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### **hGears AG sets price range for its IPO**

- Price range for the offering is EUR 23 to EUR 31 per share, corresponding to a market capitalization post-IPO of EUR 239 million to EUR 322 million
- Offering of 2,400,000 new shares from a capital increase and up to 4,270,000 existing shares, including an upsize option and a market standard over-allotment option
- Bookbuilding and offer period begins 10 May 2021 and is expected to end 18 May 2021
- First day of trading scheduled for 21 May 2021 on the regulated market (Prime Standard) of the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse)
- Securities prospectus approved and published on the Company's Investor Relations website

**Schramberg, 10 May 2021.** hGears AG ("hGears" or "Company"), a global manufacturer of high-precision gears and components with a focus on products for e-mobility applications, announces further details of its initial public offering and listing of its shares on the regulated market (Prime Standard) of the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse).

The securities prospectus relating to the IPO has been approved by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – "BaFin") and has been made available on the Company's Investor Relations website under the "IPO" section. The offer period, during which purchase offers can be submitted begins today, 10 May 2021, and is expected to end on 18 May 2021 at 12 CEST for private investors and at 14 CEST for institutional investors. The price range for the IPO has been set at EUR 23 to EUR 31 per share. The initial listing of the shares is planned for 21 May 2021 under the German securities code (WKN) A3CMGN, the international securities identification number (ISIN) DE000A3CMGN3 and the ticker symbol HGEA.

"We believe in a sustainable and combustion-free future of mobility", says hGears CEO Pierluca Sartorello. "As a leading supplier of high-precision gears and components focusing on e-mobility applications we are proud to play a role in this turnaround in the way people move about. Our market position is particularly strong in the area of e-bikes for which we develop and manufacture mission-critical parts used in the e-bike's gearbox. Of the overall 4.6 million e-bikes sold in Europe in 2020, approximately two million contained hGears components." Overall, the Company's

revenues in its e-mobility segment grew 59% in 2020. Products in this segment include gears, shafts, and other mission-critical components to be used in combustion-free electrical drive applications for e-bikes and electric and hybrid vehicles (EHV). The demands for such precision gears and components are particularly high as they need to be capable of withstanding high torque, are light weight and operate with reduced noise. hGears' "co-development" process, in which the Company works together with the customer to find technologically optimal solutions to satisfy the customer's specifications, helps ensure that these high requirements are met.

European sales volumes of e-bikes and EHV are expected to grow significantly with a forecasted CAGR of 22% between 2019 and 2025 (source: Cycling Industries Europe) and 43% between 2018 and 2025 (source: IHS 2021) respectively.

Daniel Basok, CFO: "We strive to be one of the leading manufacturers globally for best-in-class precision gears and components for e-mobility applications. With our high-quality products and our strong market position we are well-positioned to take advantage of the strong tailwinds offered by the dynamically growing markets for both e-bikes and EHV. We are confident to reach our medium-term organic growth target of doubling group revenue to EUR 250 million and more than tripling e-mobility business area revenue to EUR 150 million."

The IPO comprises 2,400,000 newly issued ordinary bearer shares from a capital increase of the Company and 2,400,000 existing ordinary bearer shares from the holdings of Finatem III GmbH & Co. KG, HPH Beteiligungs-UG (haftungsbeschränkt) and M-H Herzog Beteiligungs-UG (haftungsbeschränkt) (together "Shareholders"), in a base deal, as well as up to 1,000,000 existing ordinary bearer shares from the holdings of the Shareholders in connection with an upsize option subject to market demand on the date of pricing and up to 870,000 existing ordinary bearer shares from the holdings of the Shareholders in connection with a customary over-allotment option. Under the assumption that all shares will be placed, total proceeds of the IPO are expected to be between EUR 153 million and EUR 207 million. Post-IPO, hGears' market capitalization is expected to range between EUR 239 and EUR 322 million across the price range. The free float is expected to be between 46% and 64% to allow for liquid trading in the Company's shares post-IPO.

The final offer price per share will be determined during the bookbuilding process and is expected to be set on 18 May 2021.

hGears aims to raise net proceeds of around EUR 61 million (based on the mid-point of the price range) to further expand activities and the organic growth in the Company's e-mobility business area. The majority will be invested in increasing production capacities for e-bike and EHV parts as well as expanding hGears' research and development activities and partially repay its debt.

The Management Board and certain members of the Supervisory Board have committed to purchase offer shares in the IPO at the Offer Price.

Furthermore, the Company and the Shareholders have agreed to a lock-up period of six months and for the consecutive period of a further six months only with consent

of the Sole Global Coordinator. The Management Board has agreed to a lock-up period of twelve months.

The offering consists of an initial public offering in the Federal Republic of Germany and a private placement to qualified investors in certain jurisdictions outside the Federal Republic of Germany.

Hauck & Aufhäuser is acting as Sole Global Coordinator and Joint Bookrunner. ABN AMRO (in cooperation with ODDO BHF SCA) is acting as Joint Bookrunner in the IPO.

### **Media contact**

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

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

### **About hGears**

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

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

hGears is headquartered in Schramberg, Germany, and operates globally with production facilities in Schramberg, Germany, Padua, Italy and Suzhou, China. On the Internet at: [www.hgears.com](http://www.hgears.com)

Group revenue in 2020 was EUR 126.3 million, with e-mobility business area revenue increased by 59% year on year from 2019.

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