2.78	262,717	–	–
Exercised during the year				
Forfeited during the year				
As at 30 June	2.78	262,725	–	–
Vested and exercisable at 30 June	–	–	–	–

At the date of the reporting period, the share options outstanding have the following expiry dates and exercise prices:

Grant date	Expiry date	Exercise price	Share options 30 June 2025	Share options 30 June 2024
16 April 2025	15 April 2029	2.78	262,717	–

The fair value of the options granted amounted to EUR 0.05 per option at the grant date 16 April 2025 (30 June 2024: EUR –). The fair value at grant date is independently determined using an adjusted form of the Black-Scholes model which includes a Monte Carlo simulation model that takes into account the exercise price, the term of the option, the impact of dilution (where material), the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk-free interest rate for the term of the option, discount for lack of marketability and the correlations and volatilities of the peer group companies.

The model inputs for options granted during the reporting period ended 30 June 2025 include the following:

	SOP 2024 (*)
Exercise price	2.78
Grant date	16 April 2025
Expire date	15 April 2029
Share price at grant date	1.58
Expected price volatility of the company's shares	40 %
Expected dividend yield	0 %
Risk-free interest rate	2.4 %

(*) The options are granted for no consideration and vest based on hGears AG's share price.
Vested options are exercisable for a period of two years after vesting period.

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

The total expenses from the options issued under the employee option plan in the amount of kEUR 5 (first half 2024: kEUR –) were recognized in personnel expenses.

8.4 Subsequent events

No events of special significance occurred after the end of the reporting period as of 30 June 2025 that would have to be reported here.

8.5 Disclosure pursuant to § Section 115 (5) German Securities Trading Act (WpHG)

These Interim Consolidated Financial Statements and Interim Group Management Report have not been audited nor reviewed by an auditor.

Schramberg, 31 July 2025

Sven Arend

Chairman of the
Management Board

Daniel Basok

Member of the
Management Board

ANNEX 1 – FIXED ASSET MOVEMENT SCHEDULE TANGIBLE ASSETS, PART 1

	Change occurred during the period							
	31 December 2024	Addition	Dismissal	Depreciation	Reclassifi- cation	Writedown	Exchange rate differences	30 June 2025
Gross value	21,507	3	–	–	–	–	(394)	21,116
Provisions for amortisation and depreciation	(12,109)	–	–	(963)	–	–	297	(12,775)
Land and Buildings	9,398	3	–	(963)	–	–	(97)	8,341
Gross value	141,217	1,918	(58)	–	764	–	(889)	142,952
Provisions for amortisation and depreciation	(99,586)	–	58	(3,448)	–	(21)	535	(102,462)
Plants and Machinery	41,631	1,918	–	(3,448)	764	(21)	(354)	40,490
Gross value	20,407	274	–	–	12	–	(69)	20,624
Provisions for amortisation and depreciation	(16,075)	–	–	(389)	–	–	66	(16,398)
Tools and Dies	4,332	274	–	(389)	12	–	(3)	4,226
Gross value	19,198	107	(163)	–	18	–	(365)	18,795
Provisions for amortisation and depreciation	(15,057)	–	161	(588)	–	–	274	(15,210)
Other assets	4,141	107	(2)	(588)	18	–	(91)	3,585
Fixed assets under construction and down-payments	1,800	425	–	0	(794)	–	(4)	1,427
Property, plant and equipment	61,302	2,727	(2)	(5,388)	–	(21)	(549)	58,069

The accompanying condensed notes are an integral part of these interim consolidated financial statements. Figures in the tables may be rounded.

ANNEX 1 – FIXED ASSET MOVEMENT SCHEDULE TANGIBLE ASSET, PART 2

	Change occurred during the period							
	31 December 2023	Addition	Dismissal	Depreciation	Reclassifi- cation	Writedown	Exchange rate differences	30 June 2024
Gross value	21,020	100	–	–	–	–	38	21,158
Provisions for amortisation and depreciation	(10,083)	–	–	(940)	–	–	(23)	(11,046)
Land and Buildings	10,937	100	–	(940)	–	–	15	10,112
Gross value	138,629	450	(364)	–	2,520	–	88	141,323
Provisions for amortisation and depreciation	(93,120)	–	325	(3,534)	–	–	(52)	(96,381)
Plants and Machinery	45,509	450	(39)	(3,534)	2,520	–	36	44,942
Gross value	19,857	132	–	–	–	–	7	19,996
Provisions for amortisation and depreciation	(15,162)	–	–	(463)	–	–	(7)	(15,632)
Tools and Dies	4,695	132	–	(463)	–	–	–	4,364
Gross value	19,020	158	(135)	–	–	–	36	19,079
Provisions for amortisation and depreciation	(14,004)	–	125	(702)	–	–	(23)	(14,604)
Other assets	5,017	158	(10)	(702)	–	–	13	4,476
Fixed assets under construction and down-payments	4,394	121	–	–	(2,520)	–	1	1,996
Property, plant and equipment	70,552	961	(49)	(5,639)	–	–	65	65,890

The accompanying condensed notes are an integral part of these interim consolidated financial statements. Figures in the tables may be rounded.

ANNEX 2 – FIXED ASSET MOVEMENT SCHEDULE INTANGIBLE ASSETS, PART 1

	Change occurred during the period							30 June 2025
	31 December 2024	Addition	Dismissal	Depreciation	Reclassifi- cation	Writedown	Exchange rate differences	
Gross value	6,007	19	–	–	76	–	(45)	6,057
Provisions for amortisation and depreciation	(5,455)	–	–	(118)	–	–	44	(5,529)
Software and licences	552	19	–	(118)	76	–	(1)	528
Gross value	1,942	6	–	–	–	–	–	1,948
Provisions for amortisation and depreciation	(1,917)	–	–	(6)	–	–	–	(1,923)
Brands and trademarks	25	6	–	(6)	–	–	–	25
Down payments	76	16	–	–	(76)	–	(1)	15
Gross value	4	–	–	–	–	–	–	4
Provisions for amortisation and depreciation	(4)	–	–	–	–	–	–	(4)
Other	–	–	–	–	–	–	–	–
Intangible assets	653	41	–	(124)	–	–	(2)	568

The accompanying condensed notes are an integral part of these interim consolidated financial statements. Figures in the tables may be rounded.

ANNEX 2 – FIXED ASSET MOVEMENT SCHEDULE INTANGIBLE ASSETS, PART 2

	Change occurred during the period							30 June 2024
	31 December 2023	Addition	Dismissal	Depreciation	Reclassifi- cation	Writedown	Exchange rate differences	
Gross value	5,890	4	–	–	4	–	4	5,902
Provisions for amortisation and depreciation	(5,189)	–	–	(130)	–	–	(3)	(5,322)
Software and licences	701	4	–	(130)	4	–	1	580
Gross value	1,941	–	–	–	–	–	–	1,941
Provisions for amortisation and depreciation	(1,903)	–	–	(7)	–	–	–	(1,910)
Brands and trademarks	38	–	–	(7)	–	–	–	31
Down payments	142	32	–	–	(4)	–	–	170
Gross value	4	–	–	–	–	–	–	4
Provisions for amortisation and depreciation	(4)	–	–	–	–	–	–	(4)
Other	–	–	–	–	–	–	–	–
Intangible assets	881	36	–	(137)	–	–	1	781

The accompanying condensed notes are an integral part of these interim consolidated financial statements. Figures in the tables may be rounded.

RESPONSIBILITY STATEMENT BY THE COMPANY'S LEGAL REPRESENTATIVES

To the best of our knowledge, and in accordance with the applicable reporting principles, the Interim Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and results of operations of the Group, and the Interim Group Management Report includes a fair review of the business and position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Schramberg, 31 July 2025
hGears AG
The Management Board

Sven Arend, CEO

Chairman of the
Management Board

Daniel Basok, CFO

Member of the
Management Board

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