



# Half-Year Financial Report

## 2023

**h**Gears | the **heart** of your  
performance

# KEY FIGURES

in EUR million	H1 2023	H1 2022
Revenue	57.2	70.9
Gross profit	29.6	36.8
Gross margin in %	51.7	52.0
Adjusted EBITDA	3.0	8.2
Adjusted EBITDA margin in %	5.2	11.6
EBIT	-4.6	0.7
Net result	-5.6	-0.9
Net return on revenues in %	-9.8	-1.3
Free cash flow	-10.9	-7.4
Net debt	-10.2	2.8
Net debt / adj. EBITDA	1.0x	-0.2x

# CONTENT

<b>WHO WE ARE</b>	<b>4</b>	<b>INTERIM CONSOLIDATED FINANCIAL STATEMENTS</b>	<b>22</b>
		Consolidated Statement of Profit or Loss	23
<b>THE FIRST SIX MONTHS OF 2023 AT A GLANCE</b>	<b>8</b>	Consolidated Statement of Comprehensive Income	24
		Consolidated Statement of Financial Position	25
<b>TO OUR SHAREHOLDERS</b>	<b>9</b>	Consolidated Statement of Changes in Equity	27
Letter from the Management Board	10	Consolidated Statement of Cash Flows	28
hGears and Capital Markets	12	Condensed Notes	29
<b>INTERIM GROUP MANAGEMENT REPORT</b>	<b>14</b>	<b>RESPONSIBILITY STATEMENT BY THE COMPANY'S</b>	
Company Fundamentals	15	<b>LEGAL REPRESENTATIVES</b>	<b>50</b>
Half-Year Report	17		
Business Performance	18	<b>IMPRINT</b>	<b>51</b>
Risks and Opportunities Report	20		
Outlook Report	20		



# 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 60 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 FASTGROWING 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 fast-growing 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.



A large wind turbine stands in a vast, green agricultural field under a bright, cloudy sky. The turbine's blades are white with dark tips, and its tower is a light grey. The landscape is a patchwork of green fields, with some yellow fields in the distance. The overall scene is bright and clear, suggesting a sunny day.

# SUSTAINABLE LEADERSHIP DRIVEN BY STRONG RESEARCH & DEVELOPMENT

The backbone of the group's growth are the strong research and development (R&D) capabilities paired with unique co-development expertise. Meanwhile, hGears benefits of 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 fast-growing e-mobility industry. Furthermore, the process also deepens the long-lasting relationships with existing customers.



# THE FIRST SIX MONTHS OF 2023 AT A GLANCE



**EUR 57.2 M**

Revenue  
H1 2023



**EUR 3.0 M**

Adj. EBITDA  
H1 2023



**EUR 10.2 M**

Net debt  
H1 2023

**Conventional**  
43%



**e-Mobility**  
31%

**e-Tools**  
26%

Sales  
H1 2023



**55.2%**

Equity ratio



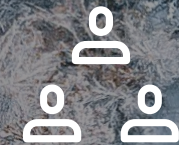
**#1**

European market share  
e-bike precision components



**x3**

Production sites  
in Germany, Italy, China



**794**

Employees



# To our Shareholders

Letter from the Management Board

10

hGears and Capital Markets

12





# LETTER FROM THE MANAGEMENT BOARD

Dear shareholders, ladies and gentlemen,

In the first six months 2023 hGears continued to navigate a challenging macroeconomic and geopolitical landscape that showed little change compared to the trends experienced in the second half of the previous year. In the current adverse environment, we would, first of all, like to thank our employees in Germany, Italy and China for their commitment and contributions to this achievement. We remain committed to optimizing operational efficiency, improve cost management, and diversifying our product offerings to mitigate short-term impacts and ensure stronger financial performance and growth in the mid-term.

On 1 February 2023 Sven Arend replaced Pierluca Sartorello as new Chairman of the Management Board (CEO). Sven adds more than 30 years of experience in the areas of B2B and B2C on- and off-highway vehicles and proven strategic and operational expertise. He has an excellent track record with international organisations, notably also in Asia and Italy. Thereby Sven brings deep and relevant experience to build on hGears' achievements to date.

With a strong sales background he focuses on new project and customer acquisitions while at the same time ensuring optimum price performance and efficient use of equipment, optimally positioning the company for its next growth phase. This growth will be driven not only by strengthening and leveraging the company's position as a preferred partner for existing and new customers but also by actively exploring opportunities in adjacent markets.

In the first half of 2023 e-Tools and e-Mobility business areas faced challenges related to destocking and a temporary slowdown in end consumer demand, our Conventional business area demonstrated strong performance throughout the first half of the year, benefitting from its strategic focus on premium and luxury cars. The performance of the Conventional business was not able to fully compensate the slowdown of the other business areas. As a result, revenues declined by 19.4% in the first six months 2023 to EUR 57.2 million after EUR 70.9 million in the previous year. The lack of volumes in our e-drive business



*From left to right: Sven Arend (CEO), Daniel Basok (CFO)*

activities (e-Tools and e-Mobility) had a negative impact on the company's profitability. The adjusted EBITDA reached EUR 3.0 million vs. EUR 8.2 million in the year before. The decline of the adjusted EBITDA margin from 11.6% in the first half 2022 to 5.2% in the first six months 2023 is the result of a lack of operational leverage and ongoing inflationary pressures related to non-transferrable costs.

Based on the challenges faced in the first half of the year, we have reassessed our

business outlook and adjusted our guidance on 1 June 2023. For the current year the group expects revenues of EUR 115–123 million and an adjusted EBITDA of 5–9 million, while the free cash flow should reach negative EUR 9–12 million. Given the ongoing challenges in the market environment, hGears remains committed to prioritizing efficiency gains and further optimizations in cost structures, thereby positioning itself for growth when market conditions improve. Meanwhile, our balance sheet remains very solid,



which is reassuring in the current macro-economic environment. The company's low net debt position of EUR 10.2 million translates into a net debt/adj. EBITDA ratio of 1.0x (year end -0.2x). Moreover, end of June 2023 the equity ratio stood at 55.2% (year end 2022 56.1%), while cash and cash equivalents of EUR 23.4 million continue to offer full financial manoeuvrability (year end 2022: EUR 36.3 million). Despite the adverse trading conditions and a certain inventory build-up, the net working capital to revenues ratio remained at 13.3% (year end 2022 7.8%).

We clearly regard the current weak market conditions for our e-Mobility business area as temporary and remain excited about the growth potential of e-bikes, cargo e-bikes and electric and hybrid vehicles. As the ongoing urbanization mega-trend continues to shape our cities and consumers prioritize environmentally friendly transportation, we see micro-mobility solutions as game-changers for urban logistics in general and for last-mile delivery in particular, offering an efficient and sustainable alternative to traditional transport methods. We expect the electric and hybrid vehicle market to experience significant growth as governments and consumers support clean and sustainable transportation options. Furthermore, the performance of new higher voltage electrical systems is increasingly enabling

the replacement of hydraulic systems. We also remain very confident in the potential of the e-Tools business area, given the growing significance of the electrification trend. Here again, environmental concerns and sustainability become increasingly important, fuelling demand for electric-powered craftsmen and outdoor tools. Meanwhile, the Conventional business area showcases the advantage of our diversified product offerings, thereby cushioning the temporary weakness of the two other business areas.

By leveraging our Company's outstanding expertise, we are strategically well positioned to capitalize on these positive trends by offering innovative high-quality and mission-critical components. The process of necessary adjustments to position ourselves even better for future success and enhancing the value proposition of our products is ongoing. We are focusing on utilization of capacities, cost optimization, and expanding partnerships to create a more robust and sustainable business model.

We continue to express our hope for peace – especially for the people directly affected by Russia's invasion of Ukraine and we hope that related global political tensions will ease soon. To our employees, shareholders, customers, suppliers, and all the people behind our Company, thank you

again for your trust and continued belief in hGears. We will keep you informed of our progress and look forward to sharing more updates in the future.

Schramberg, 28 July 2023

**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 2023

Number of shares as of 30 June 2023	10,400,000 shares
Share capital as of 30 June 2023	EUR 10,400,000.00
Share price as of June 30 2023	EUR 4.84
Market capitalization as of 30 June 2023	EUR 50.3 million
Share price high H1 2023	EUR 8.18
Share price low H1 2023	EUR 4.21

## 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

Global stock markets recorded an overall positive performance in the first half year 2023 despite ongoing geopolitical tensions and recession fears. At the same time, inflation rates continued to rise steadily worldwide, prompting central banks to respond with additional interest rate hikes after the sharp increases in 2022. The US Federal Reserve (FED) raised the federal fund rate from a 4.25–4.5% target range at year-end 2022 to 5.25–5.50% in July 2023 and hinted that two more rate hikes may follow

in the remainder of the year. Meanwhile, the European Central Bank (ECB) continued to increase the main refinancing rate for banks from 2.5% in December 2022 to 4.25% in July 2023.

Against this backdrop, stock markets displayed a surprisingly positive performance during the first quarter of the year. In April, after a temporary setback, most global indices recorded a strong recovery, with some of them even striking new highs. But the positive mood ebbed off in the remainder of the second quarter, as inflation rates continued to rise stubbornly, triggering fears of further interest rate hikes and ultimately a looming recession. As a result, most stock markets moved into a sideways channel. However, since the beginning of the year the leading German DAX large caps index as well as the broader European Euro Stoxx 50 increased by 16.0% until end of June 2023. During the same time period, the SDAX Index – which contains small and medium-sized German companies – rose 12.4%, while the sub-index DAX Auto Parts & Equipment added 14.5%.

In the first half year 2023 the shares of hGears reached a high of EUR 8.18 on 4 January 2023, a trough of EUR 4.21 on 28 June 2023 and a closing price of EUR 4.84 on 30 June 2023, reflecting a decline of 33.1% since the beginning of the year. An average of 7,573 shares (full year 2022 4,452 shares) were traded daily in the first six months 2023.

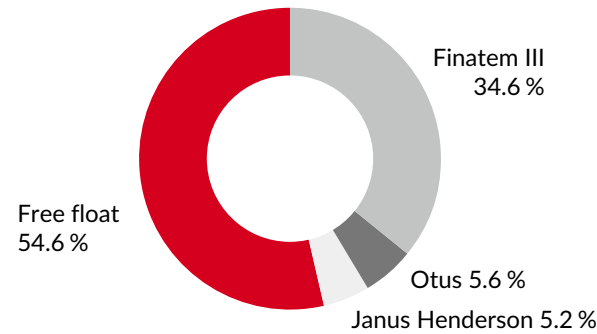


As of 30 June 2023

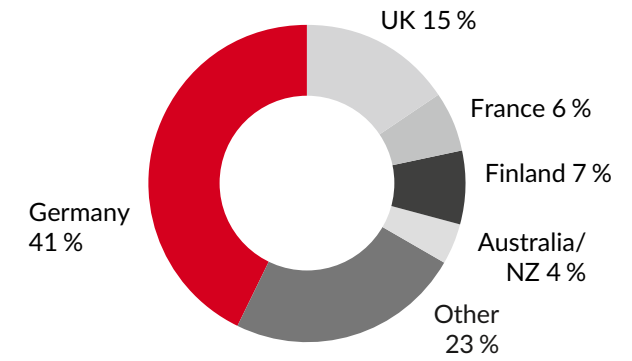
Bank	Target price EUR	Recommendation
ABN Amro – Oddo BHF	6.00	Neutral
Hauck & Aufhäuser	5.80	Hold
M. M. Warburg	10.00	Buy

At the Annual General Meeting in Frankfurt am Main on 13 June 2023, the shareholders of hGears AG approved all items on the agenda. The event was held in a virtual format but allowed shareholders to ask live questions to ensure that they were able to make full use of their shareholder rights. 72.45% of the share capital were represented at the Annual General Meeting. The proposals for the resolutions put to the vote were adopted by a large majority of the shareholders. Furthermore, the Annual General Meeting approved the actions of the Management Board and the Supervisory Board with 99.99% and 95.18% of the votes respectively and approved the compensation report with 79.96%. For a detailed summary of the individual voting results and the presentation of CEO Sven Arend, please refer to the "Annual General Meeting" link in the Investor Relations section on our website ([www.hgears.com](http://www.hgears.com)).

Shareholder structure 30 June 2023



Shareholders by region 30 June 2023





# Interim Group Management Report

Company Fundamentals	15
Half-Year Report	17
Business Performance	18
Risks and Opportunities Report	20
Outlook Report	20





## COMPANY FUNDAMENTALS

### Business model

hGears AG and its subsidiaries and second-tier subsidiary ("hGears Group", "Group") manufacture, distribute and sell high-precision turned parts, drive components, gear kits as well as complex system solutions. For this, the Group combines steel machining with powder metal 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 highest 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 EHV). 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 15 years.

hGears business activities are divided into three business areas:

### e-Mobility

In this business area, hGears focuses on high-precision components for e-bikes and for electric and hybrid vehicles (EHVs). Activities include the (co-)development and production of components for e-drive applications (e. g., drive and crank shafts and gears). e-drives require high-precision components that can withstand high torques, are lightweight and have low noise emission.

### 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).

### Conventional

The focus of this business area is on components for various applications such as parts for premium, sport and luxury vehicles, recreational vehicles, motorcycles, rolling shutters and systems for heating, ventilation and air conditioning. This includes the production of various precision components for conventional automotive applications (e. g., drives, steering and braking systems, and vehicle bodies), as well as for other industrial applications.

The e-drive business areas (e-Mobility and e-Tools) accounted for 56.9% of Group sales in the first half 2023 (2022: 68.1%), with e-Mobility contributing 30.7% (H1 2022: 34.8%).

### Group strategy

The clear strategic focus is on the e-Mobility business area, which is the mainstay of hGears' growth strategy due to the strong dynamics of the end market. The Company aims to be one of the world's leading manufacturers of high-precision 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. With hGears' focus on high-quality precision components, this results in market potential.

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 losses 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 the leading supplier of high-precision components for e-bikes. According to hGears' own estimates and based on its in-depth market knowledge, almost every second e-bike sold on the European continent in 2022 contained components manufactured by hGears.



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 area of e-mobility as well as transitioning customers from the Conventional business area to the e-Mobility business area. 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 preferred partner for such systems in this area based on its long-standing experience in the production of high-precision parts. In the past years, hGears succeeded in concluding several prototyping agreements and is constantly in talks with both existing and new customers to embark on further development projects.

To pave the way for further growth hGears continued to make appropriate investments in 2023, with a focus on increasing production capacity in the e-Mobility business area.

### Co-development

To optimally tailor its offering to customer needs and further strengthen business relationships, hGears is extensively and meaningfully involved in its customers' development process. The Company works with customers in a "co-development" role to design components and find technically optimal solutions that meet the customer's specifications. hGears provides it based on its long-standing experience, precise 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 more than 60 years of experience in advanced machined steel processing and state-of-the-art sinter metal production. Its research and development programs are primarily aimed at testing, validating and integrating new material applications, advanced simulation models and innovative production processes into the Company's production process 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 leading market position. Examples in this area are hGears' ability to design for NVH (Noise, Vibration, Harshness) and lightness and efficiency, combined with its expertise in simultaneous engineering.

hGears major strength in engineering is its multinational technical teams, consisting of highly talented and 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 related to these activities also supports our pricing efforts.

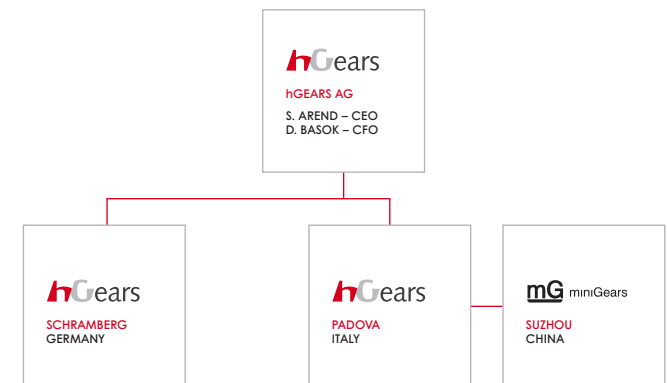
In the first half year 2023, hGears employed about 43 full-time employees in Research and Development and Engineering in the Advanced Engineering, Process Engineering and Application Engineering departments (first half 2022: 45 FTEs). Thereby the number of employees in these departments remained almost unchanged.

The Company is leveraging the Process and Application Engineering expertise in e-drives to increase their range and performance and reduce costs at the same time.

The current R&D activities are focused on developing additional production processes and expanding the Company's patent portfolio, particularly in the e-Mobility business area.

### Locations and employees

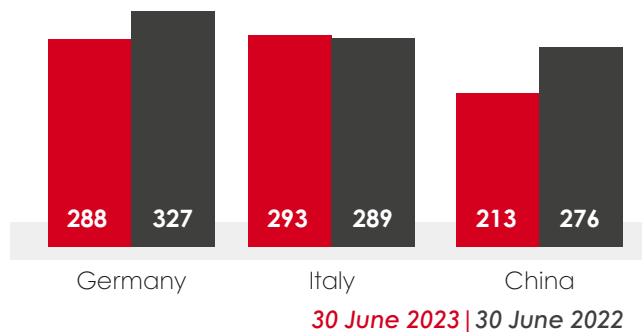
hGears is headquartered in Germany and operates globally with production facilities in Schramberg, Germany, Padua, Italy, and Suzhou, China.



As of 30 June 2023, hGears had 794 (June 2022: 892) employees (full-time equivalents, excluding members of the



Management Board). The distribution of employees across the various locations was as follows:



Of these employees, 695 work as factory workers and 99 as administrators and managers.

In order to follow its strategic targets, hGears will continue to make appropriate investments to maintain its team, with a focus on highly skilled personnel, particularly CNC operators and engineers.

### 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 [Note 3.5 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 revenues, 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 within the scope of a bidding phase. 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

Global economies started to recover in the first half 2023 but at a slower pace than assumed. Major burdens experienced in the second half of 2022, such as soaring energy costs, ongoing supply chain constraints, and China's prolongment of its harsh zero-COVID policy, faded notably in the first quarter and ultimately disappeared in the second quarter of 2023. According to the Kiel Institute for the World Economy (IfW No. 103 2023/Q2 from June 15, 2023)<sup>1</sup> global output increased by 0.8% in the first quarter 2023 and thereby reached the highest rate since the end of 2021. However, the recovery was mainly driven by emerging economies, while the advanced economies remained subdued, only generating about 0.3% GDP in the first quarter 2023, similar to the growth achieved in the final quarter 2022. The geopolitical situation has not improved; while Russia's

invasion in the Ukraine continues unabated with both sides starting counter-offensives the tension in the trade war between China and the United States intensified. But unlike a year earlier, the geopolitical tensions did not have a direct additional negative impact on world economies in the first half of 2023. Meanwhile, central banks worldwide continued to raise interest rates to address soaring inflation. These inflationary pressures were predominantly attributed to steep surges in raw material and energy costs, which were consequences of Russia's invasion of Ukraine. The US Federal Reserve (FED) raised the federal fund rate from a 4.25–4.5% target range at year-end 2022 to 5.25–5.50% on 26 July 2023, the highest level in 22 years. Meanwhile, the European Central Bank (ECB) also continued to increase the main refinancing rate for banks from 2.5% in December 2022 to 4.25% on 27 July 2023. Central banks' monetary measures paired with the steep decline of raw material prices and energy costs from peaks resulted in a decline of inflation rates in the Eurozone from 9.2% in December 2022 to 5.5% in June 2023, while U.S. inflation fell from 6.5% to 3% in the same time period. industries.

### Sector-specific environment

In June 2023, a new report of the consultancy firm EY<sup>2</sup> revealed that e-bike sales in 2022 only reached 5.0 million, about 14% less than the previous assumption of 5.8 million made by market researchers. Meanwhile Conebi<sup>3</sup>, the Confederation of the European Bicycle Industry reported most recently that a total of 5.4 million e-bikes were produced in Europe in 2022. The numbers reflect that the e-bike market growth in volume terms was lower than

<sup>1</sup> [https://www.ifw-kiel.de/fileadmin/Dateiverwaltung/IfW-Publications/-ifw/Konjunktur/Prognosetexte/deutsch/2023/KKB\\_103\\_2023-Q2\\_Welt\\_EN.pdf](https://www.ifw-kiel.de/fileadmin/Dateiverwaltung/IfW-Publications/-ifw/Konjunktur/Prognosetexte/deutsch/2023/KKB_103_2023-Q2_Welt_EN.pdf)

<sup>2</sup> [https://assets.ey.com/content/dam/ey-sites/ey-com/de\\_de/news/2023/06/ey-fahrradstudie-2023-kurz.pdf](https://assets.ey.com/content/dam/ey-sites/ey-com/de_de/news/2023/06/ey-fahrradstudie-2023-kurz.pdf)

<sup>3</sup> <https://www.conebi.eu/>



anticipated, while production exceeded demand causing overstock. The emergence of the overstock situation started in the aftermath of the COVID 19 pandemic, when demand for e-bikes remained very high, but availability of components for e-bikes and conventional bicycles remained scarce. The e-bike industry continued to order and stock available components for e-bike production, but towards yearend 2022, due to increasing recessionary fears, the consumer confidence dropped. Moreover, unfavorable weather conditions in the European market in April and May also dampened the recovery of e-bike demand. In summary, the e-bike market started with low demand and an overstocking situation in all channels into the year 2023, which we therefore consider as transitional. Based on market intelligence provided by various consulting firms (Roland Berger, Technavio, Baird, EY) and management's insights e.g. from Eurobike 2023, e-bike sales in Europe should reach approximately 8 million e-bikes in 2025. Thereby, the European e-bike market should reach compound annual growth (CAGR) of approximately 17.2% between 2022 and 2025.

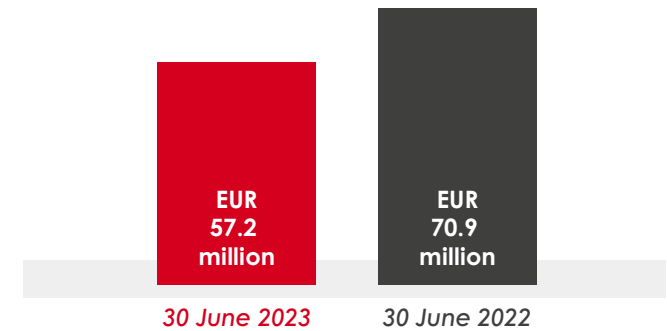
After contracting by 4.6% in 2022 the European Union total passenger car registrations grew in the first half 2023 by 17.9% to 5.4 million units according to the European Automobile Manufacturers' Association, ACEA<sup>4</sup>, thereby indicating that the industry finally recovered from the supply disruptions caused by the COVID-19 pandemic. However, cumulative volumes were still 21% lower compared to 2019, i.e. pre-pandemic levels. Similar to the full year 2022, electric cars were again the winners among the various car categories. Total electric vehicle registrations (BEV, PHEV and HEV) in the EU increased by 28.2% in H1 2023 to about 2.5 million units, representing 45.2% of all new car registrations in the European Union in the period under

review. In the first half 2023 BEVs showed the strongest growth among all categories by adding 53.8% to 0.7 million units, thereby representing a 12.9% share of total new EU car registrations. Meanwhile, hybrid electric vehicles' registrations increased by 27.9% to 1.4 million units and only plug-in hybrid electric vehicles (PHEV) registrations declined marginally by 0.2% to 0.4 million units in the same time period, thereby representing registration shares in the first six months 2023 of 24.9% and 7.4% respectively.

The sales for internal combustion engine (ICE) vehicles remained mixed. Diesel cars registrations declined by 1.8% to 0.8 million units in the first half 2023 after dropping 19.7% in 2022. In the month of June, the battery electric vehicles (BEV) market share surged from 10.7% to 15.1%, thereby overtaking the diesel share for the first time. After declining by 12.8% in 2022, the petrol car category recovered in the first half 2023 by adding 15.9% to 2.0 million units. The inhomogeneity among car segments witnessed at yearend 2022 has largely disappeared with more even growth among the small car, the middle-class car and premium or luxury class car categories. In our view, the explanation lies in the fact that car manufacturers' decision to predominantly allocate car components with limited availability to their high-margin premium and luxury segments in 2022 ended with improved availability of previously scarce parts.

## BUSINESS PERFORMANCE

### Revenue



In the first half 2023, hGears Group generated revenue of EUR 57.2 million, reflecting a 19.4% decrease compared to the previous year (H1 2022 EUR 70.9 million). The decline in revenue is attributed to the e-Mobility and e-Tools business areas, with Conventional continuing to perform above Management's expectations.

In the e-Mobility business area, revenue decreased by 28.6% from EUR 24.4 million in 2022 to EUR 17.4 million in the reporting period. The e-bike industry was impacted by temporary lower end consumer demand, also caused by an unfavorable weather condition in the European market in April and May. At the same time, the industry was confronted with an overstocking situation after overordering components and parts in the second half of 2022. On the contrary, the business area continued to benefit from solid performance of EHV projects and a small recovery in e-bikes, resulting in a 31% sequential increase in revenues in Q2 2023 versus Q1 2023.

<sup>4</sup> [https://www.acea.auto/files/20230719\\_PRPC\\_2306-FINAL.pdf](https://www.acea.auto/files/20230719_PRPC_2306-FINAL.pdf)

In the e-Tools business area, revenue declined 36.1% year-on-year to EUR 14.9 million in the first half 2023 (previous year: EUR 23.3 million). The negative economic and geo-political environment continued to take its toll on consumer confidence while rising interest rates had an adverse effect on building and construction. This resulted in reduced demand for power- tools and gardening equipment for craftsmen, while some customers still seem to unwind excess inventories.

The Conventional business delivered two strong quarters in 2023, generating revenue of EUR 24.4 million in the first half 2023 compared to EUR 22.3 million in the previous year, reflecting a strong 9.3% increase. The business area continued to benefit from its strategic focus on the premium and luxury vehicles, which consistently experience high demand. Additionally, the recovery observed in the other segments of the automotive industry, especially towards the end of 2022, was sustained in H1 2023.

At kEUR 46 other own work capitalized remained in 2023 at the previous year's level of kEUR 48.

### Expenses

hGears' raw materials and consumables expenses remained constant to total output, reaching 49.2% in H1 2023 versus 48.9% in H1 2022. The decline in costs for raw materials and consumables of 18.8% to EUR 28.6 million compared to EUR 35.2 million in H1 2022 is attributable to decline in company's output.

Gross profit, defined as total output less raw material and consumables expenses, reached EUR 29.6 million in the first half 2023 compared to EUR 36.8 million in 2022, corresponding to a decrease of 19.7%, largely in line with

the Company's top line decline. The gross margin (gross profit as a percentage of revenues) reached 51.7% in the first half 2023, almost unchanged with the previous year's level of 52.0%.

Personnel expenses declined by 8.3% to EUR 21.0 million in the first half of 2023 (previous year: EUR 22.9 million). The decrease is a result of cost saving measures, e.g. short-time work and reduction of temporary workers implemented in the course of the first half year 2023 to compensate the decrease in revenues.

Net operating expenses totaled EUR 7.3 million in 2023, down by 5.3% compared to the previous year's EUR 7.7 million. The increase of 1.9 percentage points as of revenue reflects the lack of operational leverage and higher services and advisory costs, while savings in maintenance costs were not able to fully compensate it.

As a result, adjusted EBITDA at the Group level amounted to EUR 3.0 million in the first half year 2023 (previous year: EUR 8.2 million). The adjusted EBITDA margin reached 5.2% after 11.6% in the same period a year earlier. The adjustments mainly include extraordinary personnel costs (e.g. severance expenses related to the settlement with the former CEO, one-off performance bonuses for employees) of EUR 1.5 million. For further information, please refer to [Note 3.5](#) Segment reporting in the notes to the consolidated financial statements.

The hGears Group generated an EBITDA of EUR 1.3 million in the first six months 2023 (previous year: EUR 6.2 million), below the previous year's level. The unadjusted EBITDA margin fell from 8.8% to 2.2%, largely due to a severe lack of operational leverage, while overall inflationary pressures

above all on expenses not covered by the Group's pass-through clauses remained a burden in the period under review.

Depreciation, amortization and impairments in the first half year 2023 amounted to EUR 5.9 million and increased slightly from EUR 5.5 million in the previous year, mainly on due to investments in new production capacities.

The Group's earnings before interest and taxes (EBIT) declined year-on-year from EUR 0.7 million in H1 2022 to EUR -4.6 million in H1 2023, while the net financial result burden increased from EUR 0.7 million to EUR 1.0 million respectively. Consequently, the Group's earnings before taxes (EBT) fell to EUR -5.6 million in 2023 after EUR 0.0 million in the first half 2022.

Income taxes and deferred taxes of a total EUR 0.0 million were incurred in the 2023 reporting year, following EUR -0.9 million in the previous year.

The net result for the period totaled EUR -5.6 million in 2023, compared with EUR 0.9 million in the previous year.

### Net assets

The Company's total assets declined by 5.5% to EUR 148.4 million as of June 2023 compared to EUR 157.0 million at the yearend 2022.

Non-current assets totaled EUR 80.6 million at the end of the first six months 2023, which is virtually unchanged compared to the EUR 80.1 million at the end of the fiscal year 2022.

Current assets declined by 11.9% to EUR 67.8 million as of June 2023 compared to EUR 76.9 million on December 2022.



The primary cause for this decrease is lower cash and cash equivalents of EUR 23.4 million after the six months 2023 (December 31, 2022: EUR 36.3 million), as the Company used the funds for capacity expansions. There was a 11.3% increase in inventories to EUR 22.7 million compared to EUR 20.4 million at the end of 2022. The reason for the higher stock levels is a slowdown in call-offs from customers, while the group continued to build inventories to deliver during the summer break season. Trade receivables increased by 18% to 14.5 million in June 2023 versus yearend 2022 due to higher sales at the end of the reporting period.

Compared to the yearend 2022 value of EUR 88.1 million, hGears' equity declined as a result of generated losses and amounted to EUR 81.9 million in June 2023. The equity ratio declined marginally to 55.2% compared to the year-end 2022 value of 56.1%.

Non-current liabilities decreased from EUR 31.2 million as of December 31, 2022, to EUR 30.2 million in June 2023, mainly due to a decline in long-term financial leasing. At EUR 36.3 million, current liabilities declined by 3.7% compared to the 2022 yearend value (December 31, 2022: EUR 37.7 million). The decline was mainly driven by lower trade payables, which shrunk from EUR 22.1 million on 31 December 2022 to EUR 21.0 million by end of the first half year 2023.

### Financial position

On January 31, 2022 a credit agreement with a syndicate of banks for EUR 60 million became effective. The credit agreement includes a EUR 15 million long-term loan and a EUR 45 million revolving credit facility. The agreement has a term of up to 5 years. The revolving credit facility among others, may be used for growth investments in line with future capacity utilization and ramp-up of new projects.

### Cash flow

hGears recorded cash flow from operating activities of EUR –5.6 million in the first half 2023. The previous year's first half cash flow from operating activities amounted to EUR –3.8 million. The decrease is mainly due to a loss from operations, while the sum of the other components contained in the operating cash flow improved substantially year-over-year.

Compared to EUR –3.3 million in the first six months 2022, the cash flow for investing activities increased to EUR –5.3 million in the reporting period 2023, mainly driven by executions related to the investment plan from the previous year.

As a result of the increase in loss from operations and the higher cash flow for investing activities, the free cash flow reached a negative EUR 10.9 million in the first half 2023 (negative EUR 7.4 million in the first half 2022).

The cash flow for financing activities reached EUR –1.7 million in H1 2023, after EUR –3.0 million in the previous year.

In summary, in the first half of 2023 hGears recorded a negative net cash flow of EUR 12.6 million following a negative net cash flow of EUR 10.1 million in the same period of the previous year.

Finally, cash and cash equivalents stand at a total of EUR 23.4 million on 30 June 2023 (previous year: EUR 37.2 million), offering hGears Group full financial maneuverability.

## RISKS AND OPPORTUNITIES REPORT

hGears' relevant risk and opportunities were comprehensively described in the Annual Report 2022 and are still valid (please refer to page 57 of our Risk and Opportunities Report in the Group Management Report as of December 2022). Main cause for the geopolitical uncertainty remains Russia's invasion of the Ukraine.

## OUTLOOK REPORT

### Overall economy

World economies are struggling with recessionary fears because of an environment that is characterized by geopolitical imponderabilities, a slower-than-expected recovery of global economies – above all in China – and finally increasing interest rates around the globe. However, things seem to brighten up slightly, and global economies appear to at least stabilize. The U.S. inflation rate declined constantly from a peak of 9.1% in June 2022 to 3% in June 2023<sup>5</sup>, while inflation in the Euro zone fell from a high of 10.6% in October 2022 to 5.5% in June 2023<sup>6</sup>. The decline in inflation rates is expected to be further supported by lower prices for energy and raw materials, while central banks seem to remain determined to tame inflation. After the latest increase of the federal funds rate to a 5.25–5.50% target range on 26 July 2023, the U.S. central bank left its options verbally open for a potential further hike. Meanwhile, the ECB also seems to consider the possibility to raise its main refinancing rate for banks further from the 4.25% level imposed on 27 July 2023. However, with the

<sup>5</sup> <https://tradingeconomics.com/united-states/inflation-cpi>

<sup>6</sup> <https://www.euro-area-statistics.org/inflation-rates?cr=eur&lg=en>

notable decline in inflation rates, discussions have arisen regarding whether central banks will continue to raise interest rates. This comes amidst the latest readings of economic indicators such as the purchasing manager index (PMI), the business climate index of the German Ifo Institute, and the IMF's outlook, all pointing to a clouding of the U.S. and Eurozone economies. After reaching a trough of 93.7 points in September 2022, the OECD Consumer Confidence Index (CCI)<sup>7</sup> has been increasing throughout the first half 2023, however only reaching a value of 97.6, which is, comparable to the trough of the COVID-19 pandemic in Mai 2020. According to the Kiel Institute for the World Economy (IfW)<sup>8</sup>, global growth is expected to be moderate this year and in 2024. After reaching 3.3% in 2022, which is roughly in line with the medium-term trend rate, the IfW expects global growth to reach 2.8% in 2023, reflecting a 0.3 percentage point increase compared to its expectation in spring of this year. According to the IfW, China's economic growth should reach 5.6% in 2023, while the USA is forecasted to achieve 1.3% growth, the Euro area a meager 0.6%, and finally Germany is expected to decline by 0.2%. Meanwhile, the IfW reckons that global inflation may reach 7.8% in 2023 after 9.4% in 2022 and 7.0% in 2021. Sadly, the Russian war in Ukraine, which started more than one year ago is still ongoing and seems far from finding a peaceful end. However, the conflict has no direct impact

on hGears' production but may have an indirect effect, for example, in the form of volatile commodity prices including energy, raw material and intermediary product costs. Pass-through clauses could provide hGears with the ability to recoup a significant portion of any potential resurgence in energy and raw material costs.

## Outlook

### Financial performance indicators

Given the persisting and imponderable market challenges, recessionary fears, rising base rates, seasonal impacts on end market demand, slower-than-anticipated resolution of the current overstocking situation in all channels and persisting geopolitical risks, hGears Management Board remains cautious with its outlook. For the fiscal year 2023, hGears expects to achieve revenues of between EUR 115–123 million.

At the same time, the Management Board will prioritize its focus on operational excellence, execution and deployment whilst optimizing cost structures further. Ultimately, for 2023 the Management Board expects an adjusted EBITDA within an EUR 5–9 million range.

The Management Board expects negative free cash flow within an EUR 9–12 million range in 2023.

In the medium term, i. e. in the next two to five years, hGears is targeting strong growth mainly in the e-Mobility business area and expects Group revenues to reach approximately EUR 180–200 million. In line with this growth target, the e-Mobility business area is expected to account for approximately 55–60% of the Group's total revenue, in line with the Group's business expansion ambition and strategic focus.

Schramberg, 28 July 2023



**Sven Arend**

Chairman of the  
Management Board



**Daniel Basok**

Member of the  
Management Board

<sup>7</sup> <https://data.oecd.org/leadind/consumer-confidence-index-cci.htm>

<sup>8</sup> [https://www.ifw-kiel.de/fileadmin/Dateiverwaltung/IfW-Publications/-ifw/Konjunktur/Prognosetexte/deutsch/2023/KKB\\_103\\_2023-Q2\\_Welt\\_EN.pdf](https://www.ifw-kiel.de/fileadmin/Dateiverwaltung/IfW-Publications/-ifw/Konjunktur/Prognosetexte/deutsch/2023/KKB_103_2023-Q2_Welt_EN.pdf)



# Interim Consolidated Financial Statements

Consolidated Statement of Profit or Loss	23
Consolidated Statement of Comprehensive Income	24
Consolidated Statement of Financial Position	25
Consolidated Statement of Changes in Equity	27
Consolidated Statement of Cash Flows	28
Condensed Notes	29



# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

in kEUR	Note	H1 2023	H1 2022
Revenues	3.1	57,155	70,871
Other capitalized own work		46	48
Changes in inventories		984	1,137
<b>Total output</b>		<b>58,185</b>	<b>72,056</b>
Other operating income		1,679	1,448
Impairment gains/losses from IFRS 9		(97)	(19)
Raw materials and consumables used	3.2	(28,609)	(35,221)
Personnel expenses	3.3	(20,979)	(22,870)
Depreciation, amortization and impairment		(5,896)	(5,500)
Other operating expenses		(8,907)	(9,159)
<b>Profit / loss from operating activities</b>		<b>(4,624)</b>	<b>735</b>
Finance income		88	1
Finance expenses		(1,076)	(744)
<b>Financial result</b>	3.4	<b>(988)</b>	<b>(743)</b>
<b>Income before income taxes</b>		<b>(5,612)</b>	<b>(8)</b>
Income and deferred taxes		29	(889)
<b>Net result of the period</b>		<b>(5,583)</b>	<b>(897)</b>
<b>Result attribution to Shareholders</b>		<b>(5,583)</b>	<b>(897)</b>
<b>Basic / diluted earnings per share (EUR)</b>	3.6	<b>(0.54)</b>	<b>(0.09)</b>

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 January 1 to June 30

in kEUR	H1 2023	H1 2022
<b>Net result of the period</b>	<b>(5,583)</b>	<b>(897)</b>
Other comprehensive income:		
<b>Other comprehensive income that will not be reclassified subsequently to profit or loss</b>		
Remeasurements of post-employment benefit obligations	–	–
Tax effect	–	–
Stock option programme	–	441
<b>Other comprehensive income that may be reclassified subsequently to profit or loss</b>		
Gains (Losses) on cash flow hedges	(4)	(495)
Tax effect	1	124
Currency translation adjustment*	(689)	339
<b>Total comprehensive income</b>	<b>(6,275)</b>	<b>(488)</b>

\*Exchange rate differences arising from the translation of mG miniGears (Suzhou) Co., Ltd., 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	June 30, 2023	December 31, 2022
Property, plant and equipment		75,092	75,798
Intangible assets		1,100	1,307
Other non-current assets	4.3	116	122
Other non-current financial assets	4.3	1,470	–
Deferred tax assets		2,802	2,848
<b>Total non-current assets</b>		<b>80,580</b>	<b>80,075</b>
Inventories	4.1	22,677	20,372
Trade receivables	4.2	14,514	12,298
Other receivables		628	872
Other current assets	4.3	6,593	6,116
Other current financial assets	4.3	–	1,006
Cash and cash equivalents		23,375	36,276
<b>Total current assets</b>		<b>67,787</b>	<b>76,940</b>
<b>Total assets</b>		<b>148,367</b>	<b>157,015</b>

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	June 30, 2023	December 31, 2022
Share capital		10,400	10,400
Capital reserve		69,232	69,232
Other reserves		400	400
OCI		1,985	2,678
Retained earnings		5,434	6,276
Net result of the period		(5,583)	(841)
<b>Total Equity</b>	4.4	<b>81,868</b>	<b>88,145</b>
Lease liabilities		8,362	9,099
Borrowings		19,761	19,694
Deferred tax liabilities		339	530
Provisions		319	319
Employee benefit obligations		1,062	1,100
Trade and other payables		338	417
<b>Total non-current liabilities</b>		<b>30,181</b>	<b>31,159</b>
Lease liabilities		4,981	5,133
Borrowings		272	428
Provisions		787	564
Other current financial liabilities		189	242
Trade and other payables		29,767	30,972
Tax liabilities		322	372
<b>Total current liabilities</b>		<b>36,318</b>	<b>37,711</b>
<b>Total liabilities</b>		<b>66,499</b>	<b>68,870</b>
<b>Total equity and liabilities</b>		<b>148,367</b>	<b>157,015</b>

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 January 1 to June 30

in kEUR	Share capital	Capital reserve	Other reserves	OCI			Retained earnings	Total equity
				Currency translation	Cash Flow Hedge Reserve	Employee plan		
<b>Balance at January 1, 2022</b>	<b>10,400</b>	<b>69,239</b>	<b>400</b>	<b>1,865</b>	<b>(0)</b>	<b>485</b>	<b>6,275</b>	<b>88,664</b>
Net result of the period	–	–	–	–	–	–	(897)	(897)
Other comprehensive income after taxes	–	–	–	339	(371)	441	–	409
<b>Balance at June 30, 2022</b>	<b>10,400</b>	<b>69,239</b>	<b>400</b>	<b>2,204</b>	<b>(371)</b>	<b>926</b>	<b>5,378</b>	<b>88,176</b>
<b>Balance at January 1, 2023</b>	<b>10,400</b>	<b>69,232</b>	<b>400</b>	<b>1,622</b>	<b>–</b>	<b>1,055</b>	<b>5,434</b>	<b>88,145</b>
Net result of the period	–	–	–	–	–	–	(5,583)	(5,583)
Other comprehensive income after taxes	–	–	–	(689)	(3)	–	–	(692)
<b>Balance at June 30, 2023</b>	<b>10,400</b>	<b>69,232</b>	<b>400</b>	<b>933</b>	<b>(3)</b>	<b>1,055</b>	<b>(149)</b>	<b>81,868</b>

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 January 1 to June 30

in kEUR	H1 2023	H1 2022
<b>Profit (loss) from operating activities</b>	<b>(4,624)</b>	<b>735</b>
Depreciation, amortisation and impairment	5,896	5,500
Other non-cash items	(110)	454
Income tax proceeds / payment	(890)	(1,288)
Change in provisions and others	188	(54)
Interest paid	(857)	(648)
Interest received	88	1
Change in inventories	(2,448)	(2,512)
Change in receivables	(2,430)	(5,852)
Change in liabilities	(715)	108
Change in other assets	461	(404)
Change in other liabilities	(193)	141
<b>Net cash provided by (used in) operating activities</b>	<b>(5,634)</b>	<b>(3,819)</b>
<b>Cash flows provided by (used in) investing activities</b>		
Payments for Property, plant and equipment and intangible assets	(4,836)	(3,382)
Loan granted	(470)	–
Income from sales of fixed assets	34	61
<b>Net cash provided by (used in) investing activities</b>	<b>(5,272)</b>	<b>(3,321)</b>
<b>Cash flows provided by (used in) financing activities</b>		
Proceeds from borrowings	5,029	19,998
Repayments of borrowings	(5,266)	(21,506)
Repayments leasing agreements	(1,469)	(1,460)
<b>Cash flows provided by (used in) financing activities</b>	<b>(1,706)</b>	<b>(2,968)</b>
<b>Net cash increase (decrease)</b>	<b>(12,612)</b>	<b>(10,108)</b>
Cash and cash equivalents at the beginning of the year	36,276	47,246
Effects of exchange rate changes on cash and cash equivalents	(289)	80
<b>Closing Cash and cash equivalents</b>	<b>23,375</b>	<b>37,218</b>

The accompanying condensed notes are an integral part of the interim consolidated financial statements. Figures in the tables may be rounded.

# CONDENSED NOTES

## 1. GENERAL INFORMATION

hGears AG (former hGears Holding GmbH) – HRB 778870 was incorporated in 2011 and is domiciled in Schramberg, Germany. The conversion of the legal form of the Company from a limited liability company (Gesellschaft mit beschränkter Haftung) into a stock corporation (Aktiengesellschaft) was registered in the commercial register of the local court (Amtsgericht) of Stuttgart, Germany, on April 27, 2021.

The address of registered office is Brambach 38, 78713 Schramberg.

These interim consolidated financial statements consist of the financial statements of hGears AG, its subsidiaries: hGears Schramberg GmbH (former Herzog GmbH, herewith: "Schramberg"); hGears Padova S.p.A. (former mG miniGears S.p.A., herewith: "Padova"), and its second-tier subsidiary mG miniGears (Suzhou) Co., Ltd. (herewith: "Suzhou") were prepared using uniform group accounting policies.

hGears AG and its subsidiaries and second-tier subsidiary ("hGears Group", "Group") manufacture, distribute and sell high-precision turned parts, drive components, gear kits as well as complex system solutions. For this, the Group combines steel machining with powder metal technologies.

The consolidated financial statements can be viewed on [www.hgears.com](http://www.hgears.com).

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The presented half-year interim consolidated financial statements of hGears Group as of June 30, 2023 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 December 31, 2022.

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 ends December 31. 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).

Items that are classified "current" have a maturity within 12 months. All items with maturity over 12 months are classified as "non-current".

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.

The interim condensed consolidated financial statements have been prepared under the historical cost convention except for financial assets and liabilities measured at fair value through profit and loss. The interim condensed consolidated statement of profit or loss is prepared based on the "Total cost method". The interim condensed consolidated financial statements have been prepared on a going concern basis.

In some tables showing breakdown of Profit and Loss and Balance Sheet items, individual amounts have been aggregated, differently compared to previous year in order to improve the clarity of presentation. The income tax expenses in this half-year interim condensed consolidated financial statements are calculated on the basis of the effective tax rate anticipated for the full fiscal year.

At the end of February 2022, Russian military forces invaded Ukraine. As a result, European Union and United States of



America imposed substantial financial sanctions on Russia, such as banning several Russian banks from the SWIFT system and extensive restrictions on trading and travel with Russia.

After initial assessment of the situation, hGears Group sees very limited direct impact as the Group has no material suppliers or customers neither in Russia nor in Ukraine. However, the war in Ukraine led to a sharp increase in raw material and energy prices and thereby has a negative impact on the world economy. Furthermore, rising commodity prices led to soaring inflation and central banks started to increase interest rates in summer 2022. Currently a resulting recession seems to materialize and the end consumer confidence on certain markets has suffered. Therefore, the war had an indirect negative impact on the hGears Group such as fluctuation of the orders from customers and higher service, raw materials and consumables costs, including energy.

hGears' relevant risks and opportunities were comprehensively described in the Annual Report 2022 and are still valid (please refer to Risk and Opportunities Report in the Group Management Report as of December 2022).

### **IFRS issued, EU endorsed and adopted in the reporting period beginning on or after 1 January 2023**

- IFRS 17 Insurance Contracts
- Amendments to IFRS 17  
**Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information**
- Amendments to IAS 1  
**Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies**
- Amendments to IAS 8  
**Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates**
- Amendments to IAS 12  
**Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction**
- Amendments to IAS 12  
**Income taxes: International Tax Reform – Pillar Two Model Rules (effective immediately but not yet endorsed in the EU – disclosures are required for annual periods beginning on or after 1 January 2023)**

New standards and interpretations to be applied in 2023 had no material impact on the Interim Consolidated Financial Statements in the reporting period.

### **IFRS issued, EU endorsed and not yet adopted in the reporting period beginning on or after 1 January 2023**

- Amendments to IAS 1  
**Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Noncurrent Liabilities with Covenants (applicable for annual periods beginning on or after 1 January 2024, but not yet endorsed in the EU)**
- Amendments to IFRS 16  
**Leases: Lease Liability in a Sale and Leaseback (applicable for annual periods beginning on or after 1 January 2024, but not yet endorsed in the EU)**
- Amendments to IAS 7  
**Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (applicable for annual periods beginning on or after 1 January 2024, but not yet endorsed in the EU)**

### 3. CONDENSED NOTES TO THE INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND THE INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

#### 3.1 Revenues

hGears Group generates revenue from manufacturing, distribution and selling of high-precision turned parts, drive components, gear kits as well as complex system solutions. Revenues for the first-half 2023 amount to kEUR 57,155 (first half 2022: kEUR 70,871).

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 2023	H1 2022
Sales of goods	56,699	70,000
Other	456	871
<b>Total revenues</b>	<b>57,155</b>	<b>70,871</b>

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

hGears Group earns revenues on the sale of goods through its operations consisting of 3 business areas. The following table provides hGears Group's sale of goods by business area:

in kEUR	H1 2023	H1 2022
e-Mobility	17,412	24,391
e-Tools	14,863	23,271
Conventional	24,424	22,338
<b>Sales of goods</b>	<b>56,699</b>	<b>70,000</b>

hGears business activities are divided into three business areas:

- **e-Mobility:** In this business area, hGears focuses on high-precision components for e-bikes and for electric and hybrid vehicles (EHVs). Activities include the (co-)development and production of components for e-drive applications (e. g., drive and crank shafts and gears). e-drives require high-precision components that can withstand high torques, are lightweight and have low noise emission.
- **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).
- **Conventional:** The focus of this business area is on components for various applications such as parts for premium, sport and luxury vehicles, recreational vehicles, motorcycles, rolling shutters and systems for heating, ventilation and air conditioning. This includes the production of various precision components for conventional automotive applications (e.g., drives, steering and braking systems, and vehicle bodies), as well as for other industrial applications.

Sales of goods in the e-Mobility business area in the first half of 2023 decreased mainly due to overstocking in all channels of the e-bike market as a result of temporarily dampened consumer demand and market.

The decrease in sales of goods in e-Tools business area is mainly due to higher inventories at our customers resulting in order cancellations in the first half of the year.

Sales of goods in Conventional business area increased compared to the previous period.

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

in kEUR	H1 2023	H1 2022
EU area	38,178	49,223
USA	5,330	5,744
China	3,176	4,893
Rest of the world	10,015	10,140
<b>Sales of goods</b>	<b>56,699</b>	<b>70,000</b>

Sales of goods in the EU area include sales in Germany for a total amount of kEUR 16,940 (first half 2022: kEUR 18,604) and Hungary for a total amount of kEUR 10,008 (first half 2022: 20,935).

Besides Germany and Hungary, sales in EU area are highly fragmented and are not exceeding more than 10% from sales of goods.



### 3.2 Raw materials and consumables used

The line item breaks down as follows:

in kEUR	H1 2023	H1 2022
Raw Materials less discounts received	(19,457)	(22,137)
Consumables used and energy	(6,831)	(9,711)
Outsourced manufacturing costs	(2,321)	(3,373)
<b>Total</b>	<b>(28,609)</b>	<b>(35,221)</b>

### 3.3 Personnel expenses

The line item breaks down as follows:

in kEUR	H1 2023	H1 2022
Wages and salaries	(16,087)	(17,241)
Social security contributions	(3,770)	(3,858)
Temporary workers	(1,122)	(1,771)
<b>Total</b>	<b>(20,979)</b>	<b>(22,870)</b>

Wages and salaries include expenses for defined contribution pension plans in the amount of kEUR 1,027 in the first half 2023 and kEUR 1,056 in the first half 2022.

In the first half 2023 the Group employed 812 people on average (first half 2022: 910).

	H1 2023	H1 2022
Factory workers	628	729
Office workers and Managers	184	181
<b>Total</b>	<b>812</b>	<b>910</b>

As of June 30, 2023, the Group employed 796 FTEs, including the Management Board (June 30, 2022: 894).

	June 30, 2023	June 30, 2022
Factory workers	695	794
Office workers and Managers	101	100
<b>Total</b>	<b>796</b>	<b>894</b>

### 3.4 Financial result

The line item breaks down as follows:

in kEUR	H1 2023	H1 2022
Interest expense on finance lease liabilities	(275)	(267)
Interest expenses banks loans and overdrafts	(488)	(308)
Other interest expenses and similar expenses	(313)	(169)
<b>Financial expenses</b>	<b>(1,076)</b>	<b>(744)</b>
Interest income banks	88	1
<b>Financial income</b>	<b>88</b>	<b>1</b>
<b>Total</b>	<b>(988)</b>	<b>(743)</b>

Other interest expenses and similar expenses mainly include the scheduled amortization of transaction costs in relation to the loan in the amount of kEUR 180 (first half 2022: kEUR 83). In addition, factoring interest in the amount of kEUR 131 is included (first half 2022: kEUR 70).

### 3.5 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.

Based on definition, hGears consists of one operating segment, production of high precision gears and components.

The management board evaluates hGears Group 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 revenues, adjusted EBITDA (adjusted earnings before interest, taxes, depreciation and amortization) and the free cash flow, as measured for the Management Board reporting purposes.

The following table shows the segment Revenue and Adjusted EBITDA to consolidated net result of the period:

in kEUR	IFRS consolidated	
	H1 2023	H1 2022
<b>Revenues</b>	<b>57,155</b>	<b>70,871</b>
<b>Adjusted EBITDA<sup>(1)</sup></b>	<b>2,957</b>	<b>8,217</b>
One-off transaction costs	(1,684)	(1,983)
Depreciation, amortization and impairment	(5,896)	(5,500)
<b>EBIT</b>	<b>(4,624)</b>	<b>735</b>
Finance income & Dividends	88	1
Finance expenses	(1,076)	(744)
<b>EBT</b>	<b>(5,612)</b>	<b>(8)</b>
Income and deferred taxes	29	(889)
<b>Net result of the period</b>	<b>(5,583)</b>	<b>(897)</b>

(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 period.

The following table is the breakdown of One-off expenses:

in kEUR	IFRS consolidated	
	H1 2023	H1 2022
Personnel costs <sup>(1)</sup>	1,543	1,018
One-off advisory fees	32	151
One-off special project cost	98	206
COVID adjustments <sup>(2)</sup>	–	473
Other	11	135
<b>Total</b>	<b>1,684</b>	<b>1,983</b>

(1) it includes non-recurring bonuses for employees and severance costs (in 2023 includes settlement with former CEO)

(2) it includes additional costs incurred due to the safety measures adopted, unavoidable 'fixed' costs during the lockdown period and personnel expenses for quarantine and illness leave

The following table shows the Free Cash Flow:

in kEUR	IFRS consolidated	
	H1 2023	H1 2022
<b>Free Cash Flow <sup>(1)</sup></b>	<b>(10,883)</b>	<b>(7,396)</b>

(1) 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, received interest, and receipts leasing contracts, which are part of the payments for PPE and intangible assets

hGears Group generates more than 10% of its sales with one customer. As of June 30, 2023, this single most important customer represented accounts receivable with a carrying amount of kEUR 642 (June 30, 2022: kEUR 2,343) and revenues in the first half 2023 in the amount of kEUR 9,973 (first half 2022: kEUR 20,913).

hGears's 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 [Note 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 / Germany		Schramberg / Germany		Padova / Italy		Suzhou / China		Reconciliation <sup>(1)</sup>		IFRS consolidated	
	H1 2023	H1 2022	H1 2023	H1 2022	H1 2023	H1 2022	H1 2023	H1 2022	H1 2023	H1 2022	H1 2023	H1 2022
Additions	–	6	4,115	1,506	1,491	2,233	162	538	–	–	5,768	4,283
Carrying amounts	87	113	44,942	38,016	23,717	23,748	7,525	9,982	(79)	(222)	76,192	71,637

(1) The reconciliation relates to the elimination of intragroup transactions

### 3.6 Earnings Per Share

The basic earnings per share (as defined in IAS 33, "EPS") as of June 30, 2023 is EUR –0.54 (June 30, 2022: EUR –0.09). EPS 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 2023, amounting to 10,400,000 (first half 2022: 10,400,000).

## 4. CONDENSED NOTES TO THE INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### 4.1 Inventories

The net value of the inventories as of June 30, 2023 is kEUR 22,677 (December 31, 2022: kEUR 20,372).

in kEUR	June 30, 2023	December 31, 2022
Raw materials, consumables and supplies	11,595	9,903
Finished goods and work in progress	16,571	15,415
Provisions for inventory	(5,489)	(4,946)
<b>Total</b>	<b>22,677</b>	<b>20,372</b>

The gross value of written-down inventories as of June 30, 2023 is kEUR 28,166 (December 31, 2022: kEUR 25,318). Movements in the Group's provision for inventory is as follows:

in kEUR	
<b>Balance as of December 31, 2021</b>	<b>(4,844)</b>
Addition	(1,310)
Utilization	60
Other	(5)
<b>Balance as of June 30, 2022</b>	<b>(6,099)</b>

in kEUR	
<b>Balance as of December 31, 2022</b>	<b>(4,946)</b>
Addition	(993)
Release	267
Utilization	172
Other	11
<b>Balance as of June 30, 2023</b>	<b>(5,489)</b>

Depreciation of kEUR 993 was recognized in the interim consolidated statement of profit and loss. These are mainly due to revaluation made to state inventories at net realizable value. During the period the Group recognized income from release of provision in total amount of kEUR 267. The utilization mainly refers to the scrapping.

### 4.2 Trade receivables

The carrying amounts of the trade receivables approximate to their fair values and it is equal to kEUR 14,514 (December 31, 2022: kEUR 12,298).

The Group entered into in various supplier finance programs of our customers. Under these arrangements, the Group sells trade receivables to financial institutions. When the receivables are transferred, they are fully paid by the financial institute, excluding the deduction of the interest. As the sale is non-recourse and the Group completely transferred the credit risk, trade receivables amounting to kEUR 5,590 as of June 30, 2023, were fully derecognized (December 31, 2022: kEUR 8,128).

Further trade receivables intended to be sold and amounting to kEUR 801 are not sold yet as of the reporting date (December 31, 2022: kEUR 682). At June 30, 2023, provision for impairments amounted to kEUR 148 (December 31, 2022: kEUR 125).

### 4.3 Other current assets and non-current assets

The following note provides an overview of financial and non-financial assets.

in kEUR	June 30, 2023	December 31, 2022
Other receivables non-current	116	122
Other financial assets non-current	1,470	–
<b>Total Non-Current</b>	<b>1,586</b>	<b>122</b>

Other receivable non-current mainly refers to cash deposits made to secure future payments and services. Whereby Other financial assets non-current includes a reclassification of a granted loan.

in kEUR	June 30, 2023	December 31, 2022
Other current assets	6,593	6,116
<b>Total Non-Financial Assets</b>	<b>6,593</b>	<b>6,116</b>
Other receivables current	628	872
Other financial assets current	–	1,006
<b>Total Financial Assets</b>	<b>628</b>	<b>1,878</b>
<b>Total Current</b>	<b>7,221</b>	<b>7,994</b>

The following table provides an overview of other current receivables.

In kEUR	June 30, 2023	December 31, 2022
Receivables for energy costs	267	355
Other	64	329
<b>Total Non-Financial Assets</b>	<b>331</b>	<b>684</b>
Loan to employees	291	134
Supplier with debit balance	–	11
Suppliers premium	6	37
Other	–	6
<b>Total Financial Assets</b>	<b>297</b>	<b>188</b>
<b>Total</b>	<b>628</b>	<b>872</b>

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

in kEUR	June 30, 2023	December 31, 2022
VAT receivables	754	941
Other income tax receivables	4,641	4,304
Current prepaid operating expenses	1,198	871
<b>Total</b>	<b>6,593</b>	<b>6,116</b>

#### 4.4 Equity

On April 8, 2021, the Company's share capital increased from kEUR 63 to kEUR 8,000 from company funds. On May 21, 2021 the share capital is increased due to the IPO to kEUR 10,400. At December 31, 2022 the total share capital of the company is divided into 10,400,000 ordinary shares with a par value of 1 Euro.

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 miniGears companies (kEUR 13,485), reduced by kEUR 7,938 as result of the share capital increase from Company funds. The proceeds from IPO amounts 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, increased by kEUR 7 compared to last year). Due to the missing recoverability of the tax advantages, no taxes were recognised in the equity.

Other reserve includes the legal reserve booked in the subsidiary Padova and it is equal to 5% of its share capital.

The OCI Reserves includes:

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

#### Authorized capital

By virtue of the Articles of Association, 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 March 31, 2026, by up to a total of EUR 4,000,000.00 by issuing up to a total of 4,000,000 new no-par value bearer shares in return for cash contributions and/or contributions in kind (Authorized Capital 2021). 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 2021/I

The Management Board was authorized by the Annual General Meeting on May 5, 2021, 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 May 4, 2026. The holders of the Bonds referred to in the preceding sentence may be granted conversion or subscription rights to up to 3,261,600 no-par value bearer shares of the Company with a pro rata amount of the share capital of up to EUR 3,261,600.00 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 2021/I.

### **Conditional Capital 2021/II**

The Management Board was authorized by the Annual General Meeting on May 5, 2021, with the approval of the Supervisory Board, to conditionally increase the share capital of the Company by up to EUR 738,400.00 by issuing up to 738,400 no-par value bearer shares (Conditional Capital 2021/II). The Conditional Capital 2021/II 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 May 5, 2021. 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 Program 2021), the holders of the stock options exercise their rights, and the Company does not grant 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 2021/II 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 2021/II.

The Management Board was authorized by the Annual General Meeting on June 22, 2022, with the approval of the Supervisory Board, to reduce by EUR 190,500.00 by withdrawing 190,500 no-par value bearer shares the Conditional Capital 2021/II of the Company. After the reduction the Conditional Capital 2021/II amounts to EUR 547,900.00 and includes 547,900 no-par value bearer shares. Other conditions with regard Conditional Capital 2021/II remain unchanged. To date, no use has been made of Conditional Capital 2021/II.

The Management Board was authorized by the Annual General Meeting on June 13, 2023, with the approval of the Supervisory Board, to cancel the existing Conditional Capital 2021/II.

### **Conditional Capital 2022/I**

The Management Board was authorized by the Annual General Meeting on June 22, 2022, with the approval of the Supervisory Board, to conditionally increase the share capital of the Company by up to EUR 190,500.00 by issuing up to 190,500 no-par value bearer shares (Conditional Capital 2022/I). The Conditional Capital 2022/I 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 June 22, 2022. 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 Program 2022), the holders of the stock options exercise their rights, and the Company does not grant 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 2022/I 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 2022/I. To date, no use has been made of Conditional Capital 2022/I.

The Management Board was authorized by the Annual General Meeting on June 13, 2023, with the approval of the Supervisory Board, to cancel the existing Conditional Capital 2022/I.

### **Conditional Capital 2023**

The Management Board was authorized by the Annual General Meeting on June 13, 2023, with the approval of the Supervisory Board, to conditionally increase the share capital of the Company by up to EUR 738,400.00 by issuing up to 738,400 no-par value bearer shares (Conditional Capital 2023). The Conditional Capital 2023 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 June 13, 2023. 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 2023), the holders of the stock options exercise their rights, and the Company does not grant 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 2023 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 2023.

The total nominal amount of the conditional capitals of the Company, including the Conditional Capital 2021/I in the amount of EUR 3,261,600.00 (Clause 4.3 of the Articles of Association) as well as the new Conditional Capital 2023 in the amount of EUR 738,400.00 (Clause 4.4 of the Articles of Association), which replaced the Conditional Capital 2021/II, amounts in total to EUR 4,000,000.00 and therefore not exceeds half of the share capital existing at the time of the resolution on the conditional capital increase.

## 5. CONDENSED NOTES TO THE INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

The following table provides the reconciliation between the opening and closing balances in the Interim Consolidated Statement of Financial Position for liabilities arising from financing activities.

in kEUR	December 31, 2022	Cash flows	Non-cash changes			Other	June 30, 2023
			Acquisition	Fair value changes	Foreign exchange movement		
Finance lease liabilities	14,233	(1,744)	745	–	(166)	275	13,343
Borrowings	20,122	(681)	–	–	–	592	20,033
Other current financial liabilities	242	(4)	–	(92)	–	43	189

in kEUR	December 31, 2021	Cash flows	Non-cash changes			Other	June 30, 2022
			Acquisition	Fair value changes	Foreign exchange movement		
Finance lease liabilities	14,381	(1,727)	902	–	102	267	13,925
Borrowings	21,408	(1,799)	–	–	–	248	19,857
Other current financial liabilities	9	(5)	–	586	–	18	608

The paid interests during the first half 2023 in the cash flow statement include interests for factoring in an amount of kEUR 131 (first half 2022: kEUR 70), interest on borrowings in an amount of 446 kEUR (first half 2022: 219 kEUR) and interest for leasing in an amount of kEUR 275 (first half 2022: 267 kEUR).



## 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 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.

On December 21, 2021, hGears signed and announced a new credit agreement with a syndicate of banks for a total of EUR 60 million. The Group shall ensure that it complies with the financial covenants, leverage and equity ratio cover on the Group level, during the term of the Agreement, Testing Dates are March 31, June 30, September 30 and December 31 of each year.

As of June 30, 2023, the financial covenants have been met.

### 6.2 Financial risk management

hGears Group's operating activities expose the Group to a variety of financial risks such as market risks, credit risks and liquidity risks. hGears Group's finance department has created controlling instruments and key metrics to identify and evaluate such risks in close co-operation with the operating units.

These interim consolidated financial statements do not contain all the information and explanatory notes to financial risks management that must be included in the annual report.

For additional information in this regard refer to the notes to the consolidated financial statements at December 31, 2022.

## 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 from 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			
	<b>Classification IFRS 9</b>	<b>Carrying amount June 30, 2023</b>	<b>Fair Value June 30, 2023</b>
<b>ASSET</b>			
<b>Non-current assets</b>			
Other non-current assets	AC	116	116
Other financial assets non-current	AC	1,470	1,470
<b>Current assets</b>			
Trade receivables			
Trade receivables	AC	13,713	n/a*
Trade receivables subject to factoring	FVPL	801	801
Other receivables	AC	628	n/a*
Cash and cash equivalents	AC	23,375	n/a*
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Finance lease liabilities	n/a	8,362	n/a**
Borrowings	FLAC	19,761	19,450
<b>Current liabilities</b>			
Finance lease liabilities	n/a	4,981	n/a**
Borrowings	FLAC	272	758
Other current financial liabilities			
Derivatives with hedge accounting	n/a	144	144
Derivatives without hedge accounting	FVPL	2	2
Accrued interest	FLAC	43	43
Trade and other payables			
Trade payables	FLAC	21,032	n/a*
Other payables			
Other current non-financial payables	n/a	8,735	n/a

<b>Carrying amounts per category (kEUR)</b>		<b>June 30, 2023</b>
Financial Assets measured at Amortized costs	AC	<b>39,302</b>
Financial Liabilities measured at Amortized Cost	FLAC	<b>41,108</b>
Financial Assets & Liabilities measured at Fair Value through Profit or Loss	FVPL	<b>799</b>

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 is the case for short-term financial instruments from your perspective, the disclosure of fair value is not required.

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.



in kEUR			
	Classification IFRS 9	Carrying amount December 31, 2022	Fair Value December 31, 2022
<b>ASSET</b>			
<b>Non-current assets</b>			
Other non-current assets	AC	122	122
<b>Current assets</b>			
Trade receivables			
Trade receivables	AC	19,480	n/a*
Trade receivables	FVPL	210	210
Trade receivables subject to factoring	FVPL	682	682
Other receivables	AC	872	n/a*
Other current financial assets			
Other current financial assets	AC	1,000	1,000
Derivatives with hedge accounting	n/a	–	–
Derivatives without hedge accounting	FVPL	6	6
Cash and cash equivalents	AC	36,276	n/a*
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Finance lease liabilities	n/a	9,099	n/a**
Borrowings	FLAC	19,694	19,402
<b>Current liabilities</b>			
Finance lease liabilities	n/a	5,133	n/a**
Borrowings	FLAC	428	677
Other current financial liabilities			
Derivatives with hedge accounting	n/a	–	–
Derivatives without hedge accounting	FVPL	238	238
Accrued interest	FLAC	4	4
Trade and other payables			
Trade payables	FLAC	22,053	n/a*
Other payables			
Other current non-financial payables	n/a	8,919	n/a*

Figures in the tables may be rounded.

		December 31, 2022
Carrying amounts per category (kEUR)		
Financial Assets measured at Amortized costs	AC	49,677
Financial Liabilities measured at Amortized Cost	FLAC	42,179
Financial Assets & Liabilities measured at Fair Value through Profit or Loss	FVPL	660

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 is the case for short-term financial instruments from your perspective, the disclosure of fair value is not required.  
n/a\*\* According to IFRS 7.29 (d) disclosure of fair value is not required for lease liabilities.

## 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 leases 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	H1 2023	H1 2022
No later than 1 year	95	126
Later than 1 year and no later than 5 years	61	66
More than 5 years	13	–
<b>Total</b>	<b>169</b>	<b>192</b>

#### 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 June 30, 2023, 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 34.6% in the capital of the Company.

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

The following transactions were carried out with related parties:

#### 8.2.1 Transactions with shareholders

The transactions with minority shareholders are summarized below:

- Building rent: the total value for the first half 2023 is equal to kEUR 226 (first half 2022: kEUR 219).

The Group believes that all transactions with related parties substantially took place on the basis of normal market conditions.

#### 8.2.2 Transactions with related individuals

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

In the course of the conversion of the Company into a stock corporation, on April 27, 2021 the Supervisory Board was appointed. Except of Mr. Seidler and Ms. Dr. Fontane all the other members of the Supervisory Board of hGears AG are also members of the Supervisory Board of Padova and thus hold key management positions in the Group:

#### Management Board

- Sven Arend (Chairman from 1 February 2023)
- Daniel Basok (CFO)
- Pierluca Sartorello (Member of the Management Board till 8 April 2023)

#### Supervisory Board

- Prof. Volker Michael Stauch (Chairman)
- Christophe Hemmerle (Deputy Chairman)
- Daniel Michael Kartje
- Christoph Mathias Seidler
- Dr. Gabriele Fontane

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

Shares	June 30, 2023	December 31, 2022
Sven Arend	20,800	–
Daniel Basok	10,079	10,079
Pierluca Sartorello <sup>(1)</sup>	–	125,898
<b>Management Board</b>	<b>30,879</b>	<b>135,977</b>
Volker Stauch	47,300	45,967
Christophe Hemmerle	5,769	5,769
Daniel Kartje	2,900	2,900
Mathias Seidler	11,538	11,538
Dr, Gabriele Fontane	3,846	3,846
<b>Supervisory Board</b>	<b>71,353</b>	<b>70,020</b>
<b>Total</b>	<b>102,232</b>	<b>205,997</b>

(1) Member of the Management Board till 8 April 2023

### 8.3 Share-based payments

The "Stock Option Program 2021" of hGears AG was approved by the resolution dated 5 May 2021 of the General Meeting of the Company authorized the Management Board, with the consent of the Supervisory Board, and – to the extent that members of the Management Board are among the participants entitled to stock options – the Supervisory Board of the Company. The Employee Option Plan is designed to provide long-term incentives for Management Board members and selected executives to deliver long-term shareholder returns. Under the plan, participants are granted options which only vest if certain performance standards are met. Participation in the plan is at the board's discretion, and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

The amount of options that will vest depends on hGears AG's share price on the Frankfurt Stock Exchange on the last 20 trading days prior to 31 December 2021, 2022 and 2023. Once vested, the options remain exercisable for a period of two years after a waiting period of 48 months.

Options are granted under the plan for no consideration and carry no dividend or voting rights.

Upon exercise of Stock Option Right, the exercise price per share shall be paid by the exercising Beneficiary for each share to be subscribed. The Exercise Price for all exercised Stock Option Rights shall be transferred to the bank account specified in the Company's allocation offer within ten banking days after the Exercise Date. The exercise price of options is EUR 26.16.

By resolution dated June 22, 2022 the Annual General Meeting of the Company authorised the Management Board, with the consent of the Supervisory Board, and – to the extent that members of the Management Board are among the participants entitled to stock options – the Supervisory Board of the Company to grant up to 190,500 subscription rights.

By resolution dated June 13, 2023 the Annual authorized the Management Board to cancel the issue of stock options to members of the Management Board and selected executives of the Company and affiliated companies under the Stock Option Programme 2021.

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

	2023		2022	
	Average exercise price per share option	Number of options	Average exercise price per share option	Number of options
As at January 1	–	–	–	–
Granted during the year	–	–	26.16	216,000
Exercised during the year	–	–	–	–
Forfeited during the year	–	–	–	–
<b>As at June, 30</b>	<b>–</b>	<b>–</b>	<b>26.16</b>	<b>216,000</b>
Vested and exercisable at 30 June	–	–	–	–

The performance targets for the stock options granted in 2022 were not achieved. Therefore, these options expired on December 31, 2022.

By resolution dated June 13, 2023 the Annual General Meeting of the Company authorized the Management Board to grant up to a total number of 738,400 subscription rights ("Stock Option Rights") for up to 738,400 no-par value bearer shares of the Company within the framework of the new Stock Option Programme 2023 (SOP 2023), subject to the approval of the Supervisory Board up to and including November 30, 2025 ("Authorisation Period"). The Supervisory Board alone is authorised to grant Stock Option Rights to members of the Management Board of the Company.

For additional information please refer to [Note 8.4](#).



#### 8.4 Subsequent events

The Conditional Capital 2023 mentioned in [Note 4.4](#) has been officially registered in Commercial Register (*Handelsregister*) on July 7, 2023. The options under the tranche 2023/A/B/C (Stock Option Programme 2023), have been issued within 20 stock exchange trading days after the registration of the Conditional Capital 2023.

No other events of special significance occurred after the end of the reporting period as of June 30, 2023 that would have to be reported here.

#### 8.5 Disclosure pursuant to § 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, 28 July 2023



**Sven Arend**

Chairman of the  
Management Board



**Daniel Basok**

Member of the  
Management Board

## ANNEX 1 – FIXED ASSET MOVEMENT SCHEDULE TANGIBLE ASSETS

Change occurred during the current year

	December 31, 2022	Addition	Dismissal	Depreciation	Reclassification	Writedown	Exchange rate differences	June 30, 2023
Gross value	20,693	164	–	–	73	–	(287)	20,643
Amortisation and depreciation	(8,324)	–	–	(934)	–	–	150	(9,108)
<b>Land and Buildings</b>	<b>12,369</b>	<b>164</b>	<b>–</b>	<b>(934)</b>	<b>73</b>	<b>–</b>	<b>(137)</b>	<b>11,535</b>
Gross value	135,872	1,919	(3,224)	–	4,290	–	(644)	138,213
Amortisation and depreciation	(89,892)	–	3,193	(3,441)	–	–	367	(89,773)
<b>Plants and Machinery</b>	<b>45,982</b>	<b>1,919</b>	<b>(31)</b>	<b>(3,441)</b>	<b>4,290</b>	<b>–</b>	<b>(277)</b>	<b>48,440</b>
Gross value	18,418	390	–	–	137	–	(49)	18,896
Amortisation and depreciation	(14,047)	–	–	(517)	–	–	45	(14,519)
<b>Tools and Dies</b>	<b>4,371</b>	<b>390</b>	<b>–</b>	<b>(517)</b>	<b>137</b>	<b>–</b>	<b>(4)</b>	<b>4,377</b>
Gross value	18,550	929	(470)	–	55	–	(267)	18,796
Amortisation and depreciation	(13,276)	–	468	(702)	–	–	149	(13,358)
<b>Other assets</b>	<b>5,276</b>	<b>929</b>	<b>(2)</b>	<b>(702)</b>	<b>55</b>	<b>–</b>	<b>(116)</b>	<b>5,438</b>
<b>Fixed assets under construction and down-payments</b>	<b>7,803</b>	<b>2,261</b>	<b>(186)</b>	<b>–</b>	<b>(4,555)</b>	<b>–</b>	<b>(21)</b>	<b>5,302</b>
<b>Property, plant and equipment</b>	<b>75,798</b>	<b>5,663</b>	<b>(219)</b>	<b>(5,594)</b>	<b>–</b>	<b>–</b>	<b>(558)</b>	<b>75,092</b>

Figures in the tables may be rounded.

## Change occurred during the current year

	December 31, 2021	Addition	Dismissal	Depreciation	Reclassification	Writedown	Exchange rate differences	December 31, 2022
Gross value	18,487	2,093	–	–	208	–	(95)	20,693
Amortization and depreciation	(6,538)	–	–	(1,840)	–	–	54	(8,324)
<b>Land and Buildings</b>	<b>11,949</b>	<b>2,093</b>	<b>–</b>	<b>(1,840)</b>	<b>208</b>	<b>–</b>	<b>(41)</b>	<b>12,369</b>
Gross value	126,347	6,051	(913)	–	4,612	–	(225)	135,872
Amortization and depreciation	(84,020)	–	385	(6,389)	–	–	132	(89,892)
<b>Plants and Machinery</b>	<b>42,329</b>	<b>6,051</b>	<b>(528)</b>	<b>(6,389)</b>	<b>4,612</b>	<b>–</b>	<b>(93)</b>	<b>45,982</b>
Gross value	18,005	511	(248)	–	167	–	(17)	18,418
Amortization and depreciation	(13,140)	–	135	(1,057)	–	–	15	(14,047)
<b>Tools and Dies</b>	<b>4,865</b>	<b>511</b>	<b>(113)</b>	<b>(1,057)</b>	<b>167</b>	<b>–</b>	<b>(2)</b>	<b>4,371</b>
Gross value	18,066	754	(237)	–	55	–	(88)	18,550
Amortization and depreciation	(12,123)	–	212	(1,419)	–	–	54	(13,276)
<b>Other assets</b>	<b>5,945</b>	<b>754</b>	<b>(25)</b>	<b>(1,419)</b>	<b>55</b>	<b>–</b>	<b>(34)</b>	<b>5,276</b>
<b>Fixed assets under construction and down-payments</b>	<b>5,975</b>	<b>6,881</b>	<b>–</b>	<b>–</b>	<b>(5,042)</b>	<b>–</b>	<b>(13)</b>	<b>7,803</b>
<b>Property, plant and equipment</b>	<b>71,063</b>	<b>16,290</b>	<b>(666)</b>	<b>(10,705)</b>	<b>–</b>	<b>–</b>	<b>(183)</b>	<b>75,798</b>

Figures in the tables may be rounded.

## ANNEX 2 – FIXED ASSET MOVEMENT SCHEDULE INTANGIBLE ASSETS

	Change occurred during the current year							June 30, 2023
	December 31, 2022	Addition	Dismissal	Depreciation	Reclassification	Writedown	Exchange rate differences	
Gross value	5,719	77	–	–	50	–	(30)	5,816
Amortisation and depreciation	(4,619)	–	–	(296)	–	–	26	(4,884)
<b>Software and licences</b>	<b>1,100</b>	<b>77</b>	<b>–</b>	<b>(296)</b>	<b>50</b>	<b>–</b>	<b>(4)</b>	<b>930</b>
Gross value	1,562	–	–	–	–	–	(1)	1,561
Amortisation and depreciation	(1,560)	–	–	–	–	–	–	(1,560)
<b>Brands and trademarks</b>	<b>2</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(1)</b>	<b>1</b>
<b>Intangible assets under construction and down-payments</b>	<b>157</b>	<b>28</b>	<b>–</b>	<b>–</b>	<b>(50)</b>	<b>–</b>	<b>(8)</b>	<b>127</b>
Gross value	383	–	–	–	–	–	–	383
Amortisation and depreciation	(335)	–	–	(6)	–	–	–	(341)
<b>Other</b>	<b>48</b>	<b>–</b>	<b>–</b>	<b>(6)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>42</b>
<b>Intangible assets</b>	<b>1,307</b>	<b>105</b>	<b>–</b>	<b>(302)</b>	<b>–</b>	<b>–</b>	<b>(13)</b>	<b>1,100</b>

	Change occurred during the current year							December 31, 2022
	December 31, 2021	Addition	Dismissal	Depreciation	Reclassification	Writedown	Exchange rate differences	
Gross value	5,321	287	–	–	121	–	(10)	5,719
Amortization and depreciation	(4,072)	–	–	(556)	–	–	10	(4,619)
<b>Software and licences</b>	<b>1,249</b>	<b>287</b>	<b>–</b>	<b>(556)</b>	<b>121</b>	<b>–</b>	<b>–</b>	<b>1,100</b>
Gross value	1,562	–	–	–	–	–	–	1,562
Amortization and depreciation	(1,560)	–	–	–	–	–	–	(1,560)
<b>Brands and trademarks</b>	<b>2</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>2</b>
<b>Intangible assets under construction and down-payments</b>	<b>213</b>	<b>71</b>	<b>–</b>	<b>–</b>	<b>(121)</b>	<b>–</b>	<b>(6)</b>	<b>157</b>
Gross value	383	1	–	–	–	–	(1)	383
Amortization and depreciation	(322)	–	–	(13)	–	–	–	(335)
<b>Other</b>	<b>61</b>	<b>1</b>	<b>–</b>	<b>(13)</b>	<b>–</b>	<b>–</b>	<b>(1)</b>	<b>48</b>
<b>Intangible assets</b>	<b>1,525</b>	<b>359</b>	<b>–</b>	<b>(569)</b>	<b>–</b>	<b>–</b>	<b>(7)</b>	<b>1,307</b>

Figures in the tables may be rounded.



# 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, 28 July 2023

hGears AG

The Management Board



**Sven Arend**

Chairman of the  
Management Board



**Daniel Basok**

Member of the  
Management Board

# IMPRINT

## Disclaimer

This report contains forward-looking statements. These statements are based on current experience, estimates and projections of the Management Board and the information available at the time this financial report was prepared. They are not guarantees of future performance and results and are subject to risks and uncertainties that are beyond hGear's ability to control or predict, such as future market conditions, regulatory changes or the behaviour of other market participants, for instance. These and other factors can cause the actual results, performance and financial position to deviate significantly from the estimates stated herein. hGears does not assume any obligation to update the forward-looking statements contained in this report. Certain numerical data, financial information and market data, including percentages, in this document have been rounded according to established commercial standards. Furthermore, in tables and charts, these rounded figures may not add up exactly to the totals contained in the respective tables and charts. In the event of any deviations, the German version takes precedence. When persons are mentioned in this publication, this always refers to female, male and diverse (for example transsexual and intersexual) persons. For reasons of better readability and/or formal or technical reasons such as limited space or the better findability of web texts, not all variants are always mentioned.

## Publisher

hGears AG

Brambach 38  
78713 Schramberg  
Germany

Phone: +49 (0) 7422 566 222

Fax: +49 (0) 7422 566 805

E-Mail: [ir@hgears.com](mailto:ir@hgears.com)

Web: [hgears.com](http://hgears.com)

## Design and typesetting

Hirschfeld Design  
Grafik.Design & Werbung

Ridlerstr. 30  
80339 Munich  
Germany

Phone: +49 (0) 89 505045

E-Mail: [petra@hirschfeld-design.de](mailto:petra@hirschfeld-design.de)

Web: [hirschfeld-design.de](http://hirschfeld-design.de)

*Photo credits: Skyshot/Markus Greber (p. 1, 5, 7);  
Mario Stutz (p. 10); iStock.com (p. 4, 6, 14, 22);  
Shutterstock.com (p. 8, 9, 51)*

Publication date 9 August 2023

