

## **hGears AG Group: Start to 2024 in line with expectations despite continued challenging environment**

### **FIRST-QUARTER 2024 HIGHLIGHTS**

- Group sales of EUR 26.0 million 7.3 % lower than in the previous year
- The positive development of e-Bike and [e]-Mobility only partially compensated for the downward trend in e-tools
- Gross profit fell to EUR 11.6 million (margin 44.8 %) mainly due to a lack of volume (start-stop costs)
- The adjusted EBITDA fell to EUR 0.5 million, the adjusted EBITDA margin reached 2.0 %
- We confirm our forecast for 2024 after quarterly results in line with expectations
- Refinancing for the next 3 years successfully completed

**Schramberg, 14 May 2024** - In the first quarter of 2024, hGears AG generated consolidated revenue of EUR 26.0 million and adjusted EBITDA of EUR 0.5 million. Following the strategic reorganisation of our sales structures, we have now combined our activities into the e-Bike, [e]-Mobility and e-Tools business areas in order to strengthen our optimal focus on industry-specific requirements and dynamics while also creating more transparency. The e-Bike business area developed positively from a very low level in the previous year, while sales in the [e]-Mobility business area remained stable with a slight increase. The main reason for the 7.3 % decline in consolidated sales was the downward trend in the e-Tools division. Overall, the Group therefore succeeded in achieving results in line with management expectations and the guidance despite the persistently challenging business environment.

Following a weak performance in the same period of the previous year, the e-Bike business unit recorded a certain degree of stabilisation in the first quarter of 2024 despite ongoing destocking. However, the slight recovery from a very low level in the previous year was reflected in growth of 14.2 % to EUR 6.0 million in the reporting period. Although trends in the automotive industry continued to remain a challenge, our projects in the super sports car and EHV areas had a positive impact on the business development of [e]-Mobility. As a result, the business area recorded a slight increase of 2.7 % to EUR 12.6 million. At e-Tools, the combination of excess inventories and weak demand in the electric garden tools business once again had a negative impact on sales performance, while powertools recorded a certain recovery. Nevertheless, the business area recorded a year-on-year decline of 29.6 % in the first quarter of 2024.

The change in the product mix in the [e]-Mobility business area together with inefficiencies in connection with start-stop costs and inventory changes had a negative impact on gross profit, which fell by EUR 3.6 million year-on-year and reached EUR 11.6 million in the first quarter of 2024. Thanks to the organisational and operational countermeasures implemented in 2023, the absolute decline year-over-year of the adjusted EBITDA was lower, decreasing by around EUR 1 million to EUR 0.5 million.

### **Sven Arend, CEO of hGears, comments:**

*“The market situation remains challenging, but we have adapted well to the situation and the organisational and operational measures we have implemented are having a positive effect. We will continue to focus on driving the business forward, increasing operational flexibility and maintaining liquidity at the same time. The reorganised business areas are now even better aligned with the sector-specific requirements and*

their dynamics. This ensures that we are agile, efficient and optimally positioned to benefit from a recovery in the end markets as soon as it materialises.”

**Daniel Basok, CFO of hGears, also said:**

“In such a challenging environment, I am pleased to announce that we have successfully concluded new financing for the next three years. We have secured attractive terms that not only provide stability but also flexibility for future growth initiatives. This success reflects our commitment to prudent financial management and our firm belief in our business model.”

**OVERVIEW OF Q1 2024 FIGURES**

<b>Group figures (in EUR million)</b>	<b>Q1 2024</b>	<b>Q1 2023</b>	<b>Δ</b>
Revenues	26.0	28.0	-7.3 %
Gross Profit	11.6	15.2	-23.6 %
Gross Profit margin	44.8 %	54.4 %	-960 bps
Adj. EBITDA	0.5	1.5	-65.8 %
Adj. EBITDA margin	2.0 %	5.4 %	-340 bps

  

<b>Revenues by Business Area (in EUR million)</b>	<b>Q1 2024</b>	<b>Q1 2023</b>	<b>Δ</b>
e-Bike	6.0	5.2	14.2 %
[e]-Mobility	12.6	12.3	2.7 %
e-Tools	7.3	10.3	-29.6 %

NOTE: Numbers may be subject to rounding

**OUTLOOK**

In view of the market challenges associated with persistently high inventory levels and shifts in demand trends as well as ongoing geopolitical risks, hGears is maintaining its outlook. Against this backdrop, the Management Board will prioritise operational flexibility and cash preservation, while focusing on project execution, efficiency and agility in order to position the company for renewed market growth.

**For the full year 2024, the Group has set itself the following targets:**

- Group revenues of EUR 100 – 110 million
- Adjusted EBITDA of EUR 1 – 3 million
- Free cash flow of between EUR 0 and minus EUR 3 million

**Medium-term outlook:**

In the medium term, i.e. over the next three to five years, hGears expects a strong recovery in the e-bike segment in particular, albeit from a lower base, and forecasts consolidated sales of around EUR 150 - 180 million.

## Contact

hGears AG  
Christian Weiz  
Brambach 38  
78713 Schramberg

T: +49 (7422) 566 222  
E: [Christian.Weiz@hgears.com](mailto:Christian.Weiz@hgears.com)

## 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 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 almost every second e-bike sold in Europe. 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 65 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 satisfy the customer's specifications. hGears' blue-chip customer base includes several major suppliers (Tier 1) as well as original equipment manufacturers (OEMs). The Company benefits from long, stable and sustainable relationships with its customers 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. Find us on the web: [www.hgears.com](http://www.hgears.com)