

**hGears AG Group: Preliminary 2023 free cash flow significantly better than Management's guidance; adjusted EBITDA in line despite marginal revenues miss**

## **FULL YEAR 2023 PRELIMINARY RESULTS**

- Preliminary 2023 Group revenues EUR 112.5 million
- Preliminary 2023 adjusted EBITDA EUR 5.6 million
- Preliminary 2023 negative free cash flow EUR 3.1 million

**Schramberg, 6 February 2024** – hGears Group reports preliminary key financial figures for the fiscal year 2023, a period characterized by weak demand in end markets, overstocking, and adverse weather conditions.

The Group generated revenues of EUR 112.5 million in 2023, a marginal (-2.2 %) below the guided range of EUR 115 – 123 million. Across the business areas, e-Mobility performed below expectations due to ongoing destocking in the e-bike industry and a slowdown in EHV demand, while high interest rates and poor weather conditions continued to adversely impact e-Tools. After a robust uptick in the first half of 2023, the Conventional business area experienced a slowdown in the second half.

hGears achieved an adjusted EBITDA of EUR 5.6 million, within the guided range of EUR 5 – 9 million. Countermeasures to preserve profitability were implemented by Management throughout the year, including organizational streamlining, efficiency improvements, and cost savings. These measures could only partially offset the impact of significant reductions in volume and, consequently, revenues, leading to inefficiencies and a substantial lack of operational leverage.

In 2023, hGears Group achieved a negative free cash flow of EUR 3.1 million, significantly better than the guided negative EUR 9 - 12 million bandwidth. The Company generated a positive free cash flow in the second half of 2023, resulting in cash and cash equivalents of EUR 26.6 million and a net debt position of EUR 3.4 million at year-end. This was mainly achieved by reducing CAPEX related to previous years' expansion plans and active working capital management.

On Wednesday, 27 March 2024, at 7:30 am CET, the company will publish its full Annual Report 2023 and subsequently host a live webcast with the management team.

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## About hGears

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

hGears combines over 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 several major suppliers (Tier 1) as well as original equipment manufacturers (OEMs). The Company benefits from long, stable and sustainable relationships with its customers and has worked with many key customers for over 15 years.

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