

## **hGears AG adjusts its Full Year 2023 guidance**

Disclosure of an inside information acc. to Article 17 MAR of the Regulation (EU) No. 596/2014

**Schramberg, 1 June 2023** - Based on the most recent order indications and expectations for the business development for the full year 2023, the Management Board of hGears AG has adjusted its full year 2023 guidance.

As outlined in the first-quarter 2023 results, the business environment remains challenging with dampened consumer demand and ongoing market uncertainty continuing to impact the decision-making from the customer base. The Company now has indications of a meaningful reduction in orders from key customers in the e-Mobility and e-Tools business areas, reflecting the slow destocking cycle and lower-than-expected seasonality support primarily in the key markets of e-bike customers.

While the Conventional business area continues to outperform management's expectations, hGears AG does not expect this business area to sufficiently compensate for the estimated shortfall from the reduced orders in e-Mobility and e-Tools, which has a notable impact on the original Company's outlook for 2023.

Based on the most recent order indications and adjusted outlook, hGears now expects full-year 2023 revenues to land below the previously indicated range, resulting in the decision to issue updated guidance factoring in the estimated downside. Reduced volumes will further impede operating leverage and negatively impact the Company's adjusted EBITDA and free cash flow. As a result, the Management Board now expects the Group to achieve for full year 2023:

- Group revenue of EUR 115 - 123 million (previous guidance: EUR 129 - 137 million)
- Adjusted EBITDA of EUR 5 - 9 million (previous guidance: EUR 12 - 15 million)
- Negative free cash flow of EUR 9 - 12 million (previous guidance: negative free cash flow of EUR 6 - 9 million)

Within the context of continued challenges in the market environment, hGears will continue to prioritize its focus on operational excellence at its plants and operations to achieve efficiency gains while further optimizing cost structures to position the Group for growth when market conditions improve. This includes a concerted focus on winning new customers and sales pipeline development, improving utilization of existing assets and a stringent capital allocation process. The Group remains in a position to react quickly to customer demand and continues to ramp up new customer projects. The Company's mid-term target of EUR 180 - 200 million in revenues, of which the e-Mobility business will account for approximately 55% to 60% of the Group's total revenue, remains unchanged.

The Company will publish its First-Half 2023 results on 9 August 2023.

## **Contact**

hGears AG  
Christian Weiz  
Brambach 38

78713 Schramberg

T: +49 (7422) 566 222

E: Christian.Weiz@hgears.com

### **About hGears**

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

hGears combines over 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)