

hGears Group continues its highly profitable growth path during the first six months of 2021

HALF YEAR 2021 HIGHLIGHTS

- Group revenues at EUR 70.5 million, up 22.2% y-o-y
- Gross profit increased by 28.6% y-o-y to EUR 41.1 million, gross margin improved to 58.3%
- At EUR 13.1 million, adjusted EBITDA increased by 61.5% with adjusted EBITDA margin up 450 bps to 18.5%
- Market share in e-bikes sold in Europe remained very strong at around 50%
- Performance in the first half of 2021 fully in line with the guidance for 2021

Schramberg, 2 August 2021. hGears AG (“hGears” or “Company”), a global manufacturer of high-precision gears and components with a focus on products for e-mobility applications, continued on its successful path in the first six months. Revenues increased 22.2% y-o-y, mainly due to the sustained positive trend in e-mobility, underscoring the strengths of the company’s business model.

Pierluca Sartorello, CEO of hGears, comments: “Our first-half 2021 performance demonstrates that our strategic focus on e-mobility is paying off, as evidenced in the successful conversion of sales into earnings growth. Moreover, in June we received an initial order for serial production from a new promising e-bike customer. The increasing awareness of climate change-related issues, urbanization, and the constantly increasing need for micro-mobility solutions have underpinned a booming market for e-bikes and registrations of electric and hybrid vehicles are rising continuously. Our high-quality products combined with our strong market position enable us to take full advantage of the strong tailwinds offered by the dynamically growing markets for both e-bikes and electric and hybrid vehicles.”

Daniel Basok, CFO of hGears adds: “We are delighted with our performance in the first six months of 2021 and proud to show our shareholders that our profitable growth path remains fully intact. With the ramp-up of production underway, following an increase of production capacities at our plants, and our full order books, we remain confident in achieving our growth targets. In 2021, hGears expects to contribute components to roughly 2.8 million e-bikes out of the 5.6 million estimated to be sold in Europe.”

OVERVIEW OF H1 2021 FIGURES

Group figures (in EUR million)	H1 2021	H1 2020	Δ
Revenues	70.5	57.7	+22.2%
Gross profit	41.1	31.9	+28.6%
Gross profit margin	58.3%	55.4%	+2.9 bps.
Adj. EBITDA	13.1	8.1	+61.5%
Adj. EBITDA margin	18.5%	14.0 %	+4.5 bps.

FINANCIAL REVIEW

Group revenues in the first six months 2021 increased by 22.2% to EUR 70.5 million (previous year: EUR 57.7 million), fully in line with management expectations. At EUR 41.1 million, gross profit increased 28.6% compared to EUR 31.9 million in the prior-year period. The gross margin rose correspondingly to 58.3% (previous year: 55.4%).

The adjusted EBITDA increased significantly to EUR 13.1 million, up 61.5% compared to EUR 8.1 million in the prior year period. The adjusted EBITDA margin in the first six months of 2021 increased to 18.5% (previous year: 14.0%).

In the e-Mobility business area, which accounted for 35.2% of total revenue (previous year: 33.6%), revenues grew significantly to EUR 24.8 million (previous year: EUR 19.4 million). Revenues in the e-Tools and Conventional business areas rose to EUR 22.5 million (previous year: EUR 18.7 million) and EUR 22.4 million (previous year: EUR 19.2 million) respectively.

OUTLOOK

Based on performance for the first half of 2021, the Management Board remains confident to meet the forecast for the financial year 2021:

- Strong single-digit growth in Group revenues
- Continued double-digit revenue growth in the e-Mobility business area
- Single-digit growth in the e-Tools and Conventional business areas
- Share of revenues of the e-Mobility business area is expected to increase further in 2021

The full report for the first six months of 2021 can be accessed on the Company's website at ir.hgears.com in the "Publications" section.

Contact

cometis AG
Dr. Daniela Diedrich
Unter den Eichen 7
65195 Wiesbaden

T: +49 611 205855 – 22
E: diedrich@cometis.de

About hGears

hGears is a global manufacturer of mission-critical high-precision gears and components with a focus on products for e-mobility applications. The Company's strategic focus is on the e-Mobility business area where products include gears, shafts, and other mission-critical components to be used in combustion-free electrical drive applications for e-bikes and electric and hybrid vehicles. In the e-bikes segment, hGears is the European market leader in the supply of high-precision gears and components and its parts are contained in approximately two million of the total 4.6 million e-bikes sold in Europe in 2020. This puts the company in a good position to capitalize on the dynamically growing end-markets for e-bikes and electric and hybrid vehicles. hGears has three distinct business areas for which it develops and manufactures high-precision components: e-Mobility, e-tools, and Conventional (i.e. premium and luxury cars, motorcycles and industrial applications).

hGears combines over 60 years of experience in advanced machined steel metal processing and state-of-the-art powder metal production. It is one of the few companies offering customers both processes worldwide. hGears works together with its customers in a "co-development" role to design components and find technologically optimal solutions to meet its customers' specifications. hGears' blue chip customer base includes a number of major suppliers as well as original equipment manufacturers. The Company benefits from long, stable and sustainable relationships with its partners and has worked with many key customers for over 15 years.

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