HALF-YEAR FINANCIAL REPORT
2026

the **heart** of your performance

KEY FIGURES

in EUR million	H1 2026	H1 2025
Revenue	46.8	49.5
Gross profit	21.0	22.6
Gross profit margin in %	44.9	45.6
Adjusted EBITDA	0.4	1.1
Adjusted EBITDA margin in %	0.8	2.2
EBIT	−4.1	−5.4
Net result	−5.5	−6.5
Net return on revenues in %	−11.8	−13.1
Free cash flow	1.1	−2.3
Net financial position	−18.8	−14.7
Net debt / adj. EBITDA	22.0×	14.1×

CONTENT

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 65 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

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 is the strong research and development (R&D) capabilities paired with unique co-development expertise. Meanwhile, hGears benefits from 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 2026 AT A GLANCE

EUR 46.8 M

Revenue
H1 2026

EUR 0.4 M

Adj. EBITDA
H1 2026

27.0 %

Equity ratio

e-Bike
11 %

[e]-Mobility
55 %

e-Tools
34 %

Sales
H1 2026

Leading provider
of mission-critical precision
components

EUR 7.2 M

Cash and
Cash Equivalents

×3

Production sites
in Germany, Italy, China

560

Employees

TO OUR SHAREHOLDERS

hGears | the **heart** of your performance

LETTER FROM THE MANAGEMENT BOARD

Dear Shareholders, Ladies and Gentlemen,

Sven Arend and Daniel Basok

The first half of 2026 continued to be characterised by subdued demand and a challenging market environment. Despite the lower business volume, we generated positive adjusted EBITDA and positive free cash flow. This demonstrates that our structural, cost and efficiency measures are taking effect and limiting the impact of declining volumes. At the same time, visibility regarding further market developments remains limited and continues to require decisive action.

Adapting our cost structures to current business developments remained a key priority in the first half of the year. This also included personnel-related measures that required a high degree of flexibility and commitment from our employees. We expressly thank them for their valuable contribution to the stability and further development of hGears.

The structure of the Supervisory Board was also adapted to the current size and evolution of hGears. At this year's Annual General Meeting, shareholders resolved to reduce the Board from five to four members. Dr Gabriele Fontane and Daniel Michael Kartje were re-elected to the Supervisory Board for a further five years. Christophe Hemmerle's term of office ended at the close of this year's Annual General Meeting. We would like to thank him most sincerely for his many years of dedicated and trusted support for hGears. Lars Ahns was newly elected to the Supervisory Board, bringing extensive financial and investment expertise to the Board.

The macroeconomic environment in the first half of the year continued to be shaped by geopolitical conflicts, trade policy tensions, rising energy prices and uncertainty regarding the future course of interest rates. These factors weighed on consumer and investment sentiment and resulted in persistently subdued demand in the end markets relevant to us.

In the [e]-Mobility business area, our clear focus on the premium and sports segment once again proved to be a stabilising factor, while the continuing structural challenges facing the Western automotive industry and subdued consumer sentiment remained a burden. After a strong performance in gardening tools in the prior-year period, e-Tools declined in the first half of 2026 as demand in this segment weakened significantly and could not be offset by the power tools business. Meanwhile, e-Bike remained well below our expectations, as the market has so far neither stabilised nor recovered.

The positive development of [e]-Mobility partly offset the declines in e-Tools and, in particular, e-Bike. Group revenue decreased by EUR 2.8 million, or 5.6 %, year on year to EUR 46.8 million in the first half of the year. Accordingly, gross profit declined by EUR 1.6 million to EUR 21.0 million. The adjusted gross margin remained largely stable at 44.9 %, compared with 45.6 % in the prior-year period, which had benefited from pull-forward effects.

Nevertheless, adjusted EBITDA amounted to EUR 0.4 million thanks to the countermeasures already successfully implemented and additional cost-saving efforts, corresponding to an adjusted EBITDA margin of 0.8 %. The absolute decline was therefore smaller than the decrease in adjusted gross profit.

We made progress in managing cash flow and liquidity in the first half of the year. Free cash flow was positive at EUR 1.1 million, while we also continued to optimise our financing and working capital. As of 30 June 2026, hGears had cash and cash equivalents of EUR 7.2 million, and the equity ratio stood at 27.0 %.

Sustainability is an integral part of hGears' corporate strategy. At the same time, the steadily growing demand from our customers for ESG information shows that transparency and the ability to effectively manage this area are becoming increasingly important. Irrespective of regulatory requirements, we therefore continue to develop the relevant processes and tools.

In a market environment that remains demanding, we are focused on consistently stabilising and further developing our business. For the second half of the year, we expect stable development in [e]-Mobility and e-Tools, while visibility in e-Bike remains limited. In parallel, we are working to further develop our business portfolio and exploring additional areas in which to apply our technological expertise, including robotics.

Our focus remains clear: We will continue to adapt our cost structures to market developments within the scope of our operational possibilities, manage liquidity and cash flow closely, and at the same time strengthen the technological and commercial foundations for hGears' future development.

Our sincere thanks go to our employees for their strong commitment, flexibility and reliability. We are equally grateful to our shareholders, customers and business partners for their trust and support. Together, we are laying the foundation for stabilising hGears in a challenging environment while continuing to develop the Company in a focused manner. We will continue to provide regular and transparent updates on the development of our business and the progress we make.

Schramberg, 31 July 2026

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 2026

Number of shares as of 30 June 2026	10,400,000 shares
Share capital as of 30 June 2026	EUR 10,400,000.00
Share price as of 30 June 2026	EUR 0.84
Market capitalization as of 30 June 2026	EUR 8.7 million
Share price high H1 2026	EUR 1.62
Share price low H1 2026	EUR 0.84

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

Major equity markets remained volatile in the first half of 2026. The main factors weighing on the markets were the war in the Middle East, rising energy prices, persistent trade policy uncertainty and uncertainty surrounding the future course of monetary policy. Following significant declines in the first quarter, markets recovered over the course of the first half, with numerous indices ending the period with strong gains. In Europe, markets benefited, among other factors, from investment in technology, infrastructure and defence. In the United States, market performance was driven primarily by sustained high levels of investment in artificial intelligence, data centres, semiconductors and the associated infrastructure, as well as by robust corporate earnings. Overall, equity markets proved resilient despite geopolitical and economic headwinds.

After inflation in the eurozone had risen to 3.2 % in May, it declined to 2.8 % in June 2026 but remained clearly above the European Central Bank's target. A similar trend was seen in the United States, where inflation fell to 3.5 % in June after rising to 4.2 % in May, likewise remaining well above the US Federal Reserve's target. Nevertheless, the Federal Reserve kept its target range unchanged at 3.50 % to 3.75 % throughout the first half of the year, while the ECB raised its deposit rate by 25 basis points to 2.25 % in June. Alongside geopolitical developments, equity markets therefore once again focused on how long the elevated interest-rate environment would persist.

Most major European equity indices recorded gains in the first half of 2026. The DAX rose by 2.1 %, while the EURO STOXX 50, which comprises the eurozone's largest listed companies, gained 9.3 %. The SDAX, which tracks smaller and medium-sized German companies, also increased by 5.1 %. By contrast, the DAX Auto Parts & Equipment sub-index fell by 30.4 % in the first half of the year due to the ongoing crisis in the German automotive sector.

In the first half of 2026, the hGears share reached its high of EUR 1.62 on 14 January. The share reached its low of EUR 0.84 on 30 June, which was also the closing price at the end of the first half. This represented a decline of 47.5 % since the beginning of the year. The average daily trading volume in the first six months of 2026 was 7,015 shares (2025 annual average: 9,160 shares).

As of 30 June 2026

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

Annual General Meeting 2026

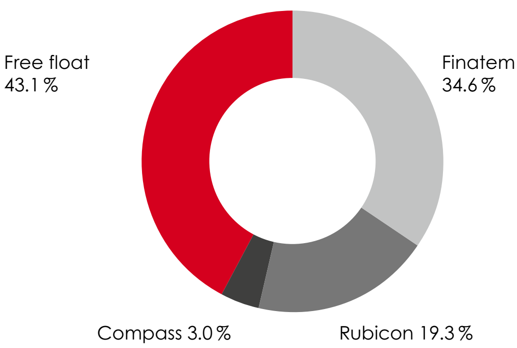
At the Annual General Meeting held on 11 June 2026 at the Company's headquarters in Schramberg, the shareholders of hGears AG approved all items on the agenda. The Annual General Meeting was held as an in-person event, once again reflecting the express preference of many shareholders. A total of 63.01 % of the share capital was represented at the meeting. The proposed resolutions were approved by a large majority of shareholders.

The Annual General Meeting also resolved to reduce the Supervisory Board from five to four members in view of the size and development of hGears. Dr Gabriele Fontane and Daniel Michael Kartje were each re-elected to the Supervisory Board for a further five-year term with 99.84 % of the votes. Lars Ahns was newly elected to the Supervisory Board with 99.97 % of the votes. At the same time, Christophe Hemmerle's term of office on the Supervisory Board ended. The Management Board, the Supervisory Board and the entire Company thank Mr Hemmerle for his many years of commitment.

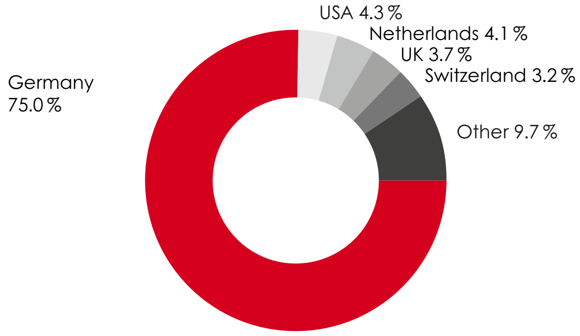
In addition, the Annual General Meeting granted discharge to the Management Board and the Supervisory Board with 99.76 % and 91.77 % of the votes, respectively, and approved the remuneration report and the amended remuneration system for the members of the Management Board with 97.17 % and 96.32 % of the votes, respectively.

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

Shareholder structure 30 June 2026



Shareholders by region 30 June 2026



INTERIM GROUP MANAGEMENT REPORT

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COMPANY FUNDAMENTALS

Business model

hGears AG and its direct and indirect subsidiaries ("hGears Group", "Group") manufacture, distribute and sell high-precision turned parts, drive components, gear kits as well as complex system solutions. In doing so, the Group combines traditional steel machining with powder metallurgy 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 the high 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 20 years.

hGears' business activities are divided into three business areas:

e-Bike

The e-Bike business area focuses on the manufacture of high-precision, mission-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 mission-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 exacting quality standards required by the automotive industry and other sectors 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

As of 30 June 2026, the share capital of hGears AG amounted to EUR 10,400,000 and was divided into 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.

The shares of hGears AG are listed in the Prime Standard segment of the Regulated Market of the Frankfurt Stock Exchange.

Authorized Capital 2025

By virtue of the amended Articles of Association approved by the Annual General Meeting on 11 June 2025, the Management 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 Management 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 Management 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 been made of Conditional Capital 2025 to date.

Conditional Capital 2024

The Management Board was authorised 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 by issuing up to 525,450 no-par value bearer shares (Conditional Capital 2024). The Conditional Capital 2024 is exclusively for the purpose of issuing shares of the Company to issue subscription rights to shares of the Company to members of the Management Board of the Company and selected executives of the Company and of companies affiliated with the Company within the meaning of Sections 15 et seq. AktG in the form of stock options in accordance with the authorization resolution of the Annual General Meeting on 11 June 2024. The conditional capital increase will only be implemented to the extent that stock options are granted in accordance with the authorization resolution (stock option program 2024), the holders of the stock options exercise their option rights and the Company does not grant any treasury shares to service the stock options. The new no-par value bearer shares are entitled to dividends from the beginning of the financial year for which the Annual General Meeting has not yet passed 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 accordingly 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 issuance of shares from the Conditional Capital 2024.

No use has been made of Conditional Capital 2024 to date.

Conditional Capital 2026

The Management Board was authorized by the Annual General Meeting on 11 June 2026, with the approval of the Supervisory Board, to conditionally increase the Company's share capital by up to EUR 324,000.00 through the issuance of up to 324,000 no-par value bearer shares (Conditional Capital 2026). The Conditional Capital 2026 serves exclusively to issue shares in the Company to satisfy subscription rights to shares in the Company granted to members of the Company's Management Board in the form of stock options in accordance with the authorising resolution adopted by the Annual General Meeting on 11 June 2026. The conditional capital increase will be implemented only to the extent that stock options are granted under the authorising resolution (2026 Stock Option Programme), the holders of such stock options exercise their rights, and the

Company does not use treasury shares to satisfy the stock options. The new no-par value bearer shares will carry dividend rights from the beginning of the financial year for which, at the time the shares are issued, the Annual General Meeting has not yet adopted a resolution on the appropriation of net retained profits. The Supervisory Board is authorised to amend the wording of the Articles of Association to reflect the extent to which the Conditional Capital 2026 has been utilised following the expiry of all exercise periods. The Supervisory Board is also authorised to determine the further details concerning the issuance of shares from the Conditional Capital 2026.

No use has been made of Conditional Capital 2026 to date.

Group strategy

The Company's objective is to become one of the world's leading manufacturers of premium precision transmission parts and 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. This creates market potential for hGears, given its focus on high-quality precision components.

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 widely recognised partner for such systems in this area based on its long-standing experience in the production of high-precision parts. In recent years, hGears has concluded several prototyping agreements and is engaged in ongoing discussions with existing and potential 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 closely involved in its customers' development processes. The Company works with customers in a "co-development" role to design components and find technically optimal solutions that meet the customer's specifications. This collaboration is based on hGears' long-standing experience, detailed 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 programs 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.

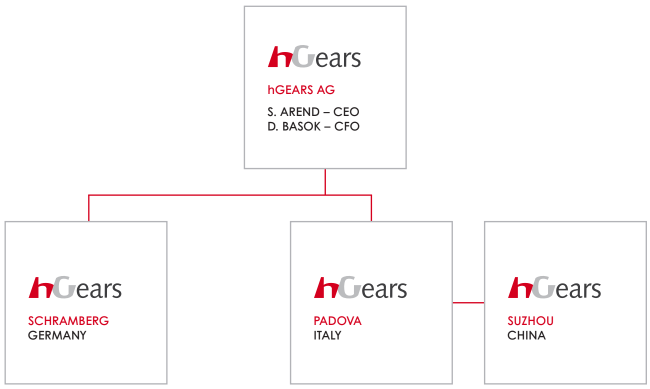
By focusing specifically on innovations for e-mobility solutions combined with continuous quality and cost improvements, hGears firmly believes that its research and development capabilities and combined expertise are key differentiators and the main reasons for its strong market position. Examples in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

hGears' major strength in engineering is its multinational technical teams. They consist of 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 associated with these activities also supports the Company's pricing.

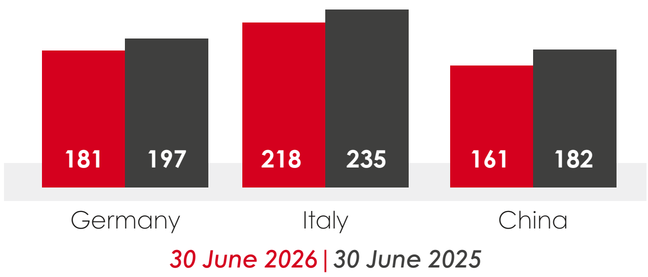
The Company leverages its process and application engineering expertise in e-drives to increase their range and performance while reducing costs.

Locations and employees

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



As of 30 June 2026, hGears had 560 (30 June 2025: 614) FTEs (excluding members of the Management Board). The distribution of employees across the various locations was as follows:



Of these employees, 470 worked in production and 90 in administration and management (excluding members of the 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 Section 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 revenue, 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 as part of a tender process. 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.

HALF-YEAR REPORT

Economic environment

The global economy proved more resilient than initially expected in the first half of 2026, but lost momentum compared with the final quarter of 2025. According to the International Monetary Fund[1], annualised global growth slowed to 3.0 % in the first quarter, down from 3.8 % in the previous quarter. The development was shaped by two opposing forces: while the war in the Middle East and the associated disruption to energy supplies weighed on economic activity, high levels of investment in artificial intelligence and strong demand for semiconductors and technology products provided positive impetus. This benefited in particular economies closely integrated into the global technology value chain, while energy-importing countries without comparable technological momentum were more severely affected by higher commodity prices. For 2026 as a whole, the IMF expects the global economy to grow by 3.0 %, following 3.5 % in the prior year, before accelerating to 3.4 % in 2027. At the same time, growth in global trade is expected to slow from 5.0 % in 2025 to 3.5 % in 2026 as a result of earlier pull-forward effects, existing tariffs and the adjustment of international supply chains. The decline in global inflation observed since the beginning of 2024 came to a temporary halt in the first half of 2026. This was mainly due to the significant increase in energy prices following restrictions on shipping through the Strait of Hormuz. Although prices declined again after reaching their peaks in April, they remained considerably above the levels recorded before the conflict began. The IMF therefore expects global inflation to rise from 4.1 % to 4.7 % in 2026, before falling back to 3.9 % in 2027. The renewed price risks led financial markets to price in higher policy rates and scale back expectations of near-term interest rate cuts. The main risks for the remainder of the year include a renewed escalation in the Middle East, additional trade restrictions and a possible correction in the high expectations surrounding AI-related investment, which could weigh on economic growth and financial markets. Opportunities could arise in particular from a faster normalisation of energy markets and the associated easing of energy prices, persistently high levels of technology investment and stronger international economic cooperation.

Sector-specific environment

EY-Parthenon[2] and the European bicycle industry association ECI[3] consider the European bicycle market to remain in a phase of transition and stabilisation. The excess inventories built up in recent years have continued to decline but are still weighing on the industry. While road bikes and gravel bikes are currently recording growth, demand for e-mountain bikes remains broadly flat. At the same time, the market entry of a Chinese supplier with an integrated motor-gear unit presented at Eurobike 2026 is increasing competitive pressure in the e-Bike segment.

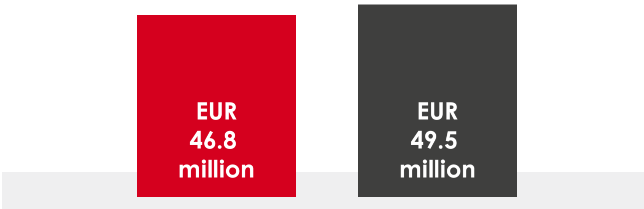
1 https://www.imf.org/-/media/files/publications/weo/2026/update/july/english/text.pdf
2 https://www.ey.com/de_de/newsroom/2026/06/ey-parthenon-fahrradstudie-2026
3 https://cyclingindustries.com/news/details/cycling-industry-market-stabilisation-2026

ACEA[4] reported that the European automotive market developed positively in the first half of 2026 despite geopolitical uncertainties and a challenging economic environment. New car registrations in the European Union increased by 5.7 % to around 5.9 million vehicles. At the same time, discussions are taking place at European level on a more technologically flexible design of the CO_2 requirements for 2035, while the target date itself remains broadly unchanged. The trend towards electrified powertrains continued clearly. Battery electric vehicles recorded the strongest growth at 40.5 %, followed by plug-in hybrids at 22.5 % and hybrid vehicles at 13.2 %. With a share of 37.3 % of new registrations, hybrids remained the largest individual category. Overall, BEVs, PHEVs and HEVs accounted for 67.8 % of new registrations, while the combined share of petrol and diesel vehicles decreased from 37.8 % to 29.7 %.

BUSINESS PERFORMANCE

Income Situation

Revenue



30 June 2026 | 30 June 2025

In the first half of 2026, the hGears Group generated revenue of EUR 46.8 million, 5.6 % below the prior-year period (prior-year period: EUR 49.5 million). [e]-Mobility performed positively and increased revenue by 7.0 % to EUR 25.5 million (prior-year period: EUR 23.8 million), supported by its clear focus on sports and luxury vehicles. e-Bike was affected by the high prior-year comparison base resulting from pull-forward effects, as well as persistently weak demand due to continued high inventory levels throughout the value chain. The resulting low production volumes in the bicycle industry led to a 31.2 % decline in revenue to EUR 5.1 million (prior-year period: EUR 7.5 million). In e-Tools, revenue decreased by 11.8 % year on year to EUR 15.9 million (prior-year period: EUR 18.0 million). This was mainly attributable to weaker demand for gardening tools.

Capitalized own work amounted to kEUR 20 in the first half of 2026, thus below the prior-year period's level (prior-year period: kEUR 43).

Expenses

The higher share of assembly business in the [e]-Mobility business area resulted in an adverse mix effect on raw material expenses, which increased marginally from EUR 19.8 million in the prior-year period to EUR 20.2 million despite the decline in revenue. Lower tooling costs and reduced other material expenses largely offset this mix effect despite slightly higher energy prices. Total material expenses in the first six months of 2026 remained at the prior-year level of EUR 25.9 million.

As a result of this mix effect, gross profit, defined as total output less material expenses, declined from EUR 22.6 million in the first half of 2025 to EUR 21.0 million in the reporting period. The gross margin, defined as gross profit as a percentage of revenue, fell by 70 basis points from 45.6 % in the prior-year period to 44.9 % in the reporting period.

Personnel expenses decreased by EUR 1.9 million, or 10.9 %, to EUR 15.6 million in the first six months of 2026 (prior-year period: EUR 17.5 million). The personnel expense ratio declined from 35.2 % to 33.3 % of revenue. Compared with the prior-year period, a further 54 full-time positions were reduced. As a result, hGears implemented the necessary workforce adjustments in response to the current market situation. In addition, the mix effect had a positive impact on the personnel expense ratio.

4 https://www.acea.auto/pc-registrations/new-car-registrations-5-7-in-h1-2026-battery-electric-20-7-market-share/

Net other operating expenses and income, including impairment losses under IFRS 9 (OPEX), amounted to EUR 5.5 million, EUR 0.5 million above the prior-year figure. The increase was driven by adverse currency effects in the amount of EUR 0.4 million. As a result of the increase and lower revenue, the OPEX ratio rose from 10.1 % to 11.8 %.

Adjusted EBITDA at Group level amounted to EUR 0.4 million in the first half of 2026 (prior-year period: EUR 1.1 million). The adjusted EBITDA margin was 0.8 %, compared with 2.2 % in the prior year, which benefited from both higher revenue and favourable currency effects. Adjustments included exceptional personnel expenses, such as severance payments and related advisory and legal costs, of EUR 0.2 million (prior-year period: EUR 0.7 million). Exceptional project costs amounted to EUR 0.2 million (prior-year period: EUR 0.3 million). For further information, please refer to Section 3.7, Segment Reporting, in the notes to the interim consolidated financial statements.

In the first six months of the year, the hGears Group generated unadjusted EBITDA of EUR −0.1 million (prior-year period: EUR 0.1 million). The unadjusted EBITDA margin was therefore −0.2 %, compared with 0.2 % in the prior-year period. Despite the lower sales, hGears once again achieved unadjusted EBITDA close to break-even as a result of the structural adjustments and cost-saving measures implemented. Personnel expenses were reduced by EUR 1.9 million in the first half of 2026 compared with the prior-year period. This was partly offset by adverse currency effects of EUR 0.4 million and other net expenses of EUR 0.1 million in operating expenses (OPEX), resulting in overall net savings of EUR 1.4 million.

Depreciation, amortisation and impairment amounted to EUR 4.1 million in the first half of 2026, below the prior-year figure of EUR 5.5 million. The decrease resulted from the lower carrying amount of property, plant and equipment following the impairment recognised at year-end 2025.

The Group's earnings before interest and taxes (EBIT) amounted to EUR −4.1 million in the first half of 2026, compared with EUR −5.4 million in the prior-year period.

The financial result amounted to EUR −1.4 million in the first six months of 2026 and therefore remained nearly unchanged compared with EUR −1.3 million in the prior-year period.

The Group's earnings before taxes (EBT) improved from EUR −6.7 million in the prior-year period to EUR −5.5 million in the reporting period.

Compared with a tax refund of EUR 0.2 million in the prior-year period, hGears recorded a tax expense of EUR 0.0 million in the first half of 2026.

Accordingly, the net result for the period improved to EUR −5.5 million in the first six months of 2026, compared with EUR −6.5 million in the prior-year period. The return on revenue, defined as the net result as a percentage of revenue, was −11.8 %, compared with −13.1 % in the first half of 2025.

Net assets

The Company's total assets decreased from EUR 76.3 million at year-end 2025 to EUR 71.8 million.

Non-current assets amounted to EUR 40.9 million in June 2026, 4.2 % below the level at the end of the 2025 financial year (EUR 42.7 million). The decrease was mainly attributable to scheduled depreciation and amortisation of EUR 4.1 million, predominantly relating to property, plant and equipment.

Current assets decreased by 8.1 % to EUR 30.9 million as of the end of June 2026, compared with EUR 33.6 million in December 2025. Inventories remained largely unchanged at EUR 14.1 million, compared with EUR 14.0 million at year-end 2025. Trade receivables amounted to EUR 6.7 million as of 30 June 2026, below the EUR 8.0 million reported at year-end 2025, primarily due to the lower revenue level during the reporting period. Cash and cash equivalents amounted to EUR 7.2 million at the end of June 2026, compared with EUR 8.7 million at year-end 2025. The decrease was mainly attributable to the repayment of financial liabilities.

The ratio of net working capital to revenue improved to 5.8 %, compared with 9.1 % in the prior-year period, due to the expanded use of factoring.

As a result of the negative half-year result, hGears' equity decreased to EUR 19.4 million as of 30 June 2026, compared with EUR 24.4 million as of 31 December 2025. Accordingly, the equity ratio declined from 31.9 % as of 31 December 2025 to 27.0 % as of 30 June 2026.

As a result of scheduled repayments, non-current liabilities decreased to EUR 16.3 million as of 30 June 2026, compared with EUR 17.4 million as of 31 December 2025.

Cash flow

hGears improved cash flow from operating activities by EUR 3.9 million to EUR 1.6 million in the first half of 2026, compared with EUR −2.3 million in the prior-year period. The main driver was the positive contribution from operating activities.

Cash flow from investing activities amounted to EUR −1.6 million in the reporting period, compared with EUR −1.3 million in the prior-year period, and was therefore slightly higher year on year. This was broadly in line with the targeted level of approximately 3 % of revenue for maintenance capital expenditure.

Cash flow from financing activities amounted to EUR −1.6 million in the first half of 2026, compared with EUR −3.8 million in the prior-year period. The cash outflow resulted from the net repayment of bank loans and lease liabilities.

In the reporting period, hGears recorded a net cash flow of EUR −1.7 million compared with EUR −7.3 million in the first six months of the prior year.

Finally, cash and cash equivalents as of 30 June 2026 amounted to EUR 7.2 million, compared with EUR 9.4 million in the prior-year period and EUR 8.7 million at year-end 2025.

OPPORTUNITY AND RISK REPORT

The opportunities and risks relevant to hGears were comprehensively described in the 2025 Annual Report in the section “Internal Control System, Risk Management and Compliance” of the Group Management Report (see 2025 Annual Report, Group Management Report, from page 43 onwards).

Compared with the information presented there, the financing situation changed during the reporting period, as the bridge financing planned for the second half of 2026 had already been put in place by the reporting date. Accordingly, the risk described in the 2025 Annual Report that this bridge financing might not be secured in time no longer existed at the reporting date. Apart from this, the material opportunities and risks presented in the 2025 Annual Report remain unchanged.

OUTLOOK REPORT

Overall economy

Geopolitical uncertainties remain elevated. The ongoing war in Ukraine, the situation in the Middle East and trade policy tensions may continue to affect energy prices, international supply chains, and the willingness of businesses and consumers to invest and spend. Overall, the geopolitical and economic policy environment therefore remains subject to considerable uncertainty.

According to the International Monetary Fund[5], the global economy will continue to be shaped by opposing forces in 2026. While trade policy uncertainty, higher energy prices and geopolitical tensions are weighing on economic activity, high levels of investment in artificial intelligence, semiconductors and digital infrastructure are providing positive impetus. For 2026 as a whole, the IMF expects the global economy to grow by 3.0 %, compared with 3.5 % in the prior year, followed by an acceleration to 3.4 % in 2027. Growth in global trade is expected to slow from 5.0 % in 2025 to 3.5 % in 2026. The IMF forecasts an increase in global inflation to 4.7 % in 2026, compared with 4.1 % in the prior year, before declining again to 3.9 % in 2027. Monetary policy conditions are therefore likely to be less supportive than previously expected.

5 https://www.imf.org/-/media/files/publications/weo/2026/update/july/english/text.pdf

The outlook therefore remains subject to uncertainty, particularly with regard to a possible escalation of geopolitical conflicts, increasing fragmentation of global trade and persistently high energy prices. The Management Board is monitoring economic conditions and geopolitical developments very closely, drawing, among other things, on information provided by the risk management system.

Outlook

Non-financial performance indicators

Occupational health and safety measures are being further intensified across the Group in order to continuously reduce accident-related downtime and eliminate workplace accidents entirely in the long term. An LTAR of 3.8 is targeted for the 2026 financial year. Lower capacity utilisation at our Schramberg plant, where a high proportion of recyclable metal chips is generated, is weighing on the Group-wide recycling rate. As this mix effect is expected to persist, we are targeting a recycling rate of 80 % for 2026. While absolute energy consumption is expected to remain at the prior-year level, energy consumption per working hour may increase purely as a result of lower plant utilisation. For 2026, we expect a figure of approximately 26 kWh per working hour.

Financial performance indicators

Against the backdrop of the persistently challenging geopolitical and economic environment, the continued lack of recovery in the bicycle industry, structural changes in the automotive industry and volatile demand for power and garden tools, the Management Board remains cautious in its assessment.

For fiscal year 2026, hGears continues to expect:

- Revenue in the range of EUR 80 – 90 million
- Adjusted EBITDA of EUR minus 3 to EUR 0 million
- Free cash flow of EUR minus 5 to EUR minus 2 million

Schramberg, 31 July 2026

Sven Arend	**Daniel Basok**
Chairman of the Management Board	Member of the Management Board

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

hGears | the **heart** of your performance

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

in kEUR	Note	H1 2026	H1 2025
Revenues	3.1	46,754	49,541
Other capitalized own work		20	43
Changes in inventories		167	(1,092)
Total output		**46,941**	**48,492**
Other operating income	3.2	501	750
Impairment gains/losses from financial instruments IFRS 9		(76)	(7)
Raw materials and consumables used	3.3	(25,931)	(25,917)
Personnel expenses	3.4	(15,564)	(17,463)
Depreciation, amortization and impairment		(4,061)	(5,532)
Other operating expenses	3.5	(5,946)	(5,761)
Profit/loss from operating activities		**(4,136)**	**(5,438)**
Finance income		8	86
Finance expenses		(1,366)	(1,354)
Financial result	**3.6**	**(1,358)**	**(1,268)**
Income before income taxes		**(5,494)**	**(6,706)**
Income and deferred taxes		(12)	229
Net result of the period		**(5,506)**	**(6,477)**
The result is attributable to:			
Shareholders		**(5,506)**	**(6,477)**
Basic/diluted earnings per share (EUR)	**3.8**	**(0.53)**	**(0.62)**

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 2026	H1 2025
Net result of the period	**(5,506)**	**(6,477)**
Other comprehensive income:		
Other comprehensive income that may be reclassified subsequently to profit or loss		
Gains/(Losses) on cash flow hedges	32	–
Tax effect	(8)	–
Currency translation adjustment*	509	(860)
Total comprehensive income	**(4,973)**	**(7,337)**

* 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 2026	31 December 2025
Property, plant and equipment		39,649	41,457
Intangible assets		339	427
Other non-current assets	4.3	112	108
Other non-current financial assets	4.3	620	620
Deferred tax assets		193	81
Total non-current assets		**40,913**	**42,693**
Inventories	4.1	14,083	13,984
Trade receivables	4.2	6,700	8,019
Other receivables	4.3	530	781
Other current assets	4.3	2,297	2,118
Other current financial assets	4.3	5	–
Cash and cash equivalents	4.4	7,236	8,676
Total current assets		**30,851**	**33,578**
Total assets		**71,764**	**76,271**

in kEUR	Note	30 June 2026	31 December 2025
Share capital		10,400	10,400
Capital reserve		69,232	69,232
Other reserves		400	400
OCI		2,232	1,698
Retained earnings		(62,877)	(57,371)
Total Equity	**4.6**	**19,387**	**24,360**
Lease liabilities		5,251	6,155
Borrowings	4.5	9,675	9,879
Deferred tax liabilities		21	21
Provisions		319	319
Employee benefit obligations		850	861
Trade and other payables		137	162
Total non-current liabilities		**16,253**	**17,397**
Lease liabilities		2,288	2,363
Borrowings	4.5	8,817	8,777
Provisions		421	473
Other current financial liabilities		41	26
Trade and other payables		24,524	22,864
Current tax liabilities		33	12
Total current liabilities		**36,124**	**34,515**
Total liabilities		**52,377**	**51,912**
Total equity and liabilities		**71,764**	**76,271**

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

				OCI				
in kEUR	Share capital	Capital reserve	Other reserves	Currency translation	Cash flow hedge reserve	Employee plan	Retained earnings	Total equity
Balance at 1 January 2025	**10,400**	**69,232**	**400**	**1,305**	**–**	**1,066**	**(29,527)**	**52,876**
Net result of the period	–	–	–	–	–	–	(6,477)	(6,477)
Other comprehensive income	–	–	–	(860)	–	–	–	(860)
Total comprehensive income	**–**	**–**	**–**	**(860)**	**–**	**–**	**(6,477)**	**(7,337)**
Other changes	–	–	–	–	–	5	–	5
Balance at 30 June 2025	**10,400**	**69,232**	**400**	**445**	**–**	**1,071**	**(36,004)**	**45,543**
Balance at 1 January 2026	**10,400**	**69,232**	**400**	**623**	**–**	**1,075**	**(57,371)**	**24,360**
Net result of the period	–	–	–	–	–	–	(5,506)	(5,506)
Other comprehensive income	–	–	–	509	24	–	–	533
Total comprehensive income	**–**	**–**	**–**	**509**	**24**	**–**	**(5,506)**	**(4,973)**
Other changes	–	–	–	–	–	–	–	–
Balance at 30 June 2026	**10,400**	**69,232**	**400**	**1,132**	**24**	**1,075**	**(62,877)**	**19,387**

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 2026	H1 2025
Profit / loss from operating activities	**(4,136)**	**(5,438)**
Depreciation, amortization and impairment	4,061	5,532
Other non-cash items	40	6
Income tax payments	(86)	243
Provisions and others	(64)	(297)
Interest paid	(1,176)	(1,277)
Interest received	8	36
Change in inventories	(17)	1,892
Change in receivables	1,540	(2,010)
Change in liabilities	1,182	(1,337)
Change in other assets	71	120
Change in other liabilities	144	243
Net cash provided by (used in) operating activities	**1,567**	**(2,287)**
Cash flows provided by (used in) investing activities		
(Payments) for investments	(1,625)	(1,263)
Income from sales of fixed assets	2	–
Net cash provided by (used in) investing activities	**(1,623)**	**(1,263)**
Cash flows provided by (used in) financing activities		
Proceeds from borrowings	15,468	9,906
Repayments of borrowings	(15,880)	(12,419)
Repayments leasing agreements	(1,205)	(1,274)
Cash flows provided by (used in) financing activities	**(1,617)**	**(3,787)**
Net cash increase (decrease) in cash and cash equivalents	**(1,673)**	**(7,337)**
Cash and cash equivalents at the beginning of the year	8,676	17,127
Effects of exchange rate changes on cash and cash equivalents	233	(414)
Cash and cash equivalents	**7,236**	**9,376**

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 – HRB 778870 was incorporated in 2011 and is domiciled in Schramberg, Germany.

The address of the 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") and 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 2026 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 2025.

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 end on 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 value.

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 Group continues to implement measures to optimise its cost structure, improve operating cash flows and secure sufficient liquidity. Since the preparation of the consolidated financial statements as of 31 December 2025, the Group has successfully implemented financing and liquidity measures that, based on the current financial planning, provide sufficient liquidity for the remainder of the 2026 financial year.

Accordingly, the bridge financing requirement described in the consolidated financial statements as of 31 December 2025 has been covered.

Based on the current financial planning, additional liquidity will be required during the 2027 financial year. The Management Board is therefore evaluating and pursuing further measures to strengthen the Group's liquidity and capital structure. These measures are at different stages of assessment and implementation and have not yet been completed.

Based on the progress achieved to date, the liquidity measures already implemented and currently being evaluated by the Group, the Management Board is confident that sufficient liquidity can be secured for the relevant assessment period.

The financial planning remains dependent on the achievement of the forecast operating performance and the successful and timely implementation of sufficient additional liquidity measures. A material deterioration in sales volumes, earnings or working capital compared with the current planning, or a delay or failure in implementing sufficient measures, could result in an additional liquidity requirement.

If, contrary to expectations, sufficient additional liquidity measures cannot be implemented in a timely manner, the continued existence of the parent company and the Group could be at risk. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the ability of the parent company and the Group to continue as a going concern.

Nevertheless, after considering the liquidity measures already implemented, the current financial planning and the additional measures currently being evaluated and pursued, the Management Board considers the going concern basis of preparation to be appropriate.

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.

hGears continues to expect only limited direct effects from the geopolitical situation, as it has neither significant customers nor major suppliers in Russia, Ukraine, or the Middle East. Indirect headwinds may, however, arise from higher energy prices and renewed inflationary pressures. As a result, expectations of further interest rate cuts have weakened considerably. At the same time, persistent geopolitical tensions, trade policy uncertainty, and additional tariffs could continue to weigh on consumer sentiment and 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 2026:

Title	IASB Effective date	EU Endorsement status	Effects
IFRS 1 'First-time Adoption of International Financial Reporting Standards', IFRS 7 'Financial Instruments: Disclosures', IFRS 9 'Financial Instruments', IFRS 10 'Consolidated Financial Statements' and IAS 7 'Statement of Cash Flows' ***Annual Improvements – Volume 11***	1 January 2026	Endorsed	No material impact on hGears Group
IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures' ***Classification and Measurement of Financial Instruments***	1 January 2026	Endorsed	No material impact on hGears Group
IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures' ***Contracts Referencing Nature-dependent Electricity***	1 January 2026	Endorsed	No material impact on hGears Group

IFRSs and Interpretations that have been published but are not yet mandatory

Title	IASB Effective date	EU Endorsement status	Effects
Amendments			
IFRS 18 'Presentation and Disclosure in Financial Statements'	Endorsed	Permitted	None
IFRS 19 'Subsidiaries without Public Accountability: Disclosures'	Endorsed	Permitted	None
IAS 21 'The Effects of Changes in Foreign Exchange Rates'	Endorsed	Permitted	None

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 manufacture, distribution and sale of precision turned parts, drive components, gear kits as well as complex system solutions.

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

in kEUR	H1 2026	H1 2025
Sales of goods	46,530	49,302
Other	224	239
Total Revenues	**46,754**	**49,541**

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

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

in kEUR	H1 2026	H1 2025
e-Bike	5,148	7,480
[e]-Mobility	25,519	23,841
e-Tools	15,863	17,981
Sales of goods	**46,530**	**49,302**

hGears' business activities are divided into three business areas:

- **e-Bike:** 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:** This business area focuses on supplying the EHV and conventional automotive industry and manufacturers of powersports vehicles according to the highest quality standards and holds 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 2026: kEUR 5,148; first half 2025: kEUR 7,480).

The revenue in the [e]-Mobility business area increased from kEUR 23,841 to kEUR 25,519 due to higher demand in the EHV market (first half 2026: kEUR 12,407, first half 2025: kEUR 10,508) and a decrease in the Automotive and Motorbike markets (first half 2026: kEUR 13,112, first half 2025: kEUR 13,334).

Sales of goods in the e-Tools business area decreased from kEUR 17,981 in the first half 2025 to kEUR 15,863 in the first half 2026 mainly due to lower demand in the Gardening market.

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

in kEUR	H1 2026	H1 2025
EU area	32,143	34,530
USA	3,945	4,173
China	2,769	2,748
Rest of the world	7,673	7,851
Sales of goods	**46,530**	**49,302**

Sales of goods in the EU area include sales in Germany for a total amount of kEUR 8,058 (first half 2025: kEUR 8,708), Hungary for a total amount of kEUR 4,788 (first half 2025: kEUR 7,240) and Italy for a total amount of kEUR 12,539 (first half 2025: kEUR 9,891).

Besides Germany, Hungary and Italy, sales in the EU area are highly fragmented, with no individual country accounting for more than 10% of sales of goods.

3.2 Other operating income

The line item breaks down as follows:

in kEUR	H1 2026	H1 2025
Foreign currency exchange gains	413	485
Disposal of non-current assets	15	–
Reversal of provisions	34	4
Non-cash benefits to employees	–	99
Government grants	3	5
Refund from social contribution for employees	4	39
Other	32	118
Total	**501**	**750**

The line item 'Government grants' includes subsidies received in Germany according to IAS 20.

3.3 Raw materials and consumables used

The line item breaks down as follows:

in kEUR	H1 2026	H1 2025
Raw Materials less discounts received	(20,154)	(19,788)
Consumables used and energy	(4,332)	(4,521)
Outsourced manufacturing costs	(1,445)	(1,608)
Total	**(25,931)**	**(25,917)**

3.4 Personnel expenses

The line item breaks down as follows:

in kEUR	H1 2026	H1 2025
Wages and salaries	(12,104)	(13,767)
Social security contributions	(3,185)	(3,373)
Temporary workers	(275)	(323)
Total	**(15,564)**	**(17,463)**

Wages and salaries include expenses for defined contribution pension plans in the amount of kEUR 775 in the first half 2026 and kEUR 888 in the first half 2025.

In the first half 2026 the use of short-time-work in Germany led to claims for the reimbursement of short-time allowance, which are recognized as a reduction of the personnel expenses, according to IAS 20 (first half 2026: kEUR 214, first half 2025: kEUR 74).

In the first half 2026 the Group employed 584 FTEs on average (first half 2025: 633).

	H1 2026	H1 2025
Factory workers	427	468
Office workers and Managers	157	165
Total	**584**	**633**

As of 30 June 2026, the Group employed 562 FTEs, including the Management Board (30 June 2025: 616).

	30 June 2026	30 June 2025
Factory workers	406	451
Office workers and Managers	156	165
Total	**562**	**616**

3.5 Other operating expenses

The line item breaks down as follows:

in kEUR	H1 2026	H1 2025
Maintenance, distribution and manufacturing expenses	(2,077)	(1,976)
Administration and marketing	(2,222)	(2,463)
Miscellaneous personnel expenses	(634)	(627)
Foreign currency exchange losses	(724)	(351)
Lease expenses	(198)	(265)
Losses from disposal of fixed assets	(2)	–
Other	(89)	(79)
Total	**(5,946)**	**(5,761)**

3.6 Financial result

The line item breaks down as follows:

in kEUR	H1 2026	H1 2025
Interest bank income	8	36
Other interest income and similar income	–	50
Financial income	**8**	**86**
Interest expense on finance lease liabilities	(270)	(253)
Interest expenses on bank loans and overdrafts	(127)	(222)
Other interest expenses and similar expenses	(969)	(879)
Financial expenses	**(1,366)**	**(1,354)**
Total	**(1,358)**	**(1,268)**

Other interest expenses and similar expenses include the scheduled amortization of transaction costs in relation to the loans in the amount of kEUR 175 (first half 2025: kEUR 69), factoring interest in the amount of kEUR 179 (first half 2025: kEUR 123) and interest on financing in the amount of kEUR 604 (first half 2025: kEUR 658). Interest income of a total of kEUR 8 (first half 2025: kEUR 86) 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's 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 (corresponding to the segment result), the return on consolidated revenues and the consolidated Free Cash Flow, as measured for the Management Board reporting purposes.

The following table shows a reconciliation of segment revenue and adjusted EBITDA to the consolidated net result for the period.

in kEUR	IFRS consolidated	
	H1 2026	**H1 2025**
Revenues	**46,754**	**49,541**
Adjusted EBITDA (1)	**352**	**1,077**
One-off transaction costs	(427)	(983)
Depreciation, amortization and impairment	(4,061)	(5,532)
EBIT	**(4,136)**	**(5,438)**
Finance income	8	86
Finance expenses	(1,366)	(1,354)
EBT	**(5,494)**	**(6,706)**
Income and deferred taxes	(12)	229
Net result of the period	**(5,506)**	**(6,477)**

(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 2026	**H1 2025**
Personnel costs (1)	167	703
One-off advisory fees	20	25
One-off Impairment	78	–
One-off special project cost	162	255
Total	**427**	**983**

(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 2026	H1 2025
Return on revenues in % (1)	(11.8)	(13.1)
Free Cash Flow (2)	1,111	(2,309)

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

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	
1H	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025
Additions	7	1	153	2,149	367	487	1,286	130	–	–	**1,813**	**2,767**
Carrying amounts	15	34	16,834	34,352	17,006	19,396	6,176	4,898	(43)	(43)	**39,988**	**58,637**

(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 2026 is EUR −0.53 (30 June 2025: EUR −0.62). 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 2026, amounting to 10,400,000 (first half 2025: 10,400,000).

4. NOTES TO THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

4.1 Inventories

in kEUR	30 June 2026	31 December 2025
Raw materials, consumables and supplies	10,885	10,895
Finished goods and work in progress	9,102	8,805
Provisions for inventory	(5,904)	(5,716)
Total	**14,083**	**13,984**

The gross value of written-down inventories as of 30 June 2026 is kEUR 17,615 (31 December 2025: kEUR 15,186). Movements in the Group's provision for inventory are as follows:

in kEUR	
Balance as of 31 December 2024	**(6,175)**
Addition	(181)
Release	395
Other	19
Balance as of 30 June 2025	**(5,942)**
Balance as of 31 December 2025	**(5,716)**
Addition	(337)
Release	155
Other	(6)
Balance as of 30 June 2026	**(5,904)**

Depreciation of kEUR 337 was recognized in the consolidated statement of profit and loss. This is mainly due to revaluation in order to state inventories at net realizable value. During the period the Group recognized income from release for a total amount of kEUR 155.

Inventories recognised as an expense during the year ended 30 June 2026 amounted to kEUR 13,866 (first half 2025: kEUR 16,673). 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 their fair values and amount to kEUR 6,700 (31 December 2025: kEUR 8,019).

The Group entered into various supplier finance programmes. 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 7,525 as of the reporting date, are fully derecognized (31 December 2025: kEUR 3,163). Further trade receivables intended to be sold and amounting to kEUR 583 had not been sold as of the reporting date (31 December 2025: kEUR 88).

At 30 June 2026, provision for impairments amounted to kEUR 41 (31 December 2025: kEUR 52).

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 2026	31 December 2025
Other receivables non-current	112	108
Other financial assets non-current	620	620
Total Non-Current	**732**	**728**

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

Other current financial assets include positive fair values from forward exchange contracts.

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

in kEUR	30 June 2026	31 December 2025
Receivables for energy costs	289	346
Credit notes	63	201
Other	31	45
Total Non-Financial Assets	**383**	**592**
Loan to employees	142	175
Suppliers premium	–	4
Other	5	10
Total Financial Assets	**147**	**189**
Total	**530**	**781**

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

in kEUR	30 June 2026	31 December 2025
VAT receivables	366	446
Tax receivables	1,074	1,164
Current prepaid operating expenses	857	508
Total	**2,297**	**2,118**

4.4 Cash and cash equivalents

At 30 June 2026, cash and cash equivalents amounted to kEUR 7,236 (31 December 2025: kEUR 8,676). This position includes cash in hand (petty cash) in the amount of kEUR 1 (31 December 2025: kEUR 0).

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 2026.

4.5 Borrowings

On 27 March 2024 hGears signed a financing agreement with a lender for a financing of EUR 15 million with a duration of 36 months. The agreement is secured by pledging the manufacturing equipment of the German plant with a carrying amount of EUR 7.3 million. The agreement had a balance of EUR 6.0 million due at maturity. In August 2025 an extension of the agreement was signed. The maturity has been extended till August 2029 with a balance of EUR 4.0 million due at maturity date.

The cancellation conditions of the agreement are:

- delay in the repayment of two monthly fees;
- breach in insurance obligation;
- evidence of significant deterioration in the financial strength of the borrower;
- the collateral provided by the borrower has lost considerable value;
- the borrower does not succeed in providing securities in any other way;
- the borrower's business is sold in whole or in substantial part.

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). With the amendments signed in August 2025 the total amount has been reduced to EUR 2.0 million (each EUR 1.0 million). The financing was repaid in May 2026.

In October 2024 hGears signed a master agreement with a leading Italian bank with a total amount of up to EUR 4.0 million, reduced in September 2025 to EUR 2.7 million and in January 2026 to EUR 2.2 million. The master agreement doesn't require any collateral and has a maturity date on 31 December 2026.

On 13 December 2024 hGears signed a financing agreement with a lender for a financing of EUR 0.5 million with a duration of 72 months. The agreement is secured by pledging the specific related equipment of the German plant with a carrying amount of EUR 0.4 million. In 2025 further financing agreements with the lender were signed for a financing of EUR 2.2 million with a duration ranging from 60 months to 72 months. The agreements are secured by pledging the specific related equipment of the German plant with a carrying amount of EUR 1.6 million.

In March 2025 hGears signed a financing agreement for a working capital financing of CNY 10 million.

There are no cancellation conditions for those agreements.

The carrying amounts of borrowings are as follows:

in kEUR	30 June 2026	31 December 2025
Bank loan current	5,536	5,429
Other lenders current	3,281	3,348
Other lenders non-current	9,675	9,879
Total	**18,492**	**18,656**

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 was increased due to the IPO to kEUR 10,400. At 30 June 2026 the total share capital of the Company is divided into 10,400,000 ordinary shares with a par value of EUR 1.

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 a result of the share capital increase from Company funds. The proceeds from the IPO amount 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). Due to the missing recoverability of the tax advantages, no taxes were recognised in the equity.

Other reserves include the legal reserve, which is booked in the Padova subsidiary and is equal to 5 % of the Padova subsidiary's share capital.

The OCI Reserves include:

- ***Currency Translation Reserve:*** it includes the reserve of the subsidiary Suzhou deriving from translating its results and financial position from RMB (functional currency) into EUR (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 include the result of the current period and the results of the previous years that are not yet distributed to the shareholders.

Authorized Capital 2025

By virtue of the amended Articles of Association approved by the Annual General Meeting on 11 June 2025, the Management 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 Management 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 Management 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.

Conditional Capital 2026

The Management Board was authorized by the Annual General Meeting on 11 June 2026, with the approval of the Supervisory Board, to conditionally increase the Company's share capital by up to EUR 324,000.00 by issuing up to 324,000 no-par value bearer shares (Conditional Capital 2026). Conditional Capital 2026 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 in the form of share options in accordance with the authorization resolution of the Annual General Meeting on 11 June 2026. 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 2026), 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 2026 and after expiry of all exercise periods. The Supervisory Board is authorized to determine further details of the issue of shares from Conditional Capital 2026.

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), the Conditional Capital 2024 in the amount of EUR 525,450.00 (Section 4.4 of the Articles of Association) and the Conditional Capital 2026 in the amount of EUR 324,000.00 (Section 4.5 of the Articles of Association) amounts to a total of EUR 4,110,450.00 and therefore does not exceed 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.

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

			Non-cash changes		
in kEUR	31 December 2025	Cash flows	Foreign exchange movement	Other	30 June 2026
Finance lease liabilities	8,518	(1,205)	39	187	7,539
Borrowings	18,656	(412)	–	248	18,492

Interest paid in the cash flow statement includes interest on factoring in an amount of kEUR 179 (first half 2025: kEUR 123) and interest on leasing in an amount of kEUR 270 (first half 2025: kEUR 253). 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 a 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 to 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 between 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 2026	Fair Value 30 June 2026
ASSET			
Non-current assets			
Other non-current assets	AC	112	112
Other non-current financial assets	AC	620	620
Current assets			
Trade receivables			
Trade receivables	AC	6,116	n/a*
Trade receivables subject to factoring	FVPL	583	583
Other receivables	AC	530	n/a*
Other current financial assets			
Derivatives with hedge accounting	n/a	1	1
Derivatives without hedge accounting	FVPL	4	4
Cash and cash equivalents	AC	7,236	n/a*
LIABILITIES			
Non-current liabilities			
Finance lease liabilities	n/a	5,251	n/a**
Borrowings	FLAC	9,675	9,675
Current liabilities			
Finance lease liabilities	n/a	2,288	n/a**
Borrowings	FLAC	8,817	8,817
Other current financial liabilities			
Accrued interest	FLAC	41	41
Trade and other payables			
Trade payables	FLAC	15,658	n/a*
Other payables			
Other current non-financial payables	n/a	8,866	n/a*

Carrying amounts per category (kEUR)	Classification IFRS 9	30 June 2026
Financial Assets measured at Amortized Costs	AC	**14,614**
Financial Liabilities measured at Amortized Cost	FLAC	**34,191**
Financial Assets & Liabilities measured at Fair Value through Profit or Loss	FVPL	**587**

in kEUR	Classification IFRS 9	Carrying amount 31 December 2025	Fair Value 31 December 2025
ASSET			
Non-current assets			
Other non-current assets	AC	108	108
Other non-current financial assets	AC	620	620
Current assets			
Trade receivables			
Trade receivables	AC	7,931	n/a*
Trade receivables subject to factoring	FVPL	88	88
Other receivables	AC	781	n/a*
Cash and cash equivalents	AC	8,676	n/a*
LIABILITIES			
Non-current liabilities			
Finance lease liabilities	n/a	6,155	n/a**
Borrowings	FLAC	9,879	9,879
Current liabilities			
Finance lease liabilities	n/a	2,363	n/a**
Borrowings	FLAC	8,777	8,777
Other current financial liabilities			
Accrued interest	FLAC	26	26
Trade and other payables			
Trade payables	FLAC	14,211	n/a*
Other payables			
Other current non-financial payables	n/a	8,653	n/a*

Carrying amounts per category (kEUR)	Classification IFRS 9	31 December 2025
Financial Assets measured at Amortized Costs	AC	**18,116**
Financial Liabilities measured at Amortized Cost	FLAC	**32,893**
Financial Assets & Liabilities measured at Fair Value through Profit or Loss	FVPL	**88**

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 applies to short-term financial instruments from the Group's perspective, the fair value does not need to be disclosed.
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.

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 lease 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 2026	31 December 2025
No later than 1 year	100	65
Later than 1 year and no later than 5 years	99	112
Total	**199**	**177**

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 2026, 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 2026.

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

8.2.1 Transactions with related individuals

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

Management Board

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

Supervisory Board

- Marco Freiherr von Maltzan (Chairman)
- Christophe Hemmerle (Deputy Chairman) till 11 June 2026
- Lars Ahns (Deputy Chairman) from 11 June 2026
- Daniel Michael Kartje
- Dr. Gabriele Fontane

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

Shares	30 June 2026	31 December 2025
Sven Arend	33,800	33,800
Daniel Basok	20,000	20,000
Management Board	**53,800**	**53,800**
Lars Ahns (**)	310,000	–
Christophe Hemmerle (*)	–	5,769
Daniel Kartje	8,000	8,000
Dr. Gabriele Fontane	3,846	3,846
Supervisory Board	**321,846**	**17,615**
Total	**375,646**	**71,415**

(*) Member of the Supervisory Board until 11 June 2026, no disclosure is required for 30 June 2026
(**) Member of the Supervisory Board from 11 June 2026, no disclosure is required for 31 December 2025

8.3 Share-based payments

8.3.1 Overview of the Stock Option Programme

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

	H1 2026		H1 2025	
	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**	**262,717**
Vested and exercisable at 30 June	–	–	–	–

All the granted stock options under the Stock Option Programme 2024 were forfeited on 31 December 2025.

8.3.2 Stock Option Programme 2026

By resolution dated 11 June 2026 the Annual General Meeting of the Company authorized the Supervisory Board to grant up to a total number of 324,000 subscription rights ("Stock Option Rights") for up to 324,000 no-par value bearer shares of the Company within the framework of the new Stock Option Programme 2026 (SOP 2026) to the Management Board.

For additional information please refer to Note 8.4 Subsequent events.

8.4 Subsequent events

The Conditional Capital 2026 mentioned in Note 4.6 Equity has been officially registered in the Commercial Register (Handelsregister) on 29 June 2026. The options under Stock Option Programme 2026 have been issued on 31 July 2026.

No other events of special significance occurred after the end of the reporting period as of 30 June 2026 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 2026

Sven Arend	**Daniel Basok**
Chairman of the Management Board	Member of the Management Board

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

		Change occurred during the period						
	31 December 2025	Addition	Dismissal	Depreciation	Reclassifi-cation	Writedown	Exchange rate differences	30 June 2026
Gross value	18,932	125	–	–	–	–	240	19,297
Provisions for amortisation and depreciation	(13,589)	–	–	(790)	–	–	(208)	(14,587)
Land and Buildings	**5,343**	**125**	**–**	**(790)**	**–**	**–**	**32**	**4,710**
Gross value	144,144	145	(8)	–	414	–	564	145,259
Provisions for amortisation and depreciation	(114,893)	–	8	(2,398)	–	–	(353)	(117,636)
Plants and Machinery	**29,251**	**145**	**–**	**(2,398)**	**414**	**–**	**211**	**27,623**
Gross value	19,447	148	(1)	–	–	–	41	19,635
Provisions for amortisation and depreciation	(16,048)	–	1	(315)	–	–	(40)	(16,402)
Tools and Dies	**3,399**	**148**	**–**	**(315)**	**–**	**–**	**1**	**3,233**
Gross value	18,586	82	(176)	–	1	–	224	18,717
Provisions for amortisation and depreciation	(15,981)	–	171	(457)	–	–	(187)	(16,454)
Other assets	**2,605**	**82**	**(5)**	**(457)**	**1**	**–**	**37**	**2,263**
Fixed assets under construction and down-payments	**859**	**1,300**	**–**	**–**	**(415)**	**–**	**76**	**1,820**
Property, plant and equipment	**41,457**	**1,800**	**(5)**	**(3,960)**	**–**	**–**	**357**	**39,649**

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 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**

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

		Change occurred during the period						
	31 December 2025	Addition	Dismissal	Depreciation	Reclassifi-cation	Writedown	Exchange rate differences	30 June 2026
Gross value	6,115	5	–	–	19	–	31	6,166
Provisions for amortisation and depreciation	(5,719)	–	–	(99)	–	–	(28)	(5,846)
Software and licences	**396**	**5**	**–**	**(99)**	**19**	**–**	**3**	**320**
Gross value	1,949	7	–	–	1	–	–	1,957
Provisions for amortisation and depreciation	(1,937)	–	–	(2)	–	–	1	(1,938)
Brands and trademarks	**12**	**7**	**–**	**(2)**	**–**	**–**	**1**	**19**
Intangible assets under construction and down-payments	**18**	**–**	**–**	**–**	**(19)**	**–**	**1**	**–**
Gross value	5	–	–	–	(1)	–	–	4
Provisions for amortisation and depreciation	(4)	–	–	–	–	–	–	(4)
Other	**1**	**–**	**–**	**–**	**(1)**	**–**	**–**	**–**
Intangible assets	**427**	**12**	**–**	**(101)**	**–**	**–**	**5**	**339**

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

		Change occurred during the period						
	31 December 2024	Addition	Dismissal	Depreciation	Reclassifi-cation	Writedown	Exchange rate differences	30 June 2025
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**
Intangible assets under construction and 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**

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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 2026
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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