FRIWO

Figures, Dates, Facts.

Annual Report 2024

FRIWO at a Glance
Key Figures

In EUR million	1–12 / 2024	1–12 / 2023*
Revenue	93.0	111.1
Earnings before interest and taxes (EBIT)	-3.6	-7.4
EBIT margin in %	-3.9	-6.6
Earnings before taxes (EBT)	-7.1	-11.1
Earnings after taxes	-6.2	-11.5
Statement of financial position	**12/31/2024**	**12/31/2023***
Total assets	63.7	71.2
Equity	3.3	9.6
Equity ratio in %	5.3	13.5
Investments	1.4	4.0
Employees (financial statement closing date)	1,206	1,701
Share		
Earnings per share in EUR	-0.73	-1.35

* Previous year's figures have been restated. The restatements are explained in Note (6b).

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Foreword by the Management Board

"FRIWO will reposition itself financially through comprehensive portfolio restructuring, thus laying the foundations for sustainably profitable growth."

Dear Shareholders and Friends of FRIWO,

Throughout our more than 50-year history, one of our greatest strengths has been and remains our ability to adapt flexibly to new market conditions, even when this requires drastic action. Last year, for example, as part of necessary portfolio restructuring, we made some far-reaching strategic decisions to secure our financial stability for the long term: We sold our 49.9 percent stake in the joint venture in India, which supplies the local two- and three-wheeler market with electric drive systems, to our joint venture partner UNO MINDA. We also agreed to sell our DIN rail power supply business.

These two transactions give us the necessary freedom to focus our financial and human resources on the future growth of our core activities, i.e. the development and production of innovative, high-quality power supply and charging solutions for selected target industries, which we intend to progressively expand internationally.

Setting up the joint venture in India, which began in 2022, has been a success story for FRIWO that exceeded our expectations. Together with UNO MINDA, we established a significant position in the huge Indian market for e-mobility drive solutions for two- and three-wheelers in just a few years and recently doubled the joint venture's revenue. However, given the high level of demand and the order backlog, significant investments will need to be made in plant capacity, personnel, product development and the sales network in the coming years. This would have tied up too many resources for a medium-sized company like FRIWO and would not have been feasible in view of the necessary financing.

After careful consideration, the Management Board and Supervisory Board decided to initiate a structured sales process involving several prospects. Working with our Indian partner company UNO MINDA, we found ideal buyers for all of the company's stakeholders and for FRIWO's future strategic positioning in India and Southeast Asia. UNO MINDA is acquiring the 49.9 percent stake and the worldwide rights to FRIWO's drive technology for two- and three-wheelers, with the exception of e-bikes and pedelecs. FRIWO will retain access to other e-mobility system offerings that already generate significant revenue for the company, such as those for the logistics, construction, golf cart and medical sectors.

The sales proceeds of around EUR 20 million negotiated with UNO MINDA will enable us to fully repay the loan negotiated with a German banking syndicate by the end of 2025 and thus reduce the FRIWO Group's financial leverage to a large extent. This, in turn, will provide us with new strategic opportunities to expand into promising segments around the world.

The decision announced late last year to sell our DIN rail power supply business for a nearly eight-digit sum in euros is also primarily intended to improve our finances and financial position and to focus on our core business. The buyer is an important customer for these specialized FRIWO products and services, a renowned manufacturer of components and systems for electrical engineering, electronics and automation. The fact that there were no synergies between this segment and the rest of our operations also played a role. We expect the transaction to become legally effective by the end of 2025, similar to the sale of our operations in India.

Weak Economic Environment in 2024

The 2024 fiscal year was operationally weaker than we had originally forecast at the start of the year amid a weak economic environment. Expectations of a significant revival in demand in Europe, especially in the E-Mobility and Tools segments, were unfortunately not met. In Germany, which remains FRIWO's most important sales market, gross domestic product declined slightly for the second year in a row in 2024 and consumer sentiment remained subdued. As a result, we lowered our original revenue and earnings expectations in October 2024.

These new targets were achieved. Consolidated revenue for the past fiscal year amounted to EUR 93.0 million – in line with the target of EUR 90 to 95 million – compared with EUR 111.1 million in the previous year. The order backlog amounted to EUR 43.7 million at the end of 2024, down from EUR 49.6 million a year earlier. Consolidated earnings before interest and taxes (EBIT) of EUR -3.6 million also met the adjusted target of a small loss. On the expense side, a positive impact was achieved by lower material costs and ongoing measures to improve cost efficiency, such as making our production base in Vietnam more flexible and discontinuing production at the Ostbevern site in favor of contract manufacturing.

New Strategic Positioning

Once the divestments are completed, our Group will expand its core activities on the basis of lean structures, a sound financial basis and a solid equity ratio, which is expected to exceed 30 percent. We will gradually expand our target industries. This will open up new growth opportunities and, in the medium term, reduce the volatility of demand within the Group, taking into account business cycles.

In the future, FRIWO will have five customer segments and target sectors:

- **E-Mobility/Transportation & Logistics**
- **Medical & Healthcare Solutions**
- **Industrial Applications**
- **Specialized Tools & Equipment**
- **Lifestyle Solutions**

Our goal is to continue to impress our customers with our innovative edge and product excellence.

Everything we do revolves around our ability to transform to meet the dynamic changes in global markets. A stronger focus on advanced solutions as well as further efficiency improvements are expected to improve earnings. At the same time, we strive for operational excellence, aiming to reduce lead times and improve logistics efficiency across the board. We will also put significant focus on accelerating time-to-market in order to exploit competitive advantages. The transformation also includes the crucial step of further internationalizing FRIWO since our company is still overly dependent on the domestic market. Aside from Germany, we are mainly targeting other European countries and North America.

Aiming to Return to Sustainably Profitable Growth

For the medium term, FRIWO expects average annual revenue growth at least in the high single-digit percentage range and a sustainable EBIT margin of over 5 percent. This should enable the company to return to generating a distributable profit that allows shareholders to participate appropriately in the company's success through the payment of dividends.

The current year, 2025, will clearly be a year of transformation. We are cautiously optimistic that the resurgence of demand for FRIWO solutions, which was already expected last year, will gradually materialize. On this basis, we expect to achieve consolidated revenue between EUR 75 and 90 million and a break-even operating consolidated EBIT. This forecast is based on the assumption that the two divestments, e-drives and the DIN rail business, will be implemented in the middle of the year, thereby eliminating the corresponding revenues. In addition, earnings are adjusted for the one-off effects from the divestment transactions.

Whatever changes are necessary, FRIWO will remain an innovative provider of intelligent and customized power supply and charging solutions for selected target sectors with long-term growth potential. Our heartfelt thanks go out to all of our employees throughout the Group for all they have done over the past year. We thank you, our shareholders and business partners, for your continued confidence in our company.

Sincerely yours,

FRIWO AG
The Management Board

Dominik Wöffen Ina Klassen

Report by the Supervisory Board

In the following report, the Supervisory Board of FRIWO AG reports on its activities in the period under review, particularly its discussions in the full Supervisory Board, compliance with the German Corporate Governance Code, the audit of the non-financial declaration and the financial statements of FRIWO AG and of the Group.

Cooperation Between the Management Board and the Supervisory Board

The Supervisory Board of FRIWO AG diligently performed the duties and tasks incumbent upon it under the law, the Articles of Association, and the Rules of Procedure in the 2024 fiscal year. It regularly advised the Management Board on the management of the company and monitored its management activities. The Supervisory Board was immediately and fully included at an early stage in all decisions of fundamental importance to the company. The Supervisory Board adopted the resolutions required by law or the Articles of Association in both its face-to-face meetings and by telephone, in writing or in text form by way of circular vote.

The Management Board provided the Supervisory Board with regular, prompt and comprehensive written and verbal reports regarding all issues relevant to the company, especially strategy, planning, business performance, the risk situation, risk management and compliance, at and between meetings. At the Supervisory Board meetings, the chair of the Supervisory Board regularly reported on discussions with the Management Board that were held outside these Supervisory Board meetings. The Supervisory Board also regularly received detailed information from the Management Board in preparation for the meetings. Significant events – for example, deviations from plans and targets – were explained to the Supervisory Board in detail. The Supervisory Board thoroughly examined and scrutinized these events using the documents provided. The Supervisory Board was therefore able to carefully examine reports and proposed resolutions submitted by the Management Board, discuss them in detail and pass resolutions on this basis.

The Supervisory Board also conferred in the absence of the members of the Management Board, particularly to discuss internal Supervisory Board matters as well as personnel and remuneration issues.

Meetings of the Supervisory Board and the Audit Committee

The Supervisory Board held four regular meetings in 2024. The meetings took place as face-to-face meetings on April 11, June 13, September 18 and December 12. The ordinary meeting on April 11 also dealt with topics relating to the 2023 fiscal year. In addition, the Board held a video conference on July 17, 2024 to discuss a personnel matter.

The Supervisory Board also adopted resolutions in writing, by telephone or in text form on a total of sixteen occasions during the 2024 fiscal year.

The main topics of the circular resolutions were as follows:

- Management Board matters (resignation and appointment of Management Board members and restructuring of Management Board leadership)
- The approval of the sale of the component production of FRIWO Vietnam
- The election of the deputy chair of the Supervisory Board and the election of the chair of the Audit Committee
- The annual financial statements prepared by the Management Board, the consolidated financial statements for 2023 including the management report, the Group management report, the non-financial Group declaration and the report by the Supervisory Board
- The resolution on convening the 2024 Annual General Meeting

- The approval of the sale of the DIN rail power supply business and conclusion of the contracts
- The approval of the sale of the e-drives business to UNO MINDA
- The engagement of strategic and legal advisors and the conclusion of a consulting agreement with Mr. Schwirz

All the Supervisory Board and Management Board members were present at all meetings, with the exception of Mr. Jaeger, who was excused from the meeting on April 11, and Mr. Feuerbach, who was unable to attend and was excused from the meeting on June 13.

All members of the Supervisory Board also took part in the circular resolutions; only one member did not take part in one resolution.

The Audit Committee met for four meetings in the 2024 fiscal year, which also took place as face-to-face meetings on April 11, June 13, September 18 and December 12. The committee members were present at every meeting. Among other matters, the committee meetings discussed the annual financial statements, the audit of the 2023 annual financial statements and the preparation, planning and definition of the key areas for the audit of the 2024 financial statements.

The chair of the Audit Committee regularly discussed the progress of the audit with the auditors for the 2023 and 2024 financial years (Rödl & Partner GmbH, Wirtschaftsprüfungsgesellschaft and Baker Tilly GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, respectively) and relayed this information to the committee.

Key Areas of the Board’s Activity

In all its discussions, the Supervisory Board dealt with trends in revenue, earnings and employment as well as the financial position and net assets of FRIWO AG and the Group, various personnel matters, risk management, compliance and questions of sustainability (ESG). The consultations focused in particular on international activities, the strategic development of the Group between now and 2029, divestments and the impact of the global economic recession on the FRIWO Group’s revenue and earnings performance and, consequently, on its liquidity and equity base.

Specifically, the following topics were also discussed in detail at the meetings:

At its meeting in April 2024, which was also attended by the auditors, the Supervisory Board carefully reviewed and discussed at length the annual and consolidated financial statements for 2023, each of which was issued an unqualified audit opinion by Rödl & Partner GmbH, Wirtschaftsprüfungsgesellschaft, Bielefeld, as well as the combined management report for FRIWO AG and the Group and the report on relationships with affiliated companies.

In June 2024, the Supervisory Board discussed the Annual General Meeting that preceded the meeting. Because several new Supervisory Board members were elected at this Annual General Meeting, the Supervisory Board also elected its deputy chair during its inaugural meeting. The incumbent was re-elected to the position. The Audit Committee was also confirmed in its current composition.

Key topics at the third ordinary meeting in September were the presentation of the strategy developed by the Management Board for the period up to 2029, including potential sales transactions relating to the e-drives business and the DIN rail power supply business. The Supervisory Board also adopted revised rules of procedure, including a skills and expertise profile for the Supervisory Board.

The December 2024 meeting focused on the budget for fiscal 2025 in addition to the audit of the 2024 annual financial statements. Also on the agenda was the adoption of the declaration of conformity with the German Corporate Governance Code. The Supervisory Board also discussed in detail the M&A transactions relating to the sale of the e-drives business and the DIN rail power supply business. In addition, the Board resolved not to commission an external audit of the non-financial declaration by the auditor for the 2025 fiscal year, provided that the EU CSRD Directive is not transposed into national law.

Composition of the Supervisory Board

Shareholder Representatives

Mr. Michael Jaeger resigned from the Supervisory Board as of the end of the 2024 Annual General Meeting on June 13, 2024. He was succeeded by Mr. Felix Feuerbach who was elected to the Supervisory Board by the Annual General Meeting for a term of office ending at the close of the 2028 Annual General Meeting.

Dr. Thomas R. J. Robl, having initially been appointed by court order, was elected to the Supervisory Board by resolution of the Annual General Meeting for a term of office ending at the close of the 2028 Annual General Meeting.

The other shareholder representatives on the Supervisory Board are Mr. Richard G. Ramsauer and Dr. Gregor Matthies, with a term of office ending at the close of the 2028 Annual General Meeting.

Employee Representatives

The employee representative on the Supervisory Board of FRIWO AG, Ms. Sabine Vennekötter, resigned from the Supervisory Board as of June 30, 2024, due to the termination of her employment contract with the company. Ms. Stefanie Kunze was appointed to the Supervisory Board by court order effective October 7, 2024. Ms. Kunze’s court appointment will end as soon as the employee representatives adopt an election resolution.

Mr. Uwe Leifken is serving as an additional employee representative on the Supervisory Board, with a term of office ending at the close of the 2026 Annual General Meeting.

The members of the Supervisory Board are solely responsible for obtaining the education and training necessary to perform their duties.

Changes in the Management Board

There were a number of personnel changes on the Management Board in the reporting year. The Supervisory Board and CFO Mr. Tobias Tunsch mutually agreed that Mr. Tunsch would resign from his position as a member of the Management Board at his own request effective January 31, 2024. Likewise, the Supervisory Board and Dr. Walter Demmelhuber mutually agreed that Dr. Demmelhuber would step down from his position as a member of the Management Board effective February 29, 2024. Mr. Tunsch and Dr. Demmelhuber resigned from office as per their agreements. Mr. Oliver Freund was appointed to the company's Management Board effective February 1, 2024, and left the Management Board on July 17, 2024. On May 1, 2024, the Supervisory Board appointed Mr. Roald Gréboval to the Management Board; he resigned from his position by mutual agreement on January 17, 2025.

Rolf Schwirz, CEO since 2017, also left the Management Board and the company as planned and announced on December 31, 2024. Under his leadership, a number of important strategic decisions were made within the FRIWO Group, including the reorganization of the production base with the establishment of manufacturing facilities in Vietnam and the optimization of the internal organization to boost efficiency and customer satisfaction. FRIWO's transformation from a component supplier to a system provider through the acquisition of Emerge Engineering GmbH in 2018 was of groundbreaking importance. Emerge's management technology formed the basis for the establishment of the successful joint venture with UNO MINDA. The Supervisory Board warmly thanks Mr. Schwirz for his many years of outstanding service to FRIWO and wishes him all the best for the future.

Mr. Dominik Wöffen and Ms. Ina Klassen were appointed as equal members of the Management Board effective January 1, 2025. Both Mr. Wöffen and Ms. Klassen have had long careers at FRIWO, each with more than 12 years of service. Mr. Wöffen most recently served as Chief Operating Officer (COO) starting in 2018. His responsibilities on the Management Board include global operations, sales, purchasing, product management, research and development and quality management. Ms. Klassen was previously Head of Finance & Controlling and also managed strategic special projects. On the Management Board, she is responsible for finance and accounting, controlling, IT, human resources, marketing, legal, investor relations and sustainability.

Following the changes to the Management Board, the Supervisory Board is confident that, in Ms. Klassen and Mr. Wöffen, it has found an experienced, competent and capable management team that will continue to develop the FRIWO Group operationally and strategically in the coming years.

Corporate Governance

In the opinion of the Supervisory Board, the Board includes a sufficient number of people who can be qualified as independent. The Board has extensive sector knowledge and, thanks to the diverse professional backgrounds of its members, is characterized by a wealth of international experience and skills. It therefore has the knowledge, skills and professional experience required to perform its tasks.

Future proposals to the Annual General Meeting for the election of shareholder representatives to the Supervisory Board should also ensure that the skills and expertise profile adopted by the Supervisory Board in September 2024 is taken into account in the composition of the Supervisory Board, taking into account further legal developments. The status of the skills and expertise profile’s implementation is disclosed in the corporate governance statement in the form of a qualification matrix.

The Management Board and Supervisory Board issued the declaration of conformity in accordance with Section 161 of the German Stock Corporation Act (AktG) in December 2024 and made it permanently available on the company’s website. The Supervisory Board is satisfied that – with the exceptions stated in the Declaration of Compliance – FRIWO AG has complied with the recommendations of the German Corporate Governance Code for the 2024 fiscal year.

No conflicts of interest involving members of the Supervisory Board or the Management Board were reported or otherwise identified in fiscal 2024, with the exception of the resolution to conclude a consulting agreement between FRIWO and Kemeney Boehme Consultants SE (KBC), where Mr. Felix Feuerbach abstained from voting.

Audit of the Non-Financial Group Declaration

In accordance with Section 171(1) sentence 4 of the German Stock Corporation Act (AktG), the Supervisory Board reviewed the mandatory non-financial Group declaration supplementing the management report as required by the German CSR Directive Implementation Act (CSR-RUG). As in the previous year, it decided not to commission an external audit. Following a thorough examination and discussion, the Supervisory Board came to the conclusion that it had no objections to raise against the non-financial Group declaration. On this basis, the declaration was adopted by the Supervisory Board. The non-financial Group declaration can be found in the separate sustainability report on the company’s website.

Audit of the Annual and Consolidated Financial Statements 2024

Baker Tilly GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, Düsseldorf, was appointed as auditor for the annual financial statements and consolidated financial statements for the 2024 fiscal year by the company's Annual General Meeting on June 13, 2024, at the recommendation of the Supervisory Board. Baker Tilly audited the annual financial statements of FRIWO AG prepared by the Management Board for the 2024 fiscal year and the consolidated financial statements for 2024 as well as the combined management report for FRIWO AG and the Group and issued an unqualified audit opinion in each case. The audit conducted by the auditor pursuant to Section 317(4) of the German Commercial Code (HGB) revealed that the Management Board had appropriately taken the measures required under Section 91(2) of the German Stock Corporation Act (AktG), in particular with regard to the establishment of a monitoring system. The monitoring system is suitable in all material respects for identifying developments that could jeopardize the continued existence of the company with sufficient certainty as soon as possible.

The documents relating to the financial statements and the auditor's reports about the audit of the annual financial statements and the audit of the consolidated financial statements were submitted to all members of the Supervisory Board in good time. In the joint meeting with the auditor on April 11, 2025, the Supervisory Board obtained detailed information about the annual financial statements and the consolidated financial statements as well as the findings from the audit and was fully informed of the key facts pertaining to the annual financial statements of FRIWO AG and of the consolidated financial statements. There were no circumstances that would call the auditor's independence into question. The Supervisory Board examined the annual financial statements, the consolidated financial statements and the combined management report for FRIWO AG and the Group and did not raise any objections. The annual financial statements and the consolidated financial statements were discussed in the presence of the auditor on April 11, 2025 and subsequently approved by circular vote. The annual financial statements have thus been adopted in accordance with Section 172 of the German Stock Corporation Act (AktG). The Supervisory Board thoroughly examined the disclosures in the management report pursuant to Sections 289a(1) and 315a(1) of the German Commercial Code (HGB). Issues applicable to the company are either disclosed or, if disclosures are not possible, a negative declaration is provided. The Supervisory Board approved the Management Board's management report.

In accordance with Section 162 of the German Stock Corporation Act (AktG), the Management Board and Supervisory Board prepared a report on the remuneration granted and owed in the last fiscal year to each individual current or former member of the Management Board and Supervisory Board by the company and by companies in the same group (Section 290 of the German Commercial Code (HGB)).

The remuneration report was subjected to a formal audit by the auditor in compliance with Section 162(3) of the German Stock Corporation Act (AktG). The content of the remuneration report was not audited by the auditor in line with Section 162(3) AktG. The audit report issued by the auditor is published with the remuneration report.

The Management Board also prepared a report on relations with affiliated companies in accordance with Section 312 of the German Stock Corporation Act (AktG). Baker Tilly audited the report and issued the following audit report:

"Following our mandatory audit and examination, we confirm the following:

1. The factual statements made in the report are correct.
2. The consideration given by the company for the transactions specified in the report was not unreasonably high."

The Supervisory Board, which also examined the report, concurs with the findings of the audit by Baker Tilly and has no objections to raise against the report on relations with affiliated companies produced by the Management Board, including the declaration provided by the Management Board at the end of the report.

Fiscal 2024 was a very difficult year for FRIWO operationally, but it was also a year in which important strategic decisions were made. The decision announced in the first quarter of 2025 to focus on our core business through the agreed portfolio changes, along with the expansion of our target sectors, the targeted increase in internationalization and the extensive deleveraging of our Group, form a good basis for profitable growth in the coming years.

Ostbevern, April 2025

Richard G. Ramsauer
Chair of the Supervisory Board

Combined Management Report of the FRIWO Group and FRIWO AG

Basic Information on the Group

Business Model and Group Structure

FRIWO AG, a company listed in the General Standard of the Frankfurt Stock Exchange with headquarters in Ostbevern, Westphalia, and its subsidiaries (hereinafter referred to as FRIWO), is an international product and systems provider of power supply units, charging technology and digitally controllable drive solutions. In addition to high-tech chargers, battery packs and power supplies, the product and service range also includes intelligent components and systems for electric drives.

The global provider of customized and innovative power supply and charging solutions is committed to creating sustainable value for customers, employees and shareholders. The company's products cover a wide range of applications. The sectors previously known as "TIME", i.e. Tools, Industrial, Medical and E-Mobility, will be expanded in the future with strategically appropriate business segments, resulting in the following five business segments:

- **E-Mobility, Transportation & Logistics**
- **Medical & Healthcare Solutions**
- **Industrial Applications**
- **Specialized Tools & Equipment**
- **Lifestyle Solutions**

FRIWO's expertise in charging technology is highly valued by customers in the demanding growth markets of e-mobility where FRIWO has secured a strong, and in some cases, leading position as a supplier. Innovative charging technologies are also provided to customers in Specialized Tools & Equipment applications. The focus of power supplies is primarily on applications in Medical & Healthcare Solutions, Industrial Applications and, in the future, also on high-end electronics in Lifestyle Solutions. Customers include well-known companies, the majority of which operate internationally and, in some cases, throughout the world.

As a technology enabler with an exceptional innovative edge and a dedicated focus on research and development, FRIWO is a reliable and experienced partner for its customers.

FRIWO AG is the Group's management holding company and responsible for strategic direction, risk management and investor relations. It holds all shares in FRIWO companies directly or indirectly. FRIWO Gerätebau GmbH is the central operating company, which is also based in Ostbevern. The FRIWO Group also owns a production company in Vietnam, a service company in China, which is particularly important for component procurement, as well as a subsidiary in India.

In February 2025, FRIWO announced that it would sell its 49.9 percent stake in its joint venture – which it had been operating in India with the Indian technology group UNO MINDA since October 2022 to supply the large Indian two- and three-wheeler market with electric drive systems – to its joint venture partner. The transaction is expected to be completed in the first half of 2025.

FRIWO also established a subsidiary in the U.S. at the beginning of 2023 in order to service the growing international demand, particularly in e-mobility and medicine, in a targeted manner.

The Group's structure means that the net assets, financial position and results of operations of FRIWO AG are largely shaped by the economic performance of the subsidiaries. The following management report on the company and the Group also provides a complete overview of the position of FRIWO AG in this respect.

The FRIWO brand stands for innovation, safety, quality and efficiency throughout the world. The company is certified to DIN ISO 9001 (quality management), DIN ISO 14001 (environmental management) and DIN ISO 13485 (quality management for medical products).

Technical expertise and a passion for powerful products and solutions provide the basis for our day-today activities, combined with family-friendly HR policies.

The company's headquarters in Ostbevern, Westphalia, is home to administration, management, sales and research and development. The remaining production facilities in Ostbevern were purchased by the Hamburg-based investment company Private Assets SE & Co. KGaA (excluding the associated land and real properties) effective March 1, 2024. FRIWO continues to have products manufactured under contract in Ostbevern.

The majority of high-volume production takes place in two production facilities in an industrial park close to Ho Chi Minh City (Vietnam). The site combines German production expertise in flexible production processes with attractive production conditions in Asia. As a result of vertical integration, the Vietnam site comprises three supplier plants in addition to the main plant in which FRIWO produces wound components, cables and plastic and metal stamped parts for its devices. The production of wound parts and other components was transferred to the Hong Kong-based partner Group Intellect Power Technology Limited (GIPT) as part of the flexibilization of the production base in the second half of 2024. Since then, GIPT has been acting as a contract manufacturer for FRIWO.

Special Events in the Reporting Period

Production reorganization: On March 1, 2024, the sale of the production assets at the Ostbevern headquarters was completed. The buyer was the Hamburg-based investment company Private Assets SE & Co. KGaA, which has since acted as a contract manufacturer for FRIWO. FRIWO retains ownership of the land and real estate involved.

Divestment: FRIWO announced an asset deal with Group Intellect Power Technology (GIPT) in March 2024. Under the terms of the deal, which was completed in the second half of 2024, the Hong Kong-based company acquired assets and materials for FRIWO's component manufacturing operations near Ho Chi Minh City and will act as a supplier of subcomponents for FRIWO's products and system solutions manufactured in Vietnam.

Adjustments to the forecast: On October 22, 2024, FRIWO announced in an ad hoc announcement that it was adjusting its 2024 forecast due to ongoing economic and demand weakness in key European markets. The Management Board now anticipated annual revenue of EUR 90 to 95 million instead of EUR 100 to 120 million. Instead of the consolidated earnings before interest and taxes (EBIT) being close to break-even, a slight EBIT loss was expected.

Sale of the DIN rail business: On December 31, 2024, FRIWO announced the conclusion of a master agreement to spin off its business with customer- and application-specific power supply solutions for DIN rails. The buyer is the existing customer for these products and services. The purchase price is a nearly eight-digit sum in euros. The closing date for the transaction is mid-2025.

Management Systems

The FRIWO Group attaches great importance to the use of key indicators in managing its business. A standardized reporting system is in place for financial management in all companies, which uses revenue and earnings before interest and taxes (EBIT or EBIT margin) as the basic management parameters and therefore the most important KPIs.

If necessary, these key management parameters are broken down into operating figures to provide information on operating performance and consequently to provide a broader base for operational decisions. These include the book-to-bill ratio (ratio of incoming orders to invoiced revenue) as an indicator for future growth, OTIF ("on time and in full") as a figure to measure adherence to delivery dates, material savings or the capacity utilization of production facilities. The achievement of an adequate cash surplus is also a key criterion for all operational decisions.

Research and Development

Research and Development (R&D) was able to fully focus on new product development in 2024, after having to concentrate resources on compensating for supply bottlenecks in global procurement markets in 2023. In addition to the traditional development of OEM solutions, FRIWO's standard product portfolio was expanded further. There was also a focus on developing technology platforms to quickly implement minor changes for customer-specific solutions.

Organizationally, FRIWO's R&D activities were allocated to the Power Systems division, with a focus on energy supply solutions for tools, industrial applications and medical applications, and to the E-Mobility division, where they continued to focus on drive train components for e-mobility.

The E-Mobility division continued to see strong demand for chargers with ever-increasing charging capacities, driven by the desire for longer ranges, higher mileage and short charging times. In addition to portable chargers, more and more vehicle-integrated charging solutions are being developed and sold. Two attractive products were also added to the portfolio of engine control systems. In addition to a low-cost control unit for the entry-level segment, an integrated motor and control unit for the high-performance segment was developed in collaboration with a well-known German electric motor manufacturer. Following the completion of the planned disposal of the e-drives business to the previous joint venture partner UNO MINDA, FRIWO will focus its R&D activities in e-mobility on e-bikes and pedelecs.

In the Power Systems division, the portfolio of universal open-frame power supply units was expanded to cover a power range of 500 watts. These are standard products that appeal to a wide range of customers because they can be integrated and used to power equipment without major modifications. In addition, FRIWO has developed USB Power Delivery (PD) power supply units with capacities of up to 65 watts that also meet medical device requirements. In addition to being used in standard plug-in power supply units, this technology can be incorporated into devices and furniture with minor modifications, including for inductive charging. In the future, the portfolio of these devices will be expanded to the maximum power of the current USB standard of 240 watts.

Solutions from the e-mobility portfolio were used for the first time in industrial applications and logistics in the Power Systems division. Chargers and battery packs were successfully used in an application for automated warehouse logistics.

FRIWO maintained its R&D capacity at a constant level in 2024. As of December 31, 2024, 86 employees were working in R&D departments worldwide (previous year: 91).

R&D expenditure across the Group fell to EUR 5.6 million in fiscal 2024 (previous year: EUR 5.9 million). Part of the development costs (EUR 1.8 million) was charged to the joint venture in India and another part of the development costs (EUR 0.5 million) was capitalized, resulting in an adjusted figure of EUR 3.3 million.

In EUR thousand	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**
R&D Germany Power Systems	1,102	1,117	2,093	2,350	3,880	3,988	4,012
R&D Germany E-Mobility	2,016	2,032	2,552	1,872	374	309	0
R&D Vietnam	1,331	1,179	996	760	580	332	716
Project management	625	793	565	596	306	113	0
Joint venture development fee	-1,787	-685	0	0	0	0	0
	3,288	**4,436**	**6,206**	**5,578**	**5,140**	**4,742**	**4,728**

Economic Report

The previous year's figures have been restated in this report. The restatements are explained in Note (6b).

Macroeconomic Conditions

The period of economic weakness in Germany continued in 2024. According to preliminary estimates by the German Federal Statistical Office, gross domestic product fell by 0.2 percent in real terms compared with the previous year. The ongoing and, in some cases, intensifying geopolitical conflicts, as well as market uncertainty caused by factors such as the presidential election in the U.S., weighed on economic development.

Government consumption and, to a lesser extent, private consumption made a positive contribution to Germany's economic output. However, this was overshadowed by a sharp decline in investment and negative momentum from net exports, with broadly stagnant imports contrasting with falling exports.

The situation in Europe was somewhat better, albeit still subdued: In its Autumn Economic Forecast, released in November 2024, the European Commission projected that GDP would grow 0.9 percent in the EU and 0.8 percent in the euro area.

Sources:

- Press release of the Federal Ministry for Economic Affairs and Climate Protection, January 15, 2025
- EU Commission announcement on the Autumn 2024 Economic Forecast of November 15, 2024

Sector-Specific Conditions

The FRIWO Group's products are primarily sold on the global markets for power supply units and charging technology. Transparency Market Research (TMR) forecasts the global power supply market to reach USD 46.5 billion in 2031, up from USD 27.1 billion in 2020. This represents a compound annual growth rate (CAGR) of 5.1 percent. For the global market for charging units, TMR expects a total volume of USD 42.8 billion in 2030, starting from USD 24.5 billion in 2018, which represents a CAGR of 5.8 percent.

Since FRIWO, as a manufacturer of charging units, battery packs and power supply units, serves various sectors and applications, developments in the overall market for power supply units and charging technology are of only limited relevance. It is more relevant for FRIWO's development to look at individual submarkets that cover the areas of application for FRIWO products.

The rapidly growing global e-mobility market continues to be of great importance. Here, the experts at Mordor Intelligence anticipate an average annual growth rate of 8.0 percent for e-bike motors between 2025 and 2029. Fortune, a market research company, forecasts even stronger growth, with an average increase of 14.6 percent until 2032. Growth in the market for e-bikes will be driven primarily by increasing technological innovation in conjunction with rising awareness of efficiency, environmental friendliness and comfort. Since motors are usually supplied to bike manufacturers as a complete system with an on-board computer, battery and charging unit, this forecast serves as a good indicator for the development of the charging unit market.

The global market for medical power supply units is also of strategic importance for FRIWO. Experts at Data Bridge Market Research expect a CAGR of 7.4 percent between 2023 and 2031. In addition to constant advances in medical technology, the main drivers are the steadily improving medical care in developing and emerging countries and the growing demand for mobile solutions and medical devices for home use.

The submarkets for charging technology are also very significant for FRIWO's future development.

For power tools, the expectation is that battery-driven devices will increasingly find a market as battery technology improves, meaning that charging will be faster and batteries will last longer. FRIWO's products tend to target the higher price segment. Fortune, a market research company, estimates that the global market for cordless power tools will grow at a CAGR of 4.4 percent between 2024 and 2032.

The submarket for power supply units in industrial applications is also very important for FRIWO. Markets and Markets forecasts a CAGR of 6.0 percent between 2022 and 2027. Market growth is driven by increasing investments in energy-efficient devices in industry and the use of robots in various sectors.

In the new strategic area of Lifestyle Solutions, FRIWO will focus its efforts on high-quality solutions for high-quality, high-performance power supply units outside the low-price segment. FRIWO intends to make strategic use of the sustained growth predicted by market analyses in this area. Experts at Future Market Insights anticipate an annual growth rate of 3.7 percent between 2023 and 2033.

Sources:

- Transparency Market Research: Power Supply Market 2021–2031
- Transparency Market Research: Global Charger Market 2018–2030
- Mordor Intelligence: E-Bike Market SIZE & SHARE ANALYSIS – GROWTH TRENDS & FORECASTS UP TO 2029
- Fortune Business Insights: Electric Bike Market Size 2024–2032
- Data Bridge Market Research: Global Medical Power Supply Market Assessment Based on Market Size, Segmental Shares and Growth Trends – Sector Overview and Forecast to 2031
- Fortune Business Insights: Power Tools Market Size, Share & COVID-19 Impact Analysis, 2024–2032
- Markets and Markets: Industrial Power Supply Market – Global Forecast to 2027
- Future Market Insights: Switching Mode Power Supply Market – Growth & Forecast 2023

General Business Performance

The 2024 fiscal year was an economically challenging year for the FRIWO Group and did not meet original expectations. The persistent and, in some cases, very pronounced weakness in demand in the company's target sectors resulted in suppressed demand, primarily due to saturation trends in core European markets. This led to an increase in order cancellations in the reporting year. Demand was expected to pick up again in the second half of the year. However, this did not happen, prompting FRIWO to revise its full-year forecasts downward in October 2024.

The expense side was positively impacted by declining material costs and ongoing measures to improve cost efficiency, such as making the production base in Vietnam more flexible and selling the production facility in Ostbevern to a contract manufacturer.

Consolidated revenue was EUR 93.0 million in 2024, down from around EUR 111.1 million in the previous year. Despite the significant decline in revenue, consolidated earnings before interest and taxes (EBIT) improved to EUR -3.6 million, compared with EUR -7.4 million in the previous year. This means that the company met the annual targets that were adjusted in October 2024. FRIWO benefited from the numerous cost efficiency improvement measures implemented in the reporting year and in previous years.

At the strategic level, FRIWO was able to set the course for future profitable growth in the reporting year. The decision to sell the e-drives business, including the capital-intensive stake in the joint venture with UNO MINDA in India, along with the DIN rail power supply business will enable FRIWO to concentrate all its financial and human resources on its core activities in the future.

FRIWO will be able to largely reduce the Group's leverage with the funds generated from the sales. This, in turn, will open up new strategic opportunities to expand our core business.

Order Book Status

Incoming orders for the FRIWO Group amounted to EUR 88.2 million at the end of 2024, up 9.3 percent compared to the previous year's figure of EUR 80.7 million. The book-to-bill ratio, i.e. the ratio of incoming orders to sales, was 0.95 for the full year, slightly above the previous year's level (0.73). This contrasts with the order backlog of EUR 43.7 million as of December 31, 2024, which was 11.9 percent below the previous year's level (EUR 49.6 million). FRIWO recorded higher demand than last year in all areas except Medical & Healthcare and Lifestyle Solutions.
Orders had already lost momentum in the previous year, partly due to ongoing uncertainty caused by the war in Ukraine, significantly higher inflation and the generally weak economic situation in Europe, particularly in Germany.

Regionally, order intake in the "Other Europe" segment was very strong, growing 35.4 percent. Orders in the other regions continued to decline: The largest Group segment, "Germany", recorded a decline of 6.3 percent. It should be noted that the sale of the German production facility in Ostbevern also included the sale of customer relationships with corresponding revenue potential. The "Asia" segment posted a 7.8 percent drop in incoming orders year on year due to changes in customers' purchasing behavior. The "Rest of the World" segment – the company's smallest – saw incoming orders decline by 54.5 percent.

Revenue Development

The FRIWO Group generated consolidated revenue of EUR 93.0 million in 2024, a 16.3 percent decline from the previous year's figure of EUR 111.1 million. This puts revenue development in the middle of the forecast range as adjusted in October of EUR 90 to 95 million (original forecast: EUR 100 to 120 million). Revenue contains a negative effect (EUR -0.2 million) from the change in contract assets (previous year: EUR -0.3 million).

There were virtually no currency effects on revenue. Adjusted for currency effects, i.e. at previous year's exchange rates, consolidated revenue was EUR 93.0 million in 2024.

Revenue development in 2024 was characterized by weak demand in all application areas, which lasted longer than expected due to the economic downturn.

Medical & Healthcare Solutions recorded the sharpest decline in 2024, with revenue falling 42.0 percent. FRIWO was mainly affected by declining demand in the U.S. Revenue in Industrial Applications decreased 38.9 percent. Revenue in Specialized Tools & Equipment fell by 4.0 percent year on year. E-Mobility/Transportation & Logistics posted a decline of only 1.4 percent. It should be noted, however, that demand had already been on the decline in the previous year.
The declines in revenue in Distribution and Lifestyle Solutions amounted to 13.6 percent and 19.6 percent, respectively.

The European market remained the main source of revenue for the FRIWO Group in 2024. Its share of total revenue rose from 80.2 percent to 88.2 percent. In the "Rest of Europe" segment (Europe excluding Germany), revenue rose by 13.9 percent to EUR 51.1 million (previous year: EUR 44.8 million), driven by the renewed upturn in demand for e-mobility solutions. The "Germany" segment recorded a 30.0 percent decline in revenue to EUR 31.0 million (previous year: EUR 44.3 million), mainly due to the ongoing difficult economic situation in Germany. Revenue in the "Asia" segment dropped to EUR 7.1 million (previous year: EUR 14.6 million). Revenue in the other regions decreased by EUR 3.5 million to EUR 3.8 million.

Consolidated revenue by country of production (excluding revenue from transferred development, tooling, approval and freight costs) changed only slightly in 2024. Vietnam's share rose from 84.3 percent in the previous year to 85.8 percent. European production accounted for 14.0 percent of revenue (previous year: 12.0 percent). The share of Indian production decreased from EUR 3.9 million to zero. The decrease is mainly due to the transfer of the Indian subsidiary's activities to the joint venture. China again contributed a very small share of 0.2 percent (previous year: 0.1 percent).

Earnings Performance

Thanks to improved cost efficiency, FRIWO was able to significantly soften the impact of persistently weak demand and the associated revenue development, the start-up costs for the Indian joint venture and the one-off expenses for the adjustment of production structures in the reporting year. The main drivers were the optimization of the Vietnam and Ostbevern sites, which resulted in reduced personnel costs and lower material costs.

As a result, gross profit rose from EUR 11.1 million in the previous year to EUR 12.0 million in the reporting year. The gross margin from revenue increased from 10.0 percent to 12.9 percent.

Selling costs in 2024 increased by EUR 1.3 million to EUR 5.5 million (previous year: EUR 4.2 million). They include a one-off effect due to the impairment (EUR 1.8 million) of a receivable related to a bankruptcy. General administrative expenses decreased by EUR 1.8 million to EUR 9.7 million (previous year: EUR 11.5 million). In the previous year, this item included restructuring and personnel expenses of EUR 2.2 million. They are attributable to the restructuring report from December 2023, which was updated together with the restructuring expert and provided for the Ostbevern site to be restructured into a pure holding, sales and development site. The sale of the Ostbevern production site has eliminated a large part of the restructuring costs envisaged in the restructuring plan. Nevertheless, the plan provided for further measures to restructure individual functional areas.

The implementation of these measures began in December 2023, which is why the associated expenses were recognized as a provision. The plan was reviewed and adjusted again following another revision of the restructuring report in 2024, in particular with respect to the decisions to sell off the e-drive and DIN rail power supply business. The restructuring provision was utilized and reversed in 2024 on this basis.

Operating earnings, i.e. gross profit on revenue minus selling and general administrative expenses, rose to EUR -3.2 million, compared with EUR -4.6 million in the previous year.

Other operating expenses and income largely contain currency expenses and income. Please refer to Note (14) in the notes to the consolidated financial statements for more information.

Consolidated earnings before interest and taxes (EBIT) amounted to EUR -3.6 million, compared with EUR -7.4 million in the previous year. This was below the original forecast made at the beginning of the year, but in line with the October 2024 forecast update of a small EBIT loss. The improvement in income despite the decline in revenue and the considerable costs in the reporting year reflects the significantly improved cost efficiency within the FRIWO Group.

The EBIT margin (in relation to revenue) reached -3.9 percent (2023: -6.6 percent).

The financial result of EUR -3.5 million (2023: EUR -3.7 million) was mainly characterized by lower interest expenses from factoring and lower loan liabilities as a result of scheduled repayments.

Earnings before taxes (EBT) amounted to EUR -7.1 million after the previous year's negative figure of EUR -11.1 million.

The Group reported after-tax earnings of EUR -6.2 million, a EUR 5.3 million improvement compared with the previous year's after-tax earnings of EUR -11.5 million. This corresponds to earnings per share of EUR -0.73 compared with EUR -1.35 in 2023 (see Note (17) in the notes to the consolidated financial statements).

Financial Position

Capital Structure

The FRIWO Group's financial management comprises liquidity management, hedging against interest and currency fluctuations and financing for the FRIWO Group. This is the responsibility of Finance and Controlling at the headquarters in Ostbevern. A key objective and the department's main responsibility is to safeguard the FRIWO Group's funding and ensure adequate levels of liquidity. The aim is to maintain financial stability while minimizing financial risks and capital costs.

The Group's financial strategy builds on the principles and objectives of financial management and takes into account not only equity providers' interests but also lender requirements. The main objective is to ensure the best possible use of liquidity in accordance with the company's strategic guidelines.

FRIWO Gerätebau GmbH sells part of its receivables in the form of non-recourse factoring where the default risk is borne by the factoring company. The percentage of sold receivables in the receivables portfolio increased by 2.5 percentage points in 2024 and amounted to 83.9 percent as of December 31, 2024 (end of 2023: 81.4 percent). At the end of the 2023 fiscal year, FRIWO Gerätebau GmbH extended the factoring agreement until the end of 2025. Talks were held with the factoring company at the beginning of 2025 and it is highly likely that the contract will be extended until the end of 2026.

The syndicated loan agreement signed in the first quarter of 2020 consists of an amortizing term credit facility of EUR 10.4 million and two additional operating credit facilities of EUR 8.3 million and EUR 2.0 million. In 2023, all three tranches were extended until December 31, 2025. No repayments were required on the operating credit facilities until the end of 2020 before quarterly repayments of EUR 0.25 million were made on the amortizing term credit facilities in fiscal 2021. In 2022, quarterly repayments increased to EUR 0.7 million each. Two special repayments brought repayments to a total of EUR 3.6 million for 2022 as a whole. Additional repayments of EUR 2.1 million and EUR 3.8 million were made in 2023 and 2024, respectively.

The remaining liability under the syndicated loan amounted to EUR 9.9 million as of December 31, 2024 (December 31, 2023: EUR 13.4 million). The credit facility was fully utilized as of the financial statement closing date.

The Vietnamese subsidiary also continues to maintain a bilateral revolving credit facility with a local bank in Vietnam. As of December 31, EUR 8.7 million of this credit facility had been utilized. There was also an available unused credit facility of EUR 0.1 million. The credit facility is regularly extended by 12 months at a time; it was last extended on March 25, 2025, until March 25, 2026.

FRIWO has provided various guarantees and collateral for both credit agreements. In addition, financial covenants were defined and reporting and documentation obligations stipulated for the syndicated loan. The credit agreement also stipulates that FRIWO AG will not pay any dividends during the restructuring period, which will run until the end of 2025.

The shareholder loans provided by the major shareholder VTC GmbH & Co. KG, who made these loans available through its subsidiary Cardea Holding GmbH, Grünwald, in the years from 2020 to 2022, also made a significant contribution to securing the FRIWO Group's liquidity. FRIWO did not take out any additional shareholder loans from Cardea Holding GmbH in the 2024 fiscal year. The shareholder loan balance, including accrued interest, amounted to EUR 12.8 million as of December 31, 2024 (previous year: EUR 12.2 million).

The FRIWO Group's financing is secured at the time of preparing these financial statements. The existing syndicated loan agreement runs until December 31, 2025. However, the goal is to fully replace it with the divestments initiated in 2024 and signed in late 2024 or early 2025. This will also mark the successful completion of the FRIWO Group's restructuring. Compliance with the restructuring plan was reconfirmed by an external expert during the preparation of the 2024 financial statements and described as largely probable for the remaining period until the end of 2025.

Further information can be found in the "Liquidity Risks" section of the risk report.

Liquidity

Cash flow from operating activities amounted to EUR 3.1 million in the reporting year, compared with EUR 4.2 million in the previous year. The decrease is mainly due to the return to a negative consolidated net income (EUR -6.2 million) and interest payments. The reduction in inventories, on the other hand, had a positive effect on operating cash flow. Overall, cash flow from operating activities still remained below the previous year's level.

Investing activities resulted in a cash inflow of EUR 0.8 million (2023: cash outflow of EUR -3.8 million). Investments amounted to EUR 1.4 million, while proceeds from the disposal of property, plant and equipment totaled EUR 2.2 million (from the sale of component manufacturing operation in Vietnam).

Net cash flow amounted to EUR 3.9 million, compared with net cash flow of EUR 0.3 million in the previous year.

Financing activities resulted in a total cash outflow of EUR -3.2 million (previous year: cash outflow of EUR -2.5 million), primarily due to scheduled repayments on the syndicated loan and the repayment of lease liabilities. The Group had cash and cash equivalents of EUR 5.4 million as of December 31, 2024, compared with EUR 4.7 million at the beginning of the year.

Given the expected cash inflows from the agreed-upon divestments and the financing components secured and agreed to in 2024, liquidity is assured for 2025 and the following year if the company adheres to the restructuring plan. For further information, please refer to the "Liquidity Risks" section in the risk report.

Investments

The Group's investments amounted to EUR 1.4 million in the 2024 fiscal year, significantly below the previous year's level (EUR 4.0 million). EUR 0.9 million of total investment was invested in property, plant and equipment and EUR 0.5 million in intangible assets.

Investment in property, plant and equipment was largely concentrated in machinery and tool purchases and served to boost productivity and modernize operations.

From a geographical perspective, 67.3 percent of investment in property, plant and equipment and intangible assets went to the production site in Germany and 32.7 percent to the production site in Vietnam.

Net Assets

The FRIWO Group's total assets came to EUR 63.7 million on December 31, 2024, EUR 7.5 million below the figure on the same closing date in 2023 (EUR 71.2 million). The decrease in total assets is mainly due to the reduction in working capital.

The total value of non-current assets decreased from EUR 13.5 million as of December 31, 2023, to EUR 10.4 million at the end of 2024.

The intangible assets included in non-current assets mainly comprise concessions, industrial property rights, similar assets and licenses, particularly from the introduction of SAP software in 2023. Goodwill and other assets from the acquisition of Emerge Engineering GmbH in 2018 were reclassified as assets held for sale.

Non-current assets also included right-of-use assets from leases of EUR 1.6 million (previous year: EUR 1.4 million) and the deferred tax assets of EUR 1.7 million (previous year restated: EUR 0.0 million).

Total current assets declined to EUR 53.3 million (previous year: EUR 57.8 million). Inventories decreased to EUR 18.3 million (December 31, 2023: EUR 27.8 million). This was due primarily to the economically driven decrease in business volume in the reporting year and the strategic reduction in inventories since higher stock levels had been maintained in previous years as a precaution.

The recognition of revenue over time in accordance with IFRS 15 increased inventories by EUR 0.4 million compared with an increase of EUR 1.2 million in the previous year.

Trade receivables increased to EUR 4.0 million (previous year: EUR 3.1 million). The increase is partly attributable to two customers, one of whom was subject to a specific impairment loss of EUR 1.8 million on receivables. The contract assets resulting from the recognition of revenue over time in accordance with IFRS 15 decreased to EUR 13.5 million (previous year: EUR 13.8 million).

Current assets include EUR 5.5 million in assets held for sale (relating to the sale of the DIN rail business and the sale of the shares in the joint venture in India and associated assets) (previous year: EUR 3.1 million).

Cash and cash equivalents stood at EUR 5.4 million at the end of the year (December 31, 2023: EUR 4.7 million).

On the equity and liabilities side of the statement of financial position, the FRIWO Group's equity decreased from EUR 9.6 million as of December 31, 2023 to EUR 3.3 million as of the end of the reporting year, primarily as a result of the negative consolidated net income. The equity ratio decreased accordingly year on year from 13.5 percent to 5.3 percent.

Non-current liabilities decreased to EUR 16.0 million as of the end of 2024 (December 31, 2023: EUR 17.2 million).

Non-current lease liabilities in accordance with IFRS 16 increased to EUR 0.9 million (previous year: EUR 0.8 million).

Current liabilities fell slightly from EUR 44.4 million to EUR 44.3 million year on year. Despite the reclassification of EUR 1.8 million of non-current financial liabilities to current financial liabilities, non-current financial liabilities decreased to EUR 18.6 million (December 31, 2023: EUR 18.8 million) as a result of scheduled repayments.

Current provisions decreased from EUR 4.4 million to EUR 1.1 million. In the previous year, this figure included a provision for restructuring of EUR 2.2 million.

Trade payables amounted to EUR 18.9 million, up EUR 2.6 million on the previous year (EUR 16.3 million).

The current portion of the shareholder loan from the previous year of EUR 3.1 million was reclassified to non-current liabilities since the extension of the syndicated loan until the end of 2025 also extended the shareholder loans until at least the end of 2025 by means of a new subordination agreement. Repayment cannot be made until there are no longer any obstacles to the successful restructuring of the FRIWO Group and both the restructuring and sustainable financing have been secured. The company will look into possible refinancing in the short to medium term. However, no repayment of the shareholder loan is planned until a secure refinancing solution is in place.

Working capital, the balance of inventories, trade receivables and trade payables as well as contract assets and contract liabilities, came to EUR 16.7 million as of December 31, 2024, compared with EUR 27.9 million at the end of 2023. The reduction is primarily due to lower inventories. In relation to the sharp decline in revenue, however, working capital fell from 25.1 percent at the end of 2023 to 17.9 percent.

Other current liabilities including other non-financial liabilities increased by EUR 0.3 million to EUR 3.8 million.

Overall, the Management Board considers the Group's net assets, financial position and results of operations at the end of 2024 to be unsatisfactory. The fiscal year was characterized by continued operational and financial challenges, which particularly affected the liquidity situation. Despite the introduction of structural stabilization measures, the situation remained difficult due to the ongoing restructuring process. However, the Management Board expects that the situation will improve in the course of fiscal 2025 as a result of the measures taken and that the Group will be back on a solid footing in the future.

Economic Situation of FRIWO AG

FRIWO AG acts as the holding company for the FRIWO Group. It generates its earnings in the separate financial statements prepared in accordance with the accounting principles of the German Commercial Code (HGB) primarily from the transfer of profits from its subsidiary, FRIWO Gerätebau GmbH, with which it has concluded a profit transfer and control agreement.

The holding company also incurs its own expenses, primarily for personnel and consultancy fees. Personnel expenses increased from EUR 0.9 million in the previous year to EUR 1.6 million in the fiscal year, mainly due to one-time severance payments (EUR 0.4 million) and salary increases (EUR 0.2 million).

Legal and consulting costs remained at the previous year's level of EUR 0.8 million.

Other operating expenses include the cost of insurance, which increased by EUR 0.2 million to EUR 0.3 million.

Audit fees increased from EUR 0.1 million to EUR 0.2 million.

No personnel recruitment costs were incurred in the reporting year (previous year: EUR 0.2 million).

General administrative expenses totaled EUR 3.6 million, an increase of EUR 0.9 million compared to the previous year.

Combined with the negative investment income of EUR -7.0 million (previous year: EUR -11.5 million), FRIWO AG reported earnings of EUR -9.4 million for the reporting year (previous year: EUR -12.9 million). Including the EUR -46.2 million earnings carried forward from the previous year, the accumulated loss amounted to EUR -55.7 million.

Total assets of FRIWO AG amounted to EUR 28.6 million (previous year: EUR 36.3 million). Equity decreased from EUR 21.4 million to EUR 11.9 million due to the net loss for the year.

The equity ratio was 41.8 percent, which was below the previous year's level (59.0 percent).

The equity interest in FRIWO Gerätebau GmbH is the main asset of FRIWO AG. This equity interest was reported unchanged at its historical cost of EUR 28.3 million as of December 31, 2024.

The carrying amount was again confirmed on the financial statement closing date. Measurement was based on a current earnings forecast covering several years using the discounted cash flow method where assumptions and estimates were made about the future trend in revenue and earnings at FRIWO Gerätebau GmbH.

The refinancing of the syndicated loan maturing on December 31, 2025, which was completed at the end of 2023, and the expected cash inflows from the divestments in mid-2025 will secure the company's liquidity for 2025 and the following year.

Employees

(Unaudited)

Changes in the Workforce

The FRIWO Group employed 1,206 people worldwide at the end of 2024 (previous year: 1,701). The reduction of approximately 500 employees is the result of flexible adjustments to employment levels in response to declining demand, particularly at the sites in Vietnam, and the sale of the production facility in Ostbevern. In Germany, 85 employees were involved in product development, production, sales and administration on the financial statement closing date (previous year: 155). This corresponded to 7 percent of the Group's workforce (previous year: 9.1 percent). At the end of the year, 1,121 people were employed abroad (previous year: 1,546), including 1,106 employees at the sites in Vietnam (previous year's closing date: 1,531), twelve in China (previous year: twelve), two in the U.S. (previous year: two) and one at the subsidiary in India (previous year: one).

Health Management

Health management in the workplace continues to be a high priority at FRIWO. The goal is to focus on keeping all employees healthy and providing appropriate preventive measures to ensure their performance. This is expected to reduce sickness rates and production downtime, thereby lowering costs.

Employees were also offered various vaccinations in 2024, including flu shots.

R&D Workplace and Processes of the Future

As part of the “Benchmarking R&D and Modern Workplace Design” project, FRIWO examined the potential need for action in the FRIWO development process and identified specific requirements for the existing and future R&D infrastructure. The result showed that the iterative method of working, i.e., the repetition of actions, represents the current state of modern development. However, there is still potential for optimization in process improvements, e.g. interdisciplinary project management from development, sales, purchasing and production.

Internal Communications

In the past, two new meeting formats were introduced at FRIWO to improve internal communications. These formats were also used in 2024.

“LET’S TALK” stands for an informative meeting of a small group of people. Several times a year, management invites approximately ten employees each from different departments to a casual get-together. The attendees can share their views of the company as well as visions and goals for FRIWO. The Extended Executive Meeting also improved the flow of information within the company. It was held four times at department head level.

Employee Motivation

Setting goals helps motivate employees and gives them something to aim for in their work. FRIWO fundamentally revised the incentive system to ensure that everybody is working towards the same goal. Goals were based more closely on corporate objectives and derived systematically. FRIWO reduced the number of targets significantly and formulated them across departments to make work more focused. This ensures that there are no conflicting objectives in the company and that several employees and departments work on the projects in question. The key targets are visualized in a matrix that can be viewed at any time. To ensure transparency and correct focus, all employee goals were also agreed upon in 2024 in the management team.

Forecast

Macroeconomic Conditions

By early 2025, the global economy was showing signs of improvement, despite persistent – and in some cases intensifying – geopolitical risks and new trade conflicts. According to the Organization for Economic Cooperation and Development (OECD) report, the global economy is expected to grow a moderate 3.3 percent, up from 3.2 percent in 2024. Inflation is expected to fall further. This is mainly due to the continued restrictive monetary policies of many countries. Real wages are rising thanks to strong nominal wage growth and easing inflation. However, private consumption growth remains subdued in many countries due to weak consumer confidence.

The outlook for Germany's export-oriented economy, however, remained subdued. It remains to be seen to what extent a new federal government will be able to stimulate growth. Overall, the Ifo Institute estimates that the price-adjusted gross domestic product will increase by just 0.4 percent as of this year compared to the previous year. Economic output is expected to increase by 0.8 percent in the coming year.

Sources:

- OECD – Economic Outlook, December 2024
- Ifo Institute, Munich: Ifo Economic Forecast – December 12, 2024

Company-Related Conditions

The FRIWO Group's business performance in 2025 will continue to be heavily dependent on external factors beyond the company's control or influence – in particular, general consumer restraint, monetary and interest rate policy, the development of geopolitical tensions and structural obstacles to growth.

The fundamental growth drivers in those segments of the global market for power supply and charging solutions being served by FRIWO are still intact, meaning that the prospects for growth are good in the medium and long term (see the "Sector-Specific Conditions" chapter).

Short-term business performance will depend on whether the expected economic recovery in the industrial sector will start in the first half of 2025 and whether the company's order book will trend upward again.

In addition, further labor cost increases are expected at the production sites in Asia. It also remains to be seen how the exchange rate of the euro against the U.S. dollar will develop. Market analysts started out the year predicting that central banks would lower their key interest rates further over the course of the year. At the beginning of March 2025, the ECB further lowered its key interest rate from 2.75 percent to 2.5 percent.

Anticipated Business Development

Strategic Priorities

The focus in 2025 will be on the legal implementation of the negotiated M&A transactions (sale of the e-drives business and the DIN rail power supply business), the expansion of the core business and the further internationalization of the Group's activities in order to reduce dependency on Germany and other European countries.

FRIWO will have a well-diversified product portfolio with growth potential after the successful completion of both transactions. The aim is to specifically expand the sectors previously known as "TIME", i.e. Tools, Industrial, Medical and E-Mobility, with strategically appropriate business segments.

FRIWO is also positioning itself for further growth in the medium and long term by opening itself up to new markets and future-oriented sectors. As part of this development, the business segments have been given new names that better describe their respective target markets and reflect FRIWO's international focus.

The new structure will consist of the following five business segments:

- **E-Mobility/Transportation & Logistics**
- **Medical & Healthcare Solutions**
- **Industrial Applications**
- **Specialized Tools & Equipment**
- **Lifestyle Solutions**

The goal is for all divisions to have a balanced mix of custom OEM and standard products. A stronger focus on advanced solutions and further efficiency improvements are also expected to improve earnings. FRIWO strives to improve operational excellence in the sense that all areas reduce delivery times and time-to-market and increase efficiency in logistics.

Anticipated Economic Development

The Management Board is cautiously optimistic regarding business development in 2025. FRIWO is operating in a difficult and volatile market environment in 2025. The first half of the year is likely to be characterized by subdued demand, but FRIWO sees good opportunities for a revival in demand in the second half.

On the cost side, the Management Board expects further relief from the focusing and streamlining of business activities. The Management Board believes that this lays an important foundation for future profitable growth.

For the 2025 fiscal year, the Management Board is forecasting consolidated revenues in the range of EUR 75 to 90 million on the basis of current conditions. This range only includes the two divestments, e-drives and the DIN rail business, until June 30, 2025. For the year as a whole, FRIWO expects a break-even operating consolidated EBIT, which means a further improvement in earnings (after adjusting for the one-off effects from the divestment transactions). In addition, the planned transactions are expected to generate earnings ranging from EUR 21 to 23 million in fiscal 2025.

Based on its adjusted medium-term planning, FRIWO expects average annual revenue growth of at least in the high single-digit percentage range and a sustainable EBIT margin of over 5 percent in subsequent years. This would enable the Group to return to a period of profitable growth following its successful restructuring.

FRIWO AG provides services for all Group companies. As a holding company, it is therefore dependent on the economic performance of its subsidiaries, some of which it participates in through profit and loss transfer agreements. FRIWO AG expects a slight improvement in operating earnings for the 2025 fiscal year compared with the previous year. In addition, the planned transactions are expected to generate earnings ranging from EUR 21 to 23 million in fiscal 2025.

The forecasts presume that macroeconomic conditions will not deteriorate significantly and that there will be no unpredictable events that have a material adverse impact on the FRIWO Group's business situation.

Risk Management and Internal Control System

Risk Report

Risk Management

As an international company, FRIWO is exposed to a large number of specific risks in the course of its business activities. These risks can have an adverse impact on the Group's business development as well as on its net assets, financial position and results of operations. This is why a professional and effective risk management system is essential for the operation and management of a business.

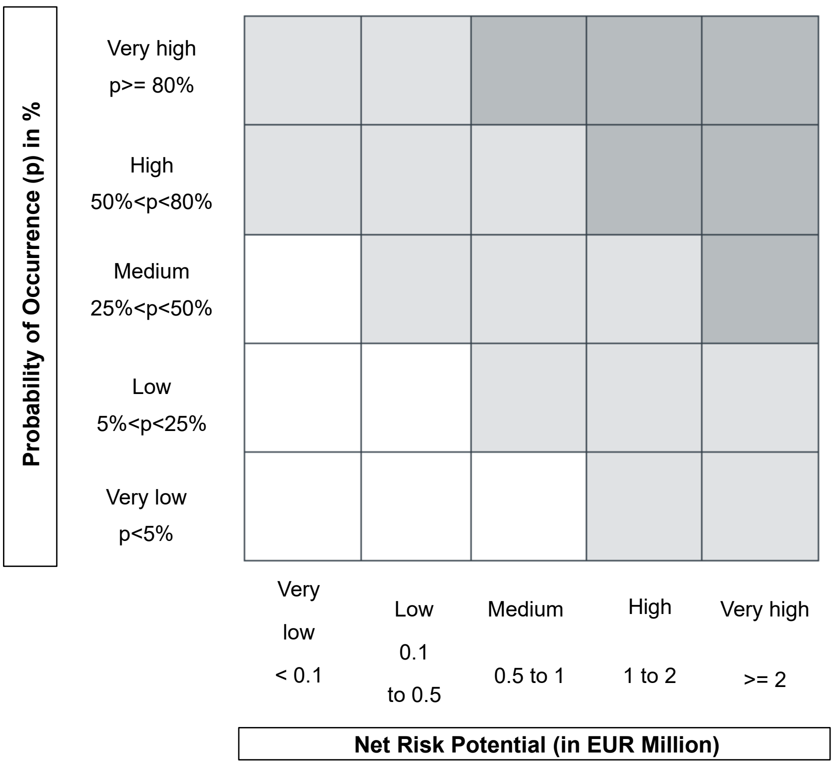
The risk management system at FRIWO is designed to identify potential risks early on, analyze their causes and prevent them from occurring or minimize their impact by taking appropriate countermeasures in advance. Risk management is a standardized process that is constantly improved and refined. The system is not used to analyze and assess opportunities.

The systematic identification, assessment and management of risks and the reporting thereof are set out in a policy that provides the basis for an efficient risk management system across the Group.

Risks are assessed three times a year by the risk owners responsible (who are managers in all key areas of the Group) based on their potential impact (in euros) and probability of occurrence (in percent).

FRIWO generally assesses the potential impact on the net assets, financial position and results of operations using EBIT as a metric for a twelve-month period.

Risk Matrix



Risks are initially analyzed on the basis of a gross assessment, followed by a net assessment that takes into account any risk mitigation measures that have already been introduced. Risk controllers support risk owners and ensure that, if certain thresholds are exceeded, risks are communicated to senior management and to the Supervisory Board. Risk reporting is fully integrated in the standardized planning and forecasting processes. This system ensures that all identified risks can be taken into account in line with their materiality. Risk awareness in the company is steadily raised by including all relevant management levels.

A new tool was introduced in the 2023 fiscal year to improve the effectiveness and efficiency of the risk management system. The improvements include the regular analysis of risk-bearing capacity, the expanded Group-wide identification of developments that could jeopardize the company's ability to continue existing as a going concern and their interaction with other risks, and the consistent tracking of the measures necessary to ensure the company's continued existence as a going concern. The risk-bearing capacity represents the maximum extent of risk that the company can bear without jeopardizing its own continued existence as a going concern.

Based on a quantitative risk assessment, FRIWO's overall risk position is determined using risk aggregation, taking into account the net individual risks, and compared with the Group's risk coverage potential. FRIWO uses consolidated equity and liquidity as parameters for the risk coverage potential on the financial statement closing date for the period under review. The results of the risk-bearing capacity analysis are regularly monitored by the Management Board. As of December 31, 2024, the overall risk position is fully covered by the risk coverage potential of the FRIWO Group

Risks that may have a material negative impact on the FRIWO Group's net assets, financial position and results of operations are described below. The overview contains the current assessment of the corporate risks described below. Please see Note (39) in the notes to the consolidated financial statements for more information on risks relating to the use of financial instruments and on risk management. Even risks of which the Group is currently not yet aware or risks that are currently still classified as immaterial could have a negative impact on the company's business activities.

Risk Type	Risk Potential	Probability of Occurrence	Gross Expected Value	Net Expected Value
Procurement, production and price risks				
Procurement of materials	Medium	Medium	Low	Low
Procurement of finished products and merchandise	Low	Low	Low	Low
Market risks				
Competitive risks	High	Medium	Medium	Low
Financial risks				
Currency risks	Low	High	Low	Very low
Liquidity risks	Very high	Medium	Very high	Low
Interest rate risks	Low	Low	Very low	Low
Default risks	Medium	Low	Low	Low
Legal and compliance risks	Low	Low	Very low	Very low
HR risks	Low	Medium	Low	Low
IT risks	Medium	Medium	Low	Low

Risk Types

Macroeconomic Risks and Specific Risks for the FRIWO Group

A continuing difficult economic situation in relevant submarkets could have a negative impact on demand in the market segments served by FRIWO. Depending on the intensity and duration of this situation, this would have a direct impact on the Group's financial position, especially in light of the restructuring still underway at the FRIWO Group. A decisive factor for staying on track with the restructuring plan is an upturn in demand and further growth in the coming years. Compliance with the restructuring plan is, in turn, an important criterion for the continued financing of the FRIWO Group. The Management Board is highly confident that the Group's financing can continue to be secured. This is based on transactions initiated and agreed to in 2024 and 2025, which will provide liquidity inflows that enable the partial repayment of bank liabilities and will largely eliminate the Group's debt. An enhanced equity ratio and anticipated positive earnings contributions may present refinancing opportunities. This will ensure long-term financial stability (also see the "Liquidity Risks" section).

The increasing significance of energy efficiency, the battle against climate change and consumer protection continue to lead to more and more legal regulations. A key factor in FRIWO's success is therefore the early and rapid recognition and adoption of relevant technical requirements and standards.

There are also country-specific risks at individual FRIWO locations or at those of its suppliers. In particular, there is a risk of inconsistent interpretation and application of legal sources, which specifically affects labor law and tax and customs regimes in Vietnam and China.

Restrictions on global supply and logistics chains were minimized in 2024, after having been a relevant factor in previous years. However, uncertainty remains due to Russia's ongoing war against Ukraine and the conflict in the Middle East. These and other geopolitical conflicts could lead to disruptions in international supply and logistics chains, which would also have a negative impact on procurement, production and delivery by the FRIWO Group or on FRIWO customer demand. On the procurement side, the consequences would be limited material availability, high material prices and freight rates as well as logistics bottlenecks. In terms of sales, this could mean delayed processing of orders and delivery dates. FRIWO tries to identify supply bottlenecks as soon as possible and, where possible, avoid them by buying on spot markets. In order to maintain production operations and ensure reliable delivery capability, FRIWO compensates for delays in material procurement by leveraging alternative suppliers and alternative processes. FRIWO also keeps in close regular contact with customers to secure reliability even under adverse conditions.

On the sales side, FRIWO faced subdued demand in fiscal 2024, which was primarily attributable to the sluggish economic phase in key sales countries and the general price trends. Demand was also driven down by the fact that many customers still have high inventories. According to current forecasts, the order situation is not expected to stabilize until the seasonal business for 2025 begins and the warehouses need to be restocked.

Another risk stems from the current customs and trade policy of the U.S., which continues to be characterized by protectionist tendencies. Possible increases in import duties or regulatory trade barriers could lead to restricted market access or disruptions in global supply chains. The resulting uncertainties may negatively impact the Group's revenue and earnings performance. FRIWO is closely monitoring developments and will take all necessary measures to limit any potential negative impacts as much as possible.

Procurement, Production and Price Risks

FRIWO is exposed to procurement and production risks as well as volume and capacity utilization risks, which can place financial burdens on the Group.

When manufacturing products, FRIWO also processes other manufacturers' upstream products or components, some of which have a unique selling point. FRIWO works very closely with these suppliers to avoid supply bottlenecks. Under certain circumstances, an adequate production and delivery quantity (whether in terms of quantity and/or quality) cannot always be secured, especially if a single-supplier strategy has to be pursued in the case of critical components. In this case, delivery and supply bottlenecks might occur, which would have a negative impact on business development.

The availability of key electrical components on the global market poses a major challenge for FRIWO and the entire sector. There is still the risk of higher procurement costs. Delays in supplying FRIWO customers cannot be ruled out either. FRIWO tries to counter this risk by planning on a long-term basis – by expanding its manufacturer and supplier base, by using other assemblies and other designs of components and by managing processes more efficiently.

Higher prices for components and raw materials due to market bottlenecks or other reasons could also have a negative impact on the FRIWO Group's economic situation. In view of the intense competition still affecting the market for power supply units, there is no guarantee that FRIWO can pass on such price increases to customers entirely or at least in part.

The rate at which wage costs are increasing at the production site in Vietnam still poses a risk for FRIWO. The legal minimum wages there were also significantly increased in 2024. This led to FRIWO incurring additional costs when manufacturing products itself and from higher purchasing prices for finished devices manufactured outside the Group. The assumption is that there will be regular wage increases at the production sites, which cannot be compensated for or can be only partly compensated for by increased productivity. It is not guaranteed that FRIWO can pass on the additional costs to customers by adjusting sales prices without delay.

Competitive Risks

The FRIWO Group has a broad customer and product portfolio. For some customers, FRIWO is the sole supplier overall or for individual product groups. In the past, individual customers reduced the scope of their business with FRIWO by developing a multi-supplier strategy. FRIWO was able to counter any negative impact on revenue and earnings by adopting suitable measures such as attracting new customers and extending its product portfolio. Should additional customers press ahead with the development of a multi-supplier strategy, this could have a negative impact on the Group's business development. As a supplier of components, the Group is also indirectly exposed to the general sales and market risk of customers supplied by FRIWO.

Currency Risks

FRIWO is exposed to transaction risks due to the fact that it is a globally active company conducting a significant portion of its business in foreign currencies (especially in U.S. dollars).

Foreign currency risks result from foreign currency items in the statement of financial position and future transactions where incoming and outgoing payments are made in different currencies. The foreign currency risk is considered from the perspective of the respective company and its domestic currency compared with all foreign currencies.

Initially, a natural hedge is created in part, at least for those foreign currency items that occur in the same currency in both accounts payable and receivable.

FRIWO reduces remaining foreign currency risks through targeted currency management. Ideally, companies are financed in their respective domestic currency or on a currency-hedged basis as far as possible. It is not permitted to raise or invest funds in foreign currencies for the purposes of speculation. The Group's preferred method of reducing its currency risk from future transactions is by concluding transactions in the currency in which the majority of the manufacturing costs are incurred ("natural hedging").

Nevertheless, changes in exchange rates, those transactions chiefly invoiced in U.S. dollars and the translation into the Group currency, the euro, can pose risks to the Group's net assets, financial position and results of operations.

Since FRIWO has four operating companies abroad, the Group is also exposed to the impact from translating these companies' income statements into the reporting currency used in the consolidated financial statements, the euro, in addition to the transaction risks described above (translation risk).

Liquidity Risks

The European Central Bank has been gradually raising its key interest rate since July 2022. These adjustments were made in September, October and December 2022 and in February, March, May, June, July and September 2023 until it finally reached 4.00 percent. The U.S. and the U.K., on the other hand, raised their key interest rates a few months earlier. The turnaround in interest rates came on June 6, 2024, when the ECB's Governing Council decided to lower the key interest rate for the first time after a period of rate hikes. Several additional cuts followed, most recently in March 2025. Banks may tighten their lending policies despite the renewed decline in interest rates. This would lead to higher financing costs for borrowers and reduce the financial flexibility of companies. If the banking industry's restrictive lending policy continues over a longer period, it is possible that FRIWO would also be affected by this.

The decision to sell the e-drives business and the DIN rail power supply business will enable FRIWO to concentrate all its financial and human resources on its core activities again. FRIWO will be able to largely reduce the Group's leverage with the proceeds from the sales. This would allow the syndicated loan to be repaid ahead of schedule in mid- to late 2025, ending the restructuring period at the end of 2025. As a result, and given the cash inflows from the two transactions, there is no longer any material uncertainty regarding the FRIWO Group's ability to continue as a going concern, unlike in the previous year.

FRIWO then plans to reorganize and restructure its financing structure. Factoring and local financing in Vietnam will most likely remain an important element. As further components of its financing, FRIWO is seeking new credit facilities in Germany, although these may be limited by the banks' restrictive lending policies.

The liquidity risk is rated as medium in terms of probability of occurrence.

Interest Rate Risks

The FRIWO Group's interest rate risk in 2024 resulted largely from the existing syndicated loan and the local financing in Vietnam. The shareholder loan was set up with fixed interest rate payments. The syndicated loan has a variable interest rate and is therefore subject to interest rate risk. The financing banks also increased their rates as part of the syndicated loan extensions, which has led to higher interest expenses.

Default Risks

Default risks mainly arise from trade receivables and contractual financial obligations with business partners. FRIWO did not record any significant defaults in 2024 in relation to its existing customers. However, an impairment of EUR 1.8 million was recorded for receivables due from one customer as this customer filed for bankruptcy in February 2025. Defaults cannot be completely ruled out, despite the great care taken in the selection of new customers.

Please refer to the disclosures in Notes (25) and (39) in the notes to the consolidated financial statements regarding the management of the credit risk resulting from the receivables due from FRIWO customers on the financial statement closing date.

Legal and Compliance Risks

FRIWO is exposed to risks from legal disputes or proceedings in the ordinary course of business, for example in connection with deliveries, product liability, product defects or quality issues. Currently, there are no proceedings pending that might have negative effects on the Group’s net assets, financial position and results of operations. However, potential future legal disputes and proceedings could very well have a negative impact.

Compliance with laws and internal policies to avoid breaches of compliance legislation is a high priority at FRIWO. For this reason, FRIWO has set up a Group-wide system in which every employee is informed about the existing FRIWO policies on a regular basis. The company policies are expected to provide sufficient safeguards to ensure that the rules are followed. However, information and training cannot entirely guarantee that employees do not breach laws or internal policies inadvertently, either through negligence or intentionally. Such breaches may disrupt internal business processes, damage the company’s reputation and have a negative impact on the financial position.

FRIWO sees the pursuit of sustainability goals (known as ESG principles – Environmental, Social, and Governance) as a core task. In addition to opportunities, sustainability also entails several risks – FRIWO is largely active in the e-mobility sector, which is highly relevant to sustainability. On the operations side, FRIWO will face increased ESG reporting obligations in the future, which will require more detailed data collection. Additional costs for measures to reduce greenhouse gas emissions are also to be expected. Sustainability issues will also gain in relevance for the acquisition of new customers and the awarding of contracts by existing customers, and there is a risk that FRIWO will not meet the requirements in full. This means that FRIWO must also pay greater attention to sustainability aspects in its value chain, e.g. when selecting components and suppliers. This may entail additional costs or require a switch to new suppliers.

HR Risks

FRIWO needs highly qualified technical employees and managers on an ongoing basis. If vacant roles are not filled sufficiently or there is a failure to ensure qualified employees remain with the company long term, this could affect the Group’s future development adversely. FRIWO attempts to largely reduce personnel risks through the strategic recruitment of qualified specialists and managers, early succession planning and the provision of an attractive and respectful working environment.

IT Risks

FRIWO is highly dependent on the information technology it uses due to its high degree of integration in the global value chain. It is exposed to risk from unauthorized access to sensitive corporate data and systems not being available as a result of disruptions or targeted attacks. FRIWO counters these risks with a range of measures such as using virus scanners and firewall systems, restricting the allocation of access rights to systems and the redundant design of IT infrastructures. FRIWO addressed the risk posed by logistics processes not being interlinked in the current ERP system with the global introduction of the latest SAP S/4HANA ERP system in 2023. The goal is to streamline and permanently automate the entire process landscape.

Opportunity Report

The Management Board is convinced that the global market for power supply units and charging technology offers attractive long-term growth prospects. Despite the negative impact of global crises and sector-specific cyclical fluctuations in customer demand, the overall long-term growth drivers for the sector remain intact.

Opportunities will emerge for the FRIWO Group by focusing, in particular, on market segments and applications where technological requirements for products are high. In this way, customers can benefit from the renowned expertise that FRIWO has developed over many years. FRIWO is therefore working constantly on expanding its range of products and services, since this is what will differentiate it from its competitors and is thus a key factor in the Group's success.

The creation of technological – and therefore economic – added value by further strengthening our research and development capabilities and closely interacting with customers therefore remains a core element of the Group's strategy. This goal is also served by what is known as predevelopment, i.e. research and development services that do not have to be capitalized immediately but are already aimed at "products of the day after tomorrow".

FRIWO's business model – in particular, the combination of German engineering expertise and flexible production resources in Asia – provides an effective and flexible basis for servicing its target markets successfully. Thanks to the production base in Vietnam, which has been established and continuously adapted over the past years, FRIWO can leverage cost advantages in Asia and thus hone its competitive edge. Additional flexibility is provided by working with high-performance contract manufacturers in Germany and Poland.

FRIWO also sees opportunities in the targeted expansion of target markets in its core power supply unit business. New application areas are also being continuously reviewed following the modification of the strategic positioning, which now comprises five application areas: E-Mobility/Transportation & Logistics, Medical & Healthcare Solutions, Industrial Applications, Specialized Tools & Equipment and Lifestyle Solutions. To achieve this, FRIWO needs to be able to utilize its technological strengths in a targeted manner to achieve reasonable prices and, consequently, generate contribution margins.

Other opportunities include the use of the innovative control technology acquired from Emerge Engineering GmbH in 2018 in areas outside of the divested e-drives business. When developing these system solutions, FRIWO can draw on the experience gained from its successful joint venture with UNO MINDA.

The Management Board aspires to generate revenue from a far larger geographical area in the medium to long term. At the top of the priority list are the U.S., Europe outside the DACH region and the Asian market. Another goal is to expand the sales channels through the addition of new sales partners and distributors.

Overall Assessment of the Risk and Opportunities Situation of the Group

The current risk situation of FRIWO AG and the FRIWO Group is seen as manageable.

As shown in the “Liquidity Risks” section, the Management Board believes that it is highly probable that the Group will continue to have the necessary liquidity and financing available and that it can therefore continue as a going concern.

This is based on divestments agreed to in 2024 and 2025, which will provide liquidity inflows that enable the partial repayment of bank liabilities and will largely eliminate the Group’s debt. An enhanced equity ratio and anticipated positive earnings contributions also open up the possibility for FRIWO to refinance itself on the market again, which would ensure long-term financial stability.

The overall opportunities position has changed since December 31, 2023, in that FRIWO will significantly improve its financial position, working capital and cash flow in 2025 with the sale of the e-drives business and the DIN rail power supply business. This opens up new strategic opportunities for future growth.

Description of the Internal Control and Risk Management System Relating to Financial Reporting

Key Features of the Internal Control and Risk Management System (Unaudited)

Pursuant to the provisions of Section 91(3) of the German Stock Corporation Act (AktG), the Management Board of a listed company is required to establish an effective internal control system and risk management system that is appropriate to the scope of the business it undertakes and the company’s risk situation. The Audit Committee of the Supervisory Board is responsible for monitoring the effectiveness of the internal control and risk management system (Section 107(3) sentence 2 of the German Stock Corporation Act (AktG)). Referring to this, Recommendation A.5 of the German Corporate Governance Code recommends that the key features of the entire internal control system and risk management system are described in the management report and a statement on the appropriateness and effectiveness of these systems is provided. Statements included in this section refer to the entire internal control and risk management system and therefore also to the internal control and risk management system related to financial reporting, which is described in more detail in the corresponding separate section.

The internal control and risk management system at FRIWO comprises all monitoring measures to minimize risks in corporate processes. It is designed to address all key operating and financial corporate risks and to manage the risks and opportunities for the achievement of business objectives, the correctness and reliability of financial reporting and compliance with the legal provisions of relevance to the company and internal policies. The internal control system extends over all material business processes – namely, procurement, production, sales, financial accounting, human resources, treasury, warehouse and materials management – and is documented in the form of work policies. The dual-control principle constitutes an important element that is applied, for example, to payments, the submission of major quotations and the approval of purchase requisitions. In addition to additional control mechanisms, the risk of fraudulent actions is to be reduced preventively through custom access rights and an appropriate separation of functions.

Significant processes that relate to the internal control system are reported to the Management Board on an ad hoc basis. Risks that exceed certain thresholds are reported to the Management Board and the Supervisory Board on a scheduled basis three times a year as part of the budgeting and forecasting processes. If required, risks are also reported directly in addition to the continuous exchange of information between the risk owners and the Management Board. The Management Board assesses the appropriateness and effectiveness of the internal control and risk management system at regular intervals on the basis of the feedback it receives. The findings from these assessments are fed into the continuous enhancement of the internal control and risk management system. The entire internal control and risk management system is also adapted to business-specific risks and new legal requirements on an ongoing basis.

The Management Board has no indication that the internal control and risk management system was inappropriate or ineffective as of December 31, 2024. However, it should be noted that neither the internal control system nor the risk management system can provide absolute certainty that the objectives associated therewith will be achieved.

Even if a system is deemed appropriate and effective, it cannot guarantee that all actual risks will be identified in advance, all violations will be prevented, or all inaccurate information will be prevented or detected. Checks may not be effective in individual cases because of simple mistakes or errors or changes may be recognized too late despite their being monitored.

Key Features of the Internal Control and Risk Management System Relating to Financial Reporting

As a capital market-oriented corporation within the meaning of Section 264d of the German Commercial Code (HGB), FRIWO AG is obligated in accordance with Section 289(5) and Section 315(2) No. 5 of the German Commercial Code (HGB) to describe the key features of the internal control and risk management system with respect to the accounting process followed by the company and the Group.

The internal control and risk management system with respect to the accounting process is not defined by law. FRIWO regards the internal control and risk management system as a comprehensive system and applies the definitions of an accounting-related internal control system (IDW PS 261(19) et seq.) and risk management system (IDW PS 340 new version) issued by the German Institute of Public Auditors (Institut der Wirtschaftsprüfer in Deutschland e.V.). An internal control system therefore comprises the principles, processes and measures introduced by company management to support the organizational realization of management decisions. This entails:

- Ensuring the effectiveness and economic efficiency of operating activities (this also involves the protection of assets, including the prevention of and detection of damage to assets)
- The correctness and reliability of internal and external accounting
- Compliance with the legal provisions of relevance to the company

The risk management system includes all organizational rules and measures for identifying and dealing with risks arising from business activities.

The following structures and processes are implemented in the Group for the accounting processes:

The Management Board bears overall responsibility for the internal control and risk management system with respect to the accounting processes of the company and its subsidiaries. All companies included in the consolidated financial statements are included in a clearly defined management and reporting structure.

The Group's material business processes are regularly reviewed to determine any risks they pose in relation to the accounting. All processes identified as risk-relevant are set out in binding policies and organizational instructions to be applied throughout the Group and are adapted at least once a year to reflect current external and internal developments.

In its accounting processes, FRIWO considers features of the internal control and risk management system to be material if they could have a significant impact on the financial reporting process and overall presentation of the consolidated financial statements, including the Group management report. In particular, these are the following elements:

- Identification of material risk fields and control areas relevant for the Group accounting process
- Checks to monitor the Group accounting process and their results at the level of the Management Board and at the level of the companies included in the consolidated financial statements
- Preventive checks in the Group's finance and accounting department and in the companies included in the consolidated financial statements. This also includes operational performance-related corporate processes, which generate essential information for the preparation of the consolidated financial statements including the Group management report, with a separation of functions and predefined approval processes in relevant areas
- Measures to ensure the proper IT-supported processing of facts and data relating to financial reporting in the Group and its subsidiaries
- Measures to monitor the internal control and risk management system relating to financial reporting

Disclosures Required by Takeover Law

As a publicly traded company whose voting shares are listed in an organized market as defined by Section 2(7) of the German Securities Acquisitions and Takeover Act (WpÜG), FRIWO AG is obligated to disclose the information stipulated in Sections 289a(1) and 315a(1) of the German Commercial Code (HGB) in the management report and Group management report. The disclosures are intended to enable a third party interested in taking over a publicly traded company to form an opinion about the company, its structure and any obstacles to the takeover.

The share capital of FRIWO AG amounts to EUR 22.2 million and is divided into 8.6 million bearer shares with equal rights. A notional share in the subscribed capital of EUR 2.60 each is therefore attributable to each share. The number of shares issued has not changed in the 2024 fiscal year. The contributions to the share capital are fully paid. FRIWO AG does not hold any treasury shares either directly or indirectly. The Management Board of FRIWO AG is not aware of any restrictions regarding voting rights or the transfer of shares.

The company was aware of the following direct or indirect shareholdings of more than 10 percent of the voting rights in the capital of FRIWO AG on December 31, 2024:

	Direct Share of Voting Rights in %	Indirect Share of Voting Rights in %
Cardea Holding GmbH, Grünwald, Germany	81.59	
VTC GmbH & Co. KG, Munich, Germany		81.59

The voting rights percentages stated are voluntary disclosures made by shareholders as of the December 31, 2024 closing date. There may have been changes to these voting shares after the date stated, which did not have to be reported to the company. Since the company's shares are bearer shares, the company generally only becomes aware of changes to share ownership if they are subject to reporting requirements.

The shares issued do not grant special rights conferring control powers. The employees of FRIWO AG have no voting rights control.

Pursuant to Article 4(4) of the Articles of Association, the Management Board is authorized, with the approval of the Supervisory Board, to increase the share capital by up to EUR 11.12 million by issuing new bearer shares against cash and/or non-cash contributions on one or more occasions (Authorized Capital) until June 12, 2029. The Management Board may, with the approval of the Supervisory Board, exclude shareholders' subscription rights for certain purposes. The Management Board did not make use of the authorization in the 2024 fiscal year. The authorized capital of approximately EUR 11.12 million is therefore still in place.

By resolution of the Annual General Meeting on May 6, 2021, the Management Board was authorized to acquire shares in the company representing up to 10 percent of the company's share capital in total on behalf of the company on one or more occasions. The authorization is valid until May 5, 2026. The Management Board has not made use of this authorization to date.

Article 7(1) of the company's Articles of Association states that the Management Board is composed of one or more members. Deputy members of the Management Board may be appointed who have the same rights as the ordinary members of the Management Board when representing the company externally. Under Section 7(2), the Supervisory Board is responsible for determining the number of ordinary members and deputy members of the Management Board and for appointing and dismissing them. It can also appoint a member of the Management Board to serve as chair of the Management Board and other Management Board members to serve as deputy chairs of the Management Board.

The company's Management Board consisted of two Management Board members as of December 31, 2024. The Annual General Meeting decides on amendments to the Articles of Association in accordance with Sections 119(1) No. 5, 179 of the German Stock Corporation Act (AktG). According to Article 12(2) of the Articles of Association, the Supervisory Board is authorized to make amendments to the Articles of Association that relate solely to their wording.

The company has no agreement that is subject to the condition of a change of control as a result of a takeover bid. Similarly, there are no compensation agreements between the company and members of the Management Board or employees in the event of a takeover bid. For further information, please refer to the disclosures in the remuneration report.

Report by the Management Board on Relationships with Affiliated Companies

The Management Board made the following statement in its report on relations with affiliated companies for the 2024 fiscal year:

“In accordance with Section 312(3) of the German Stock Corporation Act (AktG), we declare that, according to the circumstances known to us at the time when the legal transactions were carried out or the measures were taken, FRIWO AG received an appropriate consideration for each legal transaction carried out or measure taken and listed in the report on relations with affiliated companies and was not disadvantaged by any measures taken.”

Non-Financial Group Declaration

Please refer to the 2024 sustainability report for explanations pursuant to Sections 289b and 315b of the German Commercial Code (HGB). At the same time, this report constitutes the combined separate non-financial Group report for the FRIWO Group and FRIWO AG for fiscal 2024 within the meaning of Sections 315b and 315c in conjunction with 289b to 289e of the German Commercial Code (HGB) and also contains the disclosures required by the EU Taxonomy Regulation. The sustainability report is made available to the public by being posted on the website: https://www.friwo.com/en/about/investor-relations/

Corporate Governance Statement
(Unaudited)

Declaration of Conformity with the German Corporate Governance Code in Accordance with Section 161 of the German Stock Corporation Act (AktG)

The declaration of conformity pursuant to Section 161 of the German Stock Corporation Act (AktG) was issued by the Management Board and Supervisory Board in December 2024 and made permanently accessible to shareholders and the public on the company's website (https://www.friwo.com/en/about/investor-relations/).

Disclosures about Corporate Practices

Corporate practices that exceed the statutory requirements and the provisions of the German Corporate Governance Code are not applied.

Working Methods and Composition of the Management Board

The Management Board, as the governing body of FRIWO AG, currently consists of the following members:

Dominik Wöffen
Member of the Management Board
Term of office expiring on December 31, 2027

Ina Klassen
Member of the Management Board
Term of office expiring on December 31, 2027

Tobias Tunsch, Dr. Walter Demmelhuber and Roald Gréboval, who served as members of the Management Board in the 2024 fiscal year, resigned from the Management Board in agreement with the company as of January 31, 2024 (Tobias Tunsch), February 29, 2024 (Dr. Walter Demmelhuber) and January 17, 2025 (Roald Gréboval). In addition, Mr. Freund left the company's Management Board on July 17, 2024.

Rolf Schwirz, CEO since 2017, also left the Management Board and the company as planned and announced on December 31, 2024.

Detailed information on the members of the Management Board is available on the FRIWO website at https://www.friwo.com/en/about/investor-relations/.

The Management Board is committed to the company's interests and, in this context, is guided by achieving a sustained increase in its value. It manages the business in accordance with the provisions of the law, the Articles of Association and the Rules of Procedure for the Management Board.

The Management Board consisted entirely of men in 2024. At the present time, there is also a woman on the Board. The members of the Management Board are appointed on the basis of their qualifications and experience. The Supervisory Board does not consider that gender is a characteristic that would particularly qualify a candidate, whether male or female, for a specific position and therefore did not consider this criterion in the selection process. When deciding on new appointments to the Management Board, applicants' qualifications should be primarily considered and not their gender. The Supervisory Board also applies this principle to its target figures for the proportion of women on the Management Board, which are valid until December 31, 2026.

The Management Board is responsible for the strategic direction of the company, planning and setting the company's budget, allocating resources and overseeing the management of the company's subsidiaries. The Management Board is responsible for preparing the interim and annual financial statements for the company and the Group and for filling key positions. The Management Board takes diversity into account when filling management positions within the company.

Responsible management of the risks associated with business activities requires an appropriate and effective internal monitoring system. This system should identify developments that could jeopardize the company's existence as a going concern at an early stage. Additionally, a suitable control and risk management system is required. The Management Board is responsible for compliance with the law and internal policies and ensures compliance with these in the company.

If the Management Board consists of several members, they are jointly responsible for management. Nevertheless, the individual members are responsible for managing the areas assigned to them. If the Management Board consists of several members, the allocation of tasks to members of the Management Board is based on a written fixed allocation of responsibilities. The chief executive officer, as the chair of the Management Board, coordinates the work of the Management Board members. The rules of procedure for the Management Board specify the details of the Management Board’s work.

The Management Board in its entirety decides on all matters of fundamental and material significance and in cases clearly specified by law or otherwise. Management Board meetings are held regularly. The rules of procedure for the Management Board contain a catalog of measures that must be dealt with and decided by the Management Board in its entirety.

The Management Board works closely with the Supervisory Board in addressing issues and scheduling. It informs the Supervisory Board regularly, promptly and comprehensively of all matters relating to the strategy and its execution that are relevant to the company as well as business planning, business development, finances, earnings, business risks, compliance and sustainability. Significant decisions require Supervisory Board approval according to the catalog of transactions requiring approval. The Management Board and the Supervisory Board collaborate in a spirit of trust for the benefit of the company.

The Management Board is also responsible for setting targets to increase the proportion of women in both management levels below the Management Board within FRIWO AG. Since the operating business is located entirely in the subsidiaries of FRIWO AG, there are no management levels below the Management Board, meaning that it would be impossible to set such targets.

Working Methods and Composition of the Supervisory Board and its Committees

The Supervisory Board, which acts as the oversight body of FRIWO AG, has six members. As required by the German Act on One-Third Employee Participation, two thirds of the Supervisory Board members are shareholder representatives and one third are employee representatives. The shareholder representatives are elected by the Annual General Meeting, whereas the employee representatives are elected by the employees in an election process that is independent of the Annual General Meeting. The shareholder representatives and the employee representatives are equally committed to the company’s interests. Supervisory Board members serve for a five-year term. The members of the Supervisory Board are solely responsible for obtaining the education and training necessary to perform their duties. The chair of the Supervisory Board is elected by the Supervisory Board from among its members. He or she coordinates the work of the Supervisory Board and represents the Board externally.

The following members belonged to the Supervisory Board in the reporting period:

Richard Ramsauer (chair; member of the Supervisory Board since 2008; current term of office until the end of the 2028 Annual General Meeting)

Dr. Thomas R. J. Robl (deputy chair; member of the Supervisory Board since February 2024; current term of office until the end of the 2028 Annual General Meeting)

Michael Jaeger (resigned as of June 13, 2024)

Dr. Gregor Matthies (member of the Supervisory Board since 2018; current term of office until the end of the 2028 Annual General Meeting)

Felix Feuerbach (member of the Supervisory Board since June 2024; current term of office until the end of the 2028 Annual General Meeting)

Sabine Vennekötter (resigned as of June 30, 2024 due to termination of her employment contract with the company)

Uwe Leifken (member of the Supervisory Board since 2016; current term of office until the end of the 2026 Annual General Meeting)

Stefanie Kunze (member of the Supervisory Board since 2024; the court appointment ends as soon as the employees have voted for a new member)

Detailed information on the members of the Supervisory Board is available on the FRIWO website at https://www.friwo.com/en/about/investor-relations/. This includes details about their professional career, the year in which they were appointed and the period for which they were appointed, memberships in other governing bodies outside FRIWO AG, membership of committees and information about their expertise.

The Supervisory Board of FRIWO includes a sufficient number of people who can be classified as independent. No member has any significant business or personal relationships with the company or the Management Board apart from their capacity as a shareholder or a close relationship with a shareholder of the company. The current version of the German Corporate Governance Code (GCGC) provides indicators for categorizing independence in Section C.7. It states, among other things, that a member of the Supervisory Board who has been a member of the Board for more than twelve years cannot be categorized as independent, which has been the case for Mr. Ramsauer, who is also chair of the Supervisory Board, since 2020. However, in the opinion of the Supervisory Board, time spent as a member alone is not a suitable criterion for categorizing independence. Rather, criteria such as objectivity, sufficient distance and expertise are more important in ensuring that the Management Board is adequately monitored. The Supervisory Board therefore considers Mr. Ramsauer to be independent.

According to the skills, expertise and requirements profile adopted by the Supervisory Board on September 18, the Supervisory Board is to be composed in such a way that it can provide qualified supervision and advice to the Management Board and perform its duties professionally and competently when decisions of fundamental importance to the company are to be made. The members of the Supervisory Board should collectively have the knowledge, skills and professional experience required to properly perform their duties in a capital market-oriented multinational technology company in the field of power supply units, charging technology and digitally controllable drive solutions.

The Supervisory Board is of the opinion that it meets the objectives of the skills and expertise profile in its current composition. The members of the Supervisory Board collectively possess extensive sector knowledge and the requisite professional qualifications. The diverse backgrounds of its members provide the Supervisory Board with a wealth of international experience and skills.

The Supervisory Board takes the skills and expertise profile into account when discussing its election proposals for the Annual General Meeting. The status of the skills and expertise profile's implementation is disclosed in the form of a qualification matrix below.

Qualification Matrix

		Shareholder Representatives				Employee Representatives	
		Richard Georg Ramsauer	Dr. Thomas Rudolf Johannes Robl	Felix Feuerbach	Dr. Gregor Matthies	Uwe Leifken	Stefanie Kunze
Length of Service	**Member since**	**2008**	**2024**	**2024**	**2018**	**2016**	**2024**
Personal Suitability	**Independence1**	▪	▪	▪	▪	▪	▪
	No overboarding2	▪	▪	▪	▪	▪	▪
Diversity	**Date of birth**	**08/21/1969**	**02/04/1959**	**03/21/1975**	**05/03/1962**	**01/06/1971**	**11/12/1980**
	Gender	**Male**	**Male**	**Male**	**Male**	**Male**	**Female**
	Nationality	**Austrian**	**German**	**German**	**German**	**German**	**German**
International Experience	**Europe**	▪	▪	▪	▪	▪	▪
	North/South/Latin America	▪	▪	▪	▪		▪
	India	▪	▪		•		
	China	▪	▪		•		
	Asia/Pacific		▪				
Skills and Expertise	**Familiarity with business segment/sector**	▪	▪	▪	▪	▪	▪
	Technology		▪	▪	▪		
	Sustainability	▪		▪	▪		
	Transformation	▪	▪	▪	▪		
	Purchasing/production/ sales/R&D	▪	▪	▪	▪	▪	▪
	Finance	▪	▪				
	Financial expert	▪	▪				
	Risk management	▪	▪				
	Legal/compliance	▪	▪	▪			
	Personnel	▪		▪		▪	
	Management experience	▪	▪	▪	▪		

1 Within the meaning of the German Corporate Governance Code

2 Within the meaning of Section 100(5) of the German Stock Corporation Act (AktG) and Recommendation D.3 of the German Corporate Governance Code

▪ Criterion has been met. The assessment is based on a self-evaluation by the Supervisory Board. This criterion is considered to be met when the member's knowledge and skills allow him/her to understand issues and questions in this area and to make a qualified decision based on that understanding.

The Supervisory Board's previous resolution on the target proportion of women on the Supervisory Board set a target of one-sixth by May 5, 2026. This target was achieved in the reporting period. When selecting a suitable candidate, however, the professional qualifications and knowledge of the applicants continue to be the primary consideration, and not gender.

During the year, the Supervisory Board regularly meets at least four times (twice per half year). The Supervisory Board has given itself rules of procedure that specify its tasks and working methods. The Supervisory Board monitors and advises the Management Board on its management of the business.

It regularly discusses business development, planning, strategy and its implementation, and sustainability and compliance issues. It adopts the annual planning as well as the annual financial statements of FRIWO AG and the Group, taking into account the audit reports produced by the auditor, and checks the non-financial declaration by the company. The appointment of the members of the Management Board also falls within its remit. Here, the Supervisory Board decides on the number of Management Board members, the qualifications needed and the appropriate personalities to fill individual positions within the requirements of the law and the Articles of Association.

The Supervisory Board ensures the minimum participation of the genders specified by law or sets targets for the proportion of women on the Management Board within the legal requirements. Significant decisions by the Management Board are also subject to Supervisory Board approval. It is also responsible for approving the company’s transactions with related parties. The chair of the Supervisory Board and the chairs of the committees are also in close contact with the Management Board outside the regular Board meetings.

The Supervisory Board has an Audit Committee whose members are Dr. Thomas R. J. Robl (chair), Richard G. Ramsauer and Dr. Gregor Matthies. Section 100 (5) of the German Stock Corporation Act (AktG) stipulates that at least one member of the Supervisory Board must have expertise in accounting and at least one other member of the Supervisory Board must have expertise in auditing financial statements. This requirement is satisfied by members Dr. Robl and Mr. Ramsauer. Dr. Robl has expertise in accounting through his degree and professional experience. Mr. Ramsauer has expertise in auditing annual financial statements through his degree and professional experience. This also satisfies the requirement of the German Corporate Governance Code (DCGK) that the chair of the Audit Committee should be an expert in at least one of these areas.

The Audit Committee deals with, among other things, examining the financial reporting, monitoring the financial reporting process, the effectiveness of the internal control system, the risk management system, the internal audit system, the audit of the financial statements and compliance.

There are no other committees.

Detailed information about the work of the Supervisory Board and its the Audit Committee can be found in the report by the Supervisory Board.

Transparent Corporate Communications

The activities and decisions of the Management Board are reported in the regular annual reports, six-month interim reports and quarterly reports. The publication dates of this information can be found in the financial calendar on the FRIWO website at the following internet address: https://www.friwo.com/en/about/investor-relations/.

FRIWO also provides information on events in the Group of significance for the capital market in the form of press releases or ad hoc notifications. Employees are also kept informed via employee meetings or the Intranet.

Remuneration Report

In the remuneration report for the Management Board and the Supervisory Board, the company reports on the remuneration paid and owed to the members of the company's Management Board and Supervisory Board and on the principles of the remuneration system applied for the past fiscal year in accordance with Section 162 of the German Stock Corporation Act (AktG). The report complies with the requirements of the German Stock Corporation Act (AktG).

The remuneration report for the last fiscal year, the audit report compiled by the auditor in accordance with Section 162 of the German Stock Corporation Act (AktG), the applicable remuneration system for members of the Management Board pursuant to Section 87a(1) and (2) sentence 1 of the German Stock Corporation Act (AktG), which was approved by the Annual General Meeting on May 12, 2022, and the last remuneration resolution by the Annual General Meeting on May 6, 2021, pursuant to Section 113(3) of the German Stock Corporation Act (AktG) on the remuneration of Supervisory Board members are publicly accessible on the company's website at https://www.friwo.com/en/about/investor-relations/.

Remuneration reports for previous fiscal years are also made available at the above address in accordance with Section 162(4) of the German Stock Corporation Act (AktG).

Further information on the remuneration of the governing bodies of FRIWO AG can also be found in the notes to the consolidated financial statements and in the notes to the annual financial statements of FRIWO AG.

Ostbevern, April 22, 2025

Dominik Wöffen
Member of the Management Board

Klassen

Ina Klassen
Member of the Management Board

Consolidated Financial Statements

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Consolidated Income Statement

For the 2024 fiscal year

In EUR thousand	Note	2024	2023*
Revenue	(11)	**93,023**	**111,076**
Cost of sales		-81,053	-100,010
Gross profit		**11,970**	**11,066**
Selling expenses	(12)	-5,488	-4,163
General administrative expenses	(13)	-9,662	-11,453
Other operating expenses	(14)	-7,436	-13,544
Other operating income	(14)	7,012	10,726
Earnings before interest and taxes (EBIT)		**-3,605**	**-7,368**
Income from investments recorded using the equity method	(22)	43	-280
Interest income	(15)	21	12
Interest expense	(15)	-3,560	-3,444
Earnings before taxes (EBT)		**-7,101**	**-11,081**
Income taxes	(16)	852	-436
Consolidated net income		**-6,249**	**-11,517**

Earnings per share (basic and diluted) (in EUR)	(17)	**-0.73**	**-1.35**

* Previous year's figures have been restated. The restatements are explained in Note (6b).

Consolidated Statement of Comprehensive Income

For the 2024 fiscal year

In EUR thousand	Note	2024	2023*
Consolidated net income		**-6,249**	**-11,517**
Remeasurement of net liability from defined benefit plans	(30)	-190	-32
Deferred tax	(16)	59	10
Net result from the change in the net liability from defined benefit plans		**-131**	**-22**
Total changes in value recognized in other comprehensive income not subsequently reclassified to the income statement		**-131**	**-22**
Gains / losses from the translation of foreign operations		77	-1,074
Total changes in value recognized in equity that are subsequently reclassified to the income statement if certain conditions are met		**77**	**-1,074**
Total changes in value recognized in other consolidated comprehensive income		**-54**	**-1,096**
Total comprehensive income		**-6,303**	**-12,613**

* Previous year’s figures have been restated. The restatements are explained in Note (6b).

Consolidated Cash Flow Statement

For the 2024 fiscal year

In EUR thousand	Note	2024	2023*
Consolidated net income		**-6,249**	**-11,517**
Income from investments recorded using the equity method	(22)	-43	280
Tax expenses/income recognized in profit or loss	(16)	-852	436
Net interest recognized in profit or loss	(15)	3,539	3,433
Depreciation and amortization	(21)	3,577	4,856
Change in provisions	(30)(31)	-3,594	3,103
Result from the disposal of fixed assets	(14)	-670	3
Changes in inventories	(24)	9,499	7,920
Change in trade receivables and other assets not attributable to investing or financing activities (25)(26)		-1,625	17,156
Change in trade payables and other liabilities not attributable to investing or financing activities (34)(35)(36)		2,880	-17,633
Interest paid		-2,355	-2,754
Interest received		21	12
Income tax paid/received		-303	-357
Other non-cash effects		-712	-778
Cash flow from operating activities		**3,112**	**4,158**
Proceeds from disposals of property, plant and equipment / intangible assets		2,244	115
Payments for investments in intangible assets	(21)	-500	-1,037
Payments for investments in property, plant and equipment	(21)	-926	-1,912
Payments for investments in financial assets	(21)	0	-1,013
Cash flow from investing activities		**817**	**-3,847**
Repayment of current liabilities to banks (net)	(32)	-2,318	-1,378
Repayment of lease liabilities	(34)	-911	-1,121
Cash flow from financing activities		**-3,229**	**-2,499**
Net change in cash and cash equivalents		**700**	**-2,189**
Cash and cash equivalents at the beginning of the year	(27)	4,698	6,887
Cash and cash equivalents at the end of the year	**(27)**	**5,398**	**4,698**

* Previous year’s figures have been restated. The restatements are explained in Note (6b).

Consolidated Statement of Financial Position

As of December 31, 2024

Assets

In EUR thousand	Note	12/31/2024	12/31/2023*
Non-current assets			
Goodwill	(21)	0	153
Other intangible assets	(21)	2,635	3,780
Property, plant and equipment	(21)	4,241	6,575
Investment property	(21)	222	0
Right-of-use assets from leases	(23)	1,569	1,370
Deferred tax*	(16)	1,693	0
Investments recorded using the equity method	(22)	0	1,574
		10,361	**13,452**
Current assets			
Inventories	(24)	18,257	27,756
Trade receivables	(25)	4,047	3,073
Contract assets	(25)	13,530	13,775
Other financial assets	(26)	2,844	2,176
Income tax receivables		26	0
Other non-financial assets	(26)	3,747	3,181
Cash and cash equivalents	(27)	5,398	4,698
Assets held for sale	(28)	5,485	3,111
		53,333	**57,770**
Total assets		**63,694**	**71,223**

* Previous year’s figures have been restated. The restatements are explained in Note (6b).

Equity and Liabilities

In EUR thousand	Note	12/31/2024	12/31/2023*
Equity	(29)		
Subscribed capital		22,242	22,242
Capital reserves		28,328	28,328
Revenue reserves*		-46,933	-40,553
Other reserves		-291	-368
		3,346	**9,649**
Non-current liabilities			
Shareholder loans	(33)	12,820	12,202
Non-current liabilities to banks	(32)	0	1,840
Non-current lease liabilities	(34)	894	836
Provisions for pensions	(30)	2,228	2,178
Other non-current provisions	(31)	64	113
		16,006	**17,169**
Current liabilities			
Other current provisions	(31)	1,113	4,404
Current liabilities to banks	(32)	18,559	18,778
Current lease liabilities	(34)	767	665
Trade payables	(35)	18,885	16,322
Contract liabilities	(35)	293	299
Other financial liabilities	(36)	2,716	2,322
Income tax liabilities		929	426
Other non-financial liabilities	(37)	1,080	1,189
		44,342	**44,405**
Liabilities		**60,348**	**61,574**
Total liabilities		**63,694**	**71,223**

* Previous year’s figures have been restated. The restatements are explained in Note (6b).

Consolidated Statement of Changes in Equity

For the 2024 fiscal year

In EUR thousand	Subscribed Capital	Capital Reserves	Revenue Reserves		Other Reserves	Total Equity
			Other Revenue Reserves	Remeasurement of Defined Benefit Pension Plans	Currency Translation	
As of 12/31/2022	**22,242**	**28,328**	**-25,301**	**-1,063**	**706**	**24,912**
Restatement due to error correction (6b)			**-2,649**			
Subtotal 01/01/2023 after restatement	**22,242**	**28,328**	**-27,950**	**-1,063**	**706**	**22,263**
Consolidated net income, restated			-11,517			
Other consolidated comprehensive income				-22	-1,074	
Total comprehensive income			**-11,517**	**-22**	**-1,074**	
As of 12/31/2023	**22,242**	**28,328**	**-39,467**	**-1,085**	**-368**	**9,649**
Consolidated net income			-6,249			
Other consolidated comprehensive income			0	-131	77	
Total comprehensive income			**-6,249**	**-131**	**77**	
As of 12/31/2024	**22,242**	**28,328**	**-45,716**	**-1,216**	**-291**	**3,346**

Notes to the Consolidated Financial Statements

General Information

(1) Information about the Company

FRIWO AG and its subsidiaries are an international product and systems provider of power supply units, charging technology and digitally controllable drive solutions. The company covers numerous applications for various markets and sectors with its products.

Its address is:
FRIWO AG, Von-Liebig-Strasse 11, 48346 Ostbevern, Germany.
Registered office Ostbevern, Münster Local Court, HRB 11727.

The consolidated financial statements and the combined management report of FRIWO AG and the Group for the 2024 fiscal year are published in the German Federal Gazette (Bundesanzeiger).

VTC GmbH & Co. KG, Munich, prepares the consolidated financial statements for the largest group of companies, in which FRIWO AG is included. The company is therefore an affiliated company of VTC GmbH & Co. KG and its direct and indirect subsidiaries.

According to VTC GmbH & Co. KG, its subsidiary, Cardea Holding GmbH, Grünwald, held 81.59 percent of the shares in FRIWO AG as of December 31, 2024 (2023: 81.59 percent). The consolidated financial statements of FRIWO AG are included in the consolidated financial statements of VTC GmbH & Co. KG, which are published in Bundesanzeiger. Minda Industries Limited (a company of the UNO MINDA Group), New Delhi, India, holds 5.24 percent (2023: 5.24 percent) of FRIWO AG following a capital increase in the 2022 fiscal year.

The consolidated financial statements of FRIWO AG were approved by the Management Board for publication on April 22, 2025 (date of approval for presentation to the Supervisory Board).

Accounting Policies

(2) Declaration of Compliance with IFRSs

FRIWO AG is listed on a regulated market within the European Union. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the EU. The requirements of Section 315a of the German Commercial Code (HGB) are also met.

(3) Principles Applied in the Preparation of the Financial Statements

The key accounting policies applied in the preparation of these consolidated financial statements are presented below. Unless stated otherwise, the policies described were applied consistently to the reporting periods presented.

The consolidated financial statements were prepared in euros. Unless otherwise indicated, all amounts have been stated in thousands of euros (EUR thousand).

Financial Reporting Based on the Principle of the Ability to Continue as a Going Concern

In December 2023, FRIWO drew up a turnaround concept together with the restructuring consultant, Struktur Management Partner GmbH (SMP). SMP had previously prepared a restructuring report for FRIWO in 2020 as the basis for rearranging financing under a syndicated loan agreement in March 2020. This was last updated in March 2022 and provided for a restructuring period until the end of 2023. As follow-up financing for the end of 2023 was no longer likely due to significant deviations from the 2023 plan, the Management Board of FRIWO AG commissioned an updated restructuring concept in July 2023.

The restructuring concept included significant structural changes at the Ostbevern site, resulting in a significant change in the fixed cost structure. On the basis of this restructuring, FRIWO was able to extend the existing financing until the end of 2025. At the same time, the restructuring consultant confirmed the restructuring capability in a restructuring report.

The remaining production facilities in Ostbevern were purchased by the Hamburg-based investment company Private Assets SE & Co. KGaA (excluding the associated land and real properties) effective March 1, 2024. At the same time, the production of wound parts and other components was transferred to the Hong Kong-based partner Group Intellect Power Technology Limited (GIPT) as part of the flexibilization of the production base. The implementation of these two divestments significantly improved the liquidity situation and cost structure in the short term compared with the plans set out in the restructuring report.

FRIWO recorded a significant deviation from the revenue and earnings targets in its restructuring plan in the first half of 2024 due to the sharp downturn in the market. Partly with the aim of reducing the company’s debt, FRIWO's management decided to initiate a sales process for the divestment of the E-Drives division (excluding e-bikes) and to use the proceeds from the sale to partially repay the banks. In addition, FRIWO’s management pursued another project to sell the DIN rail power supply business to the sole customer for this product line. In late 2024 and early 2025, FRIWO signed agreements to sell its e-drives business, including its capital-intensive stake in the joint venture with UNO MINDA in India and its DIN rail power supply business. These decisions regarding the sales will enable FRIWO to refocus all its financial and human resources on its core activities in the future.

FRIWO will be able to largely reduce the Group's leverage with the proceeds from the sales. An enhanced equity ratio and anticipated positive earnings contributions also open up the possibility for FRIWO to refinance itself on the market again, which would ensure long-term financial stability.

Based on the measures taken, the Management Board expects the company to continue as a going concern, and the consolidated financial statements have been prepared on a going concern basis. This will also mark the successful completion of the FRIWO Group's restructuring. Compliance with the restructuring plan was reconfirmed by an external expert during the preparation of the financial statements for 2024 and found to be very probable.

Detailed information can be found in the risk report in the combined management report.

(4) Significant Judgments by FRIWO

Preparation of the consolidated financial statements in compliance with IFRS requires that assumptions and estimates are made that have an impact on the amount and recognition of assets and liabilities in the statement of financial position, income and expenses, and contingent liabilities.

The significant judgments relate to the recoverability of non-current assets (see Note (21)), the recognition and amount of provisions (see Notes (30) and (31)), the recognition of deferred tax assets on loss carryforwards (see Note (16)) and the calculation of fair values of assets acquired as part of business combinations (see Note (21)).

(5) Principles of Consolidation

The financial statements of the German and foreign subsidiaries included in the consolidated financial statements were prepared using uniform accounting policies.

The fiscal year of all fully consolidated companies, including FRIWO AG, corresponds to the calendar year (with the exception of Friemann & Wolf India Private Limited, which has a different fiscal year).

Receivables and liabilities between the Group companies are offset against each other. Revenue, interim results and all other intragroup expenses and income are eliminated.

The initial consolidation takes place on the acquisition date in accordance with the acquisition method. The date of acquisition is the date on which the FRIWO Group gains control of the acquired company. Control exists when FRIWO is exposed to variable returns from its exposure to the investee, has rights to such returns and has the ability to influence those returns through its power over the investee. The identifiable assets and liabilities acquired are measured at their acquisition date fair values. If the purchase price exceeds the newly measured assets, this will result in goodwill, which has to be capitalized. Any negative difference is recognized in profit or loss. The income and expenses of acquired companies are included in the consolidated financial statements from the time at which control is acquired. In the event of a sale, the income and expenses of acquired companies are included in the consolidated financial statements until the time at which control is lost.

Joint ventures are recorded using the equity method in accordance with IFRS 11. The equity method assumes that the interest is recognized at historical cost at the time the shares were acquired. This is subsequently adjusted by, among other things, the changes in equity – for example, from the current result less any distributions received. Goodwill is not shown separately for investments recorded using the equity method but recognized in the carrying amount of the investment. Should unscheduled impairments of the equity value become necessary, these are shown in income from investments recorded using the equity method.

(6) Changes to Accounting Policies

(6a) General Information

The consolidated financial statements of FRIWO as of December 31, 2024 were prepared according to the International Financial Reporting Standards (IFRSs) as applicable in the EU and the guidelines of the International Accounting Standards Board (IASB) applicable on the financial statement closing date. The term IFRS also includes those International Accounting Standards (IAS) that are still valid.

All interpretations (IFRIC) of the IFRS Interpretations Committee, for which application is compulsory for fiscal year 2024, were also applied.

The accounting policies are basically identical to those used in the previous year.

(6b) Restatement of Earlier Periods (IAS 8.41)

The published figures for the previous year have been restated for the following items.

Capitalization of Deferred Taxes

An error related to the capitalization of deferred taxes on loss carryforwards was corrected in the reporting year. IAS 12.35 imposes stricter requirements on the capitalization of deferred taxes on loss carryforwards in cases where there is a history of losses. They are recognized only to the extent that sufficient deferred tax liabilities exist and/or there is other convincing evidence of sufficient future positive income. The relevant deferred tax asset item has therefore been restated up to the amount of the existing deferred tax liabilities.

The relevant items in the previous year's financial statements have been restated as follows:

- Non-current assets: Reduction in active deferred taxes by EUR 3,091 thousand
- Equity: Reduction in revenue reserves by EUR 2,649 thousand
- Income taxes: Reduction in deferred tax income by EUR 442 thousand
- Consolidated net income: Reduction in consolidated net income by EUR 442 thousand to EUR -11,517 thousand
- Earnings per share: Reduction in earnings per share by EUR 0.06 to EUR -1.35

The following tables summarize the impact on the consolidated financial statements:

Consolidated Statement of Financial Position Assets In EUR thousand	Stated 12/31/2023	Restatement	Restated 12/31/2023
Non-current assets			
Goodwill	153		153
Other intangible assets	3,780		3,780
Property, plant and equipment	6,575		6,575
Right-of-use assets from leases	1,370		1,370
Deferred tax	3,091	-3,091	0
Investments recorded using the equity method	1,574		1,574
	16,543	**-3,091**	**13,452**
Current assets	**57,771**		**57,771**
Total assets	**74,314**	**-3,091**	**71,223**

Consolidated Statement of Financial Position Equity and Liabilities In EUR thousand	Stated 12/31/2023	Restatement	Restated 12/31/2023
Equity			
Subscribed capital	22,242		22,242
Capital reserves	28,328		28,328
Revenue reserves	-37,462	-3,091	-40,553
Other reserves	-368		-368
	12,740	**-3,091**	**9,649**
Non-current liabilities	**17,169**		**17,169**
Current liabilities	**44,405**		**44,405**
Liabilities	**61,574**		**61,574**
Total assets	**74,314**	**-3,091**	**71,223**

Consolidated Income Statement In EUR thousand	Stated 2023	Restate-ment	Restated 2023
Earnings before taxes (EBT)	**-11,081**		**-11,081**
Income taxes	6	-442	-436
Consolidated net income	**-11,075**	**-442**	**-11,517**
Earnings per share (basic and diluted) (in EUR)	**-1.29**		**-1.35**

Consolidated Cash Flow Statement In EUR thousand	Stated 2023	Restate-ment	Restated 2023
Consolidated net income	**-11,075**	**-442**	**-11,517**
Tax expenses/income recognized in profit or loss	-6	442	436
Cash flow from operating activities	**4,158**		**4,158**
Cash flow from investing activities	**-3,847**		**-3,847**
Cash flow from financing activities	**-2,499**		**-2,499**
Net change in cash and cash equivalents	**-2,189**		**-2,189**
Cash and cash equivalents at the beginning of the year	6,887		6,887
Cash and cash equivalents at the end of the year	**4,698**		**4,698**

(6c) Impact of Changes in Accounting Policies

New and revised standards and interpretations applied for the first time in the reporting period

The following standards, amendments to standards and interpretations were applied for the first time in the reporting period.

Standard	Title
Amendments to IAS 1	Classification of debt as current or non-current (including deferral of initial recognition date) and non-current liabilities with covenants
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 7 and IFRS 7	Supplier Financing Agreements

The amendments were applied for the first time in the 2024 fiscal year.

They did not have any material impact on the consolidated financial statements.

New and Revised Standards and Interpretations Already Adopted into EU Law

In addition, the IASB has published the following announcements:

Standard	Title	Mandatory application for fiscal years beginning on or after
Amendments to IAS 21	Lack of Exchangeability	01/01/2025

FRIWO will only apply all of the listed standards as of the date of the first mandatory application. According to the analyses carried out, there will be no material impact on the accounting in the consolidated financial statements for future fiscal years.

New and Amended Standards and Interpretations not yet Transposed into EU Law

The following revisions, which will enter into force in the coming years, have not yet been transposed into applicable EU law:

Standard	Title	Mandatory application for fiscal years beginning on or after
Amendments to IFRS 9 and IFRS 7	Classification and measurement of financial instruments	01/01/2026
Amendments to IAS 7, IFRS 1, IFRS 9 and IFRS 10	Annual improvements to IFRS – Volume 11	01/01/2026
IFRS 18	Presentation and Disclosure in Financial Statements	01/01/2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	01/01/2027

The effects of the amendments and changes that have not yet been adopted into EU law on FRIWO's consolidated financial statements are still being examined.

(7) Currency Translation

The Group's reporting currency is the euro, which corresponds to the reporting currency of FRIWO AG.

Each company within the Group determines its own functional currency. The items included in the financial statements of the respective company are measured using this functional currency. Foreign currency transactions are initially translated at the spot exchange rate between the functional currency and the foreign currency on the date of the transaction. Foreign currency monetary assets and liabilities in a foreign currency are translated into the functional currency at the year-end rate. All exchange differences are recognized in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items measured in a foreign currency at fair value are translated using the exchange rate valid at the time of the measurement of fair value.

The financial statements of foreign subsidiaries are translated using the functional currency concept in accordance with IAS 21 – The Effects of Changes in Foreign Exchange Rates. The statements of financial position are translated at the year-end rate on the closing date and the income statements at average rates since these companies are financially, economically and organizationally autonomous. The functional currency of companies abroad therefore corresponds to the respective national currency. The exchange differences resulting from translation are recognized in other comprehensive income.

The following exchange rates were used in currency translation:

	Closing Date		Average	
In foreign currency / euros	12/31/2024	12/31/2023	2024	2023
China (CNY)	7.5833	7.8509	7.7875	7.6591
U.S.A. (USD)	1.0389	1.1050	1.0824	1.0816
Vietnam (VND)	26,181.00	26,235.00	26,480.30	25,155.99
India (INR)	88.9335	91.9045	90.5563	89.3249

(8) Summary of Key Accounting Policies

The **income statement** is prepared using the function of expense method.

Revenue (revenue from contracts with customers) is recognized when control of the goods or services is transferred to the customers. At FRIWO, the performance obligation largely results from the manufacture and delivery of products. Services (development and tools) are not significant as a performance obligation. Revenue is recognized in the amount of consideration that the Group expects to receive in exchange for these goods and services. When revenue from customer-specific products that have no alternative use is recognized over time and there is a legal right to payment for the work completed to date, revenue is calculated on the basis of the manufacturing costs incurred plus the average customer-specific margin calculated in the reporting year.

The specifics of the contract mean that this conveys an accurate picture of the transfer of the goods.

Payment terms usually provide for payment within 60 days of the invoice being issued at the latest. As a rule, there are no significant financing components. The period between transfer of the goods and the payment date is no more than twelve months.

As a rule, the transaction price corresponds to revenue. If a contract contains several performance obligations, the transaction price is allocated to the performance obligations on a relative stand-alone selling price basis.

FRIWO recognizes a provision for the obligation to repair or exchange defective products under service-type warranties. As a rule, there are no assurance-type warranties.

Cost of sales comprises the manufacturing costs of the products sold and the purchase costs of the merchandise sold. In accordance with IAS 2 – Inventories, the costs of self-constructed products also include all production-related overheads including production-related depreciation and amortization in addition to directly attributable costs such as the cost of materials and labor costs.

This item also includes product-related development costs (minus capitalized development costs) and logistics costs.

Development costs are recognized as an expense in the period in which they are incurred. FRIWO capitalizes internally generated intangible assets if the requirements of IAS 38 are met, in particular if they are realizable, have an economic benefit and sufficient resources are available.

As of December 31, 2024, development expenses amounting to EUR 0.5 million were capitalized, which were incurred in 2023 and 2024 and are allocated to five development projects. As of the end of fiscal 2024, nine development projects related to the joint venture were deactivated in the amount of EUR 0.7 million and recognized in other operating expenses because the joint venture is classified as an asset held for sale. Capitalized development expenses are reported on the assets side of the statement of financial position under intangible assets. The capitalized expenses are amortized on a straight-line basis over the useful life after the development project is completed. The useful life on which the amortization of capitalized development costs is based depends on the product life cycle and generally amounts to three to five years. The conclusion of the development project constitutes the start of series production. There was no depreciation in the reporting year because the capitalized projects had not yet been put into series production. The first depreciation on capitalized development costs is expected in 2025.

The assets or disposal groups held for sale are assets that are highly likely to be sold.

The sale must be expected to be completed within one year from the date of classification as a completed sale. These may be individual non-current assets or groups of assets (disposal groups) (discontinued operations).

An impairment test in accordance with IAS 36 is performed one last time before reclassification as "assets held for sale."

Assets intended for sale are no longer depreciated according to schedule but are instead valued at their fair value minus selling costs if this is lower than the book value.

Deferred taxes are calculated in accordance with IAS 12 on temporary differences between the carrying amounts stated in the consolidated statement of financial position and the carrying amounts for tax purposes and on any loss carryforwards that may be deductible against tax. The tax relief or tax charges that will probably occur because of these differences in the future are recognized as assets or liabilities. Deferred tax assets on tax loss carryforwards are recognized only if realization of the claims to a reduction in tax from the anticipated use of loss carryforwards is reasonably certain in subsequent years. Please also refer to Note (6b) regarding the correction of errors in the previous year.

If the charges or relief based on deferred taxes are recognized in equity through other comprehensive income, the creation or reversal of deferred taxes also takes place through other comprehensive income. Consolidation measures also result in deferred tax measures.

Deferred taxes are calculated on the basis of the tax rates applicable or anticipated in the relevant countries at the time of realization in accordance with the current legal situation. A tax rate of 30 percent (previous year: 30 percent) is used for domestic companies.

If deferred tax assets exceed the amount of deferred tax liabilities, impairment is assessed on the basis of the anticipated trend in revenue at the respective Group company.

Deferred tax assets and liabilities are netted if the conditions for netting are met.

Financial instruments: financial assets within the meaning of IFRS 9 are measured at fair value upon initial recognition, with the exception of trade receivables without a financing component, which are measured at their transaction price upon initial recognition. They are subsequently recognized at amortized cost, at fair value in other comprehensive income (with or without recycling) or at fair value in profit or loss.

The classification of financial instruments is based on the business model in which the instruments are held and the composition of the contractual cash flows.

Financial assets measured at amortized cost are non-derivative financial assets with contractual payments that consist solely of interest and principal payments on the outstanding nominal amount and that are held with the aim of receiving the contractually agreed cash flows such as trade receivables or cash and cash equivalents.

Subsequent to initial recognition, these financial assets are measured at amortized cost using the effective interest method less impairment. Gains or losses are recognized in the consolidated profit or loss if loans and receivables are derecognized or impaired. The effects of currency translation are also recognized in profit or loss.

Impairment of financial assets: financial assets (except financial assets measured at fair value through profit or loss and equity instruments measured at fair value through other comprehensive income), contract assets pursuant to IFRS 15, lease receivables, loan commitments and financial guarantees are subject to the impairment model defined in IFRS 9.5.5.

The amount of impairment is measured in line with the expected loan losses. Expected loan losses result from the difference between the contractually agreed cash flows and the expected cash flows, measured at present value using the original effective interest rate.

Expected credit losses are recognized in three stages. For financial assets for which there has been no significant increase in default risk since initial recognition, the loss allowance is measured at an amount equal to 12-month expected credit losses (stage 1). In the event of a significant increase in default risk, the expected credit loss for the remaining term of the asset is determined (stage 2). FRIWO assumes in principle that the credit risk has increased significantly if receivables are 30 days past due. This principle can be rebutted if, in the respective individual case, there is reliable and supportable information indicating that the credit risk has not increased. If there are objective indications of impairment, the underlying assets must be allocated to stage 3.

The classes of assets largely of relevance to FRIWO for the application of the impairment model are trade receivables and contract assets, for which the simplified approach pursuant to IFRS 9.5.15 is applied. Accordingly, the loss allowance is always measured at an amount equal to lifetime expected credit losses. See Note (39) in the “Credit Risk” section for more details on the calculation of expected credit losses. There were no significant expected credit losses for all other assets subject to the impairment model pursuant to IFRS 9.5.5.

FRIWO generally assumes a default if contractual payments are more than 90 days past due. In individual cases, it also uses internal or external information that indicates that the contractual payments cannot be made in full. Financial assets are derecognized when there is no justifiable expectation of future payment.

Derecognition of financial assets: a financial asset (or a part of a financial asset or a part of a group of similar financial assets) is derecognized when the corresponding conditions of IFRS 9.3.2.3 et seq. are met. A financial liability is derecognized if the underlying obligation relating to the liability is settled, canceled or expires.

Intangible assets are recognized in accordance with the provisions in IAS 38 at the cost of purchase or manufacture and subject to scheduled straight-line amortization over their probable economic useful life. The useful life of intangible assets (excluding goodwill) amounts to three to six years. The amortization period and method are reviewed in each period. If there are indications of impairment and the recoverable amount is less than the amortized cost, the intangible assets are amortized on an unscheduled basis. If the reasons for the unscheduled amortization end, the assets are written up accordingly.

Amortization of intangible assets is recognized either in cost of sales or in selling or administration expenses in accordance with their objective allocation.

Goodwill is not subject to scheduled amortization but is tested for impairment once a year. A review is also carried out if events or circumstances occur that indicate that the carrying amount may not be recoverable. Impairment charges on goodwill are not reversed.

Property, plant and equipment are measured at amortized cost in accordance with IAS 16. In the case of internally constructed equipment, the manufacturing costs include all production-related overheads, including production-related depreciation and amortization in addition to direct costs. As a rule, borrowing costs are not included in the costs of purchase or manufacture. If they can be assigned directly to the acquisition, construction or manufacture of a qualified asset, they are capitalized in accordance with IAS 23 – Borrowing Costs. There are currently no applications for this.

Property, plant and equipment with a limited useful life is depreciated on a straight-line basis over its expected useful life, unless there are indications of impairment based on the actual useful life.

Scheduled depreciation on property, plant and equipment is essentially based on the following useful lives:

Buildings	8 to 50 years
Technical equipment and machinery	3 to 15 years
Operating and office equipment	3 to 15 years
Vehicles	6 to 8 years

The useful lives and depreciation methods used are reviewed in each period to ensure that the depreciation methods and periods correspond to the expected economic benefits from the respective items of property, plant and equipment.

Depreciation of property, plant and equipment is recognized either in cost of sales or in selling or administration expenses in accordance with their objective allocation.

More complex property, plant and equipment that consist of clearly separable components with different useful lives are divided into these components for the purposes of determining depreciation. Depreciation is then calculated using the useful lives of the individual components.

Servicing and repair costs are recognized as an expense. Maintenance expenses are capitalized if they increase the asset's future potential useful life.

IAS 40 does not contain any disclosure requirements for **investment property**. Investment property is reported separately from property, plant and equipment on the assets side of the statement of financial position. This item comprises land and buildings used to generate rental income. Financial investments are measured using the cost model. The fair value additionally disclosed in the notes was determined on the basis of a capitalized earnings valuation.

Investments recorded using the equity method are initially measured at the historic cost of the investment. In subsequent years, the historic cost is amended to reflect the share of the net assets attributable to FRIWO. Here, the carrying amounts are adjusted each year by the pro rata results, distributions and all other changes in equity. Goodwill is not shown separately but recognized in the carrying amount of the investment. It is not depreciated on a scheduled basis. Investments recorded using the equity method are written down on an unscheduled basis if the recoverable amount is less than the carrying amount.

Impairment of non-current, non-financial assets: on each closing date, the Group assesses whether there is any indication that an asset may be impaired. If there are such indications of impairment or an annual impairment test of the asset is required, the Group estimates the recoverable amount. The recoverable amount for an asset is the higher of the fair value of an asset or cash-generating unit (CGU) less costs to sell and its value in use. The recoverable amount is determined for each individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If the carrying amount of an asset exceeds its recoverable amount, the asset is considered to be impaired and its value is written down to its recoverable amount. To calculate the value in use, the estimated future cash flows are discounted to present value using an interest rate before taxes that reflects the present market assessment of the interest effect and the specific risks relating to the asset. Impairment losses of continuing operations are recognized in the expense categories that correspond to the function of the impaired asset.

The Group assesses on each reporting date whether an impairment recognized in previous periods no longer exists or may have decreased; goodwill impairment is not included in these assessments. If there are indications that this is the case, the recoverable amount is estimated. An impairment loss recognized at an earlier time must then be reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset shall be increased to its recoverable amount.

This increased carrying amount must not exceed the carrying amount that would result after taking into account depreciation if no impairment loss had been recognized in previous years. Such an increase in the carrying amount must be recognized immediately in the profit or loss for the reporting period.

In accordance with IAS 2 – Inventories, **inventories** are stated at cost or the lower net realizable value on the closing date in compliance with the principle of item-by-item valuation. The average method is applied to items that are interchangeable in accordance with IAS 2.25.

Manufacturing costs comprise direct materials, production costs and all production-related overheads including production-related depreciation and amortization. Interest expenses are not included in the costs of purchase or manufacture.

Contract balances: if one of the parties to the contract has performed their contractual obligations, a contract asset or contract liability is recognized depending on whether FRIWO has supplied the service or the customer has made the payment. Contract assets and liabilities are shown as current as they have accrued within the normal business cycle. Receivables are shown if the claim to receive consideration is no longer subject to any condition.

Receivables and other assets are accounted for at amortized cost. Receivables in foreign currency are translated using the closing rate in accordance with IAS 21 and differences from this translation are recognized in profit or loss. Impairment is measured using the expected credit loss (ECL) model in accordance with IFRS 9.

Miscellaneous trade receivables are measured in accordance with the simplified impairment model in compliance with IFRS 9. Here, the average default rates based on past due times are used to calculate the expected losses.

The **cash and cash equivalents** item in the statement of financial position comprises cash in hand, balances with banks and current deposits.

Provisions for pensions are reported on the liabilities side in accordance with the requirements of IAS 19.

Retirement benefit obligations from direct pension commitments are determined in accordance with the projected unit credit method, taking account of future changes to salaries and pensions. The present value of the obligation (DBO) is calculated by discounting the anticipated future cash outflows by an interest rate based on the interest rates on high-quality corporate bonds.

The interest portions of changes in provisions for pension are reported in the financial result and other expenses in the applicable positions in each case.

Other provisions are accounted for in accordance with IAS 37. They are recognized only when the company has a present (legal or constructive) obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be reliably estimated. The reported provisions sufficiently cover the risks in the consolidated financial statements resulting from obligations to third parties. The calculation is based on the probable utilization.

Provisions with a probable residual term of more than one year are stated at present value if the effect is material. Provisions where utilization is expected within one year are reported under current provisions.

Restructuring provisions: provisions for restructuring measures are recognized if the Group has drawn up a detailed, formal restructuring plan and this has been communicated to the parties concerned or implementation has begun before the closing date.

Liabilities are measured at amortized cost. Liabilities in foreign currency are translated at the closing date rate. Any differences arising compared with the rate when they were first recognized are netted through profit or loss. Interest is paid at market rates on non-current financial liabilities at FRIWO, meaning that the carrying amount is essentially equal to the fair value.

Leases: for all new contracts coming into effect on or after January 1, 2019, the Group checks whether the contract constitutes or contains a lease. However, the regulations of IFRS 16 are not applied to rights of use to intangible assets by exercising the option in question.

A lease is defined as a contract or part of a contract that grants the right to use an asset for a specific period in return for a fee. To apply this definition, the Group assesses whether the contract fulfills the following three conditions:

- The contract relates to an identified asset.
- The Group has the right to obtain substantially all the economic benefits from use of the identified asset during the entire useful life, taking account of its rights within the defined scope of the contract.
- The Group has the right to determine use of the identified asset during the entire useful life.

Each separate lease component is accounted for separately in the case of contracts with several separate lease components. In the case of contracts that contain non-lease components in addition to lease components, use is made of the option of not separating these components.

The Group recognizes a right-of-use asset and a lease liability in the statement of financial position on the date the lease asset is made available. On initial recognition, the historical cost of the right-of-use asset corresponds to the amount of the lease liability, adjusted for the Group's initial direct costs, an estimate of the costs for dismantling and removing the asset at the end of the lease and the lease payments paid before the lease starts less possible lease incentives. In subsequent periods, the right-of-use asset is measured at amortized cost.

The lease liability is measured as the present value of the lease payments paid during the term of the lease, using the interest rate on which the lease is based or, if this is not available, the incremental borrowing rate. As part of the subsequent measurement, the carrying amount of the lease liability is increased using the interest rate used for discounting and reduced by the lease payments made.

The lease payments included in the measurement of the lease liability comprise fixed payments (including de facto fixed payments) and variable payments that are linked to an exchange rate.

At present, the existing contractual agreements do not contain any residual value guarantees, termination or extension options of relevance for measurement. Accordingly, there were no penalties for possible terminations to be taken into account.

Changes to leases and remeasurements of lease liabilities are generally recognized directly in equity against the right-of-use asset. They are recognized in profit or loss in the income statement if the carrying amount of the right-of-use assets has already been reduced to zero or if this occurs because the lease has been partially terminated.

FRIWO depreciates the right-of-use assets on a straight-line basis from the date the lease asset is made available until the earlier of the end of the lease asset's economic life or until the end of the contract term. FRIWO also checks for impairment if there are indications to this effect.

FRIWO has opted to make use of the practical expedients for short-term leases and low-value leases, although there are presently no use cases for the latter. Instead of recording a right-of-use asset and a matching lease liability, the payments associated with these types of leases are recognized on a straight-line basis as expense in the income statement over the term of the lease.

Right-of-use assets and lease liabilities are shown separately in the statement of financial position.

When recognizing leases in the statement of financial position, the management of the Group takes the assumptions and estimates shown below as a basis with respect to determining the discount rate.

If the Group does not know the interest rate on which the lease is based, a matched-term, country- and currency-specific risk-equivalent incremental borrowing rate is determined on the basis of existing financing.

Management does not believe that contract-specific adjustments are necessary under the existing leases and therefore does not take them into account.

FRIWO reviews the parameters for deriving the incremental borrowing rate as required (conclusion of major new contracts).

The Group acts as lessor for parts of the property in Ostbevern in the 2024 fiscal year under an operating lease in connection with IAS 40. Intragroup leases are not recognized in accordance with IFRS 16 but are treated similarly to the agreements previously classified as operating leases at the lessee.

Contingent liabilities are not recognized as liabilities in the consolidated financial statements until utilization is probable. They are disclosed in the notes to the consolidated financial statements unless it is unlikely that they will be utilized. As an international company involved in various areas of business, FRIWO is exposed to a large number of legal risks. In particular, these may include risks from product liability, warranties, tax law, promised rights from corporate transactions and other legal disputes. The outcome of pending or future litigation cannot be predicted with reasonable assurance – hence, court decisions might result in expenses that are not fully covered by the insurance in place and that could have a material impact on the company's business and its results.

In the assessment of the Management Board, no unaccounted-for decisions that may have a material impact on the company's net assets, financial position and results of operations are expected in the legal proceedings that are pending at the financial statement closing date.

Events after the financial statement closing date that provide additional information on the position of the company as of the closing date are taken into account in the statement of financial position. Non-adjusting events after the financial statement closing date are solely dealt with in the notes to the financial statements (see Note (47)).

(9) Consolidated Companies

The consolidated financial statements include FRIWO AG and all German and foreign companies controlled by FRIWO AG through direct or indirect majority voting rights. According to IFRS 10, FRIWO AG controls an investee when it is exposed to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The scope of consolidation comprises two German and four foreign companies. Please refer to the shareholdings shown in Note (45).

A foreign joint venture was included in the consolidated financial statements using the equity method in 2024 (see Note (22)).

Segment Reporting of the FRIWO Group

(10) Segment Reporting

A business segment within the meaning of IFRS 8 is characterized, among other things, by the fact that its operating results are regularly reviewed by the company's chief operating decision-maker to make decisions about resources to be allocated to the segment and assess its performance. Accordingly, the FRIWO Group's chief operating decision-maker is the Management Board of FRIWO AG, which has central decision-making powers about the allocation of major resources.

The Management Board has access to various analyses from the regular internal reporting from Group companies, which analyze the company's performance from different perspectives in each case.

Here, the regional aspect plays a very important role in various forms. In this respect, the Management Board views regional differentiation as the fundamental criterion pursuant to IFRS 8 for the segment report.

Segments are defined by revenue for the regions Germany, Other Europe, Asia (excluding Japan) and Others. Revenue is allocated regionally according to customers' delivery addresses. Other business activities contain the expenses of the holding company that cannot be allocated to a regional segment.

Segment Information

In EUR thousand	Germany	Other Europe	Asia	Other Regions	Other Business Activities	**Total Segments**	Reconciliation	**Group**
2024								
Revenue	31,030	51,050	7,146	3,797	0	**93,023**	0	**93,023**
Depreciation and amortization	1,492	1,724	219	142	0	**3,577**	0	**3,577**
Operating earnings	-1,206	1,023	-1,145	106	-1,960	**-3,181**	0	**-3,181**
2023								
Revenue	44,297	44,813	14,648	7,318	0	**111,076**	0	**111,076**
Depreciation and amortization	2,362	1,759	456	279	0	**4,856**	0	**4,856**
Operating earnings	906	-1,074	-2,758	182	-1,805	**-4,550**	0	**-4,550**

Reconciliation of Segment Results

In EUR thousand	2024	2023*
Operating earnings of reportable segments	**-3,181**	**-4,550**
Other operating expenses and income	-425	-2,819
Income from investments recorded using the equity method	43	-280
Interest income	21	12
Interest expenses	-3,560	-3,444
Income taxes	852	-436
Consolidated net income	**-6,249**	**-11,517**

* Previous year's figures have been restated. The restatements are explained in Note (6b).

There are no intersegment activities. The segments are assessed on the basis of operating earnings. Financing and tax effects as well as other income or expenses are not taken into account. Since the internal reporting follows the principles of IFRS accounting, there are no reconciliation effects.

German sites accounted for 60 percent (previous year: 46 percent) and foreign sites for 40 percent (previous year: 54 percent) of the non-current fixed assets' carrying amounts.

The operating earnings of the reporting segments are determined by allocating depreciation and amortization asymmetrically based on this breakdown to the segments in accordance with the contribution of each site to the revenue of the respective segment.

In 2024, EUR 80.9 million (previous year: EUR 100.0 million) of revenue was recognized over time and EUR 12.1 million (previous year: EUR 11.1 million) at a point in time.

In 2024, FRIWO Group revenue broke down as follows: EUR 34.9 million to the power supply units (previous year: EUR 50.6 million), EUR 46.8 million to charging units (previous year: EUR 52.3 million) and EUR 11.3 million to "Others" (previous year: EUR 8.2 million).

One customer located in the geographical areas of Germany, Other Europe and Asia accounted for EUR 26.6 million (previous year: EUR 20.0 million) or 28.6 percent (previous year: 18.0 percent) of total revenue in the reporting year. Another customer accounted for EUR 10.4 million or 11.2 percent (previous year: EUR 18.8 million; 16.9 percent) of total revenue in the reporting year.

Notes to the Income Statement

(11) Revenue

The trend in revenue by region and product group is presented in the segment reporting in accordance with IFRS 8.

The transaction price, which was allocated to (partially) unfulfilled performance obligations on the closing date, amounted to EUR 30.2 million (previous year: EUR 35.9 million). Of this figure, it is anticipated that EUR 26.6 million (previous year: EUR 29.2 million) will be realized as revenue in the coming period.

(12) Selling Expenses

Selling expenses include personnel and material costs incurred by the sales departments as well as advertising costs and commission expenses.

(13) General Administrative Expenses

This section includes personnel and non-personnel costs for administration as well as costs for external services. In the 2023 fiscal year, this item included restructuring and personnel expenses of EUR 2.2 million. They are attributable to the restructuring report from December 2023, which was updated together with the restructuring expert and provided for the Ostbevern site to be restructured into a pure holding, sales and development site. The sale of the Ostbevern production site has eliminated a large part of the restructuring costs envisaged in the restructuring plan. Nevertheless, the plan provided for further measures to restructure individual functional areas. The implementation of these measures began in December 2023, which is why the associated expenses were recognized as a provision. The plan was reviewed and adjusted again following another revision of the restructuring report in 2024, in particular with respect to the decisions to sell off the e-drives business and the DIN rail power supply business. The restructuring provision was utilized and reversed in 2024 on this basis.

(14) Other Operating Expenses and Income

In EUR thousand	2024	2023
Losses from disposals of property, plant and equipment	-106	-3
Currency losses	-5,573	-11,003
Other expenses	-1,757	-2,540
Other operating expenses	**-7,436**	**-13,546**
Income from disposals of property, plant and equipment	777	0
Currency gains	5,149	10,174
Other income	1,086	553
Other operating income	**7,012**	**10,728**
Other operating expenses/income (net)	**-425**	**-2,819**

Other expenses include special expenses related to the divestment of the DIN rail power supply business and the divestment of the e-drives business (see Note (28)), including legal and consulting fees necessary for the M&A transactions (EUR 488 thousand).

Currency gains and currency losses resulted from the foreign currency measurement of receivables and liabilities in VND and USD and virtually canceled each other out.

(15) Financial Result

In EUR thousand	2024	2023
Investment result	43	-280
Other interest and similar income	21	12
Interest and similar expenses	-3,489	-3,370
Interest portion in the allocations to provisions for pensions and other post-employment benefits	-71	-75
Financial result	**-3,496**	**-3,713**

The improvement in the financial result year on year is mainly due to a positive investment result and lower interest expenses from factoring in the amount of EUR 736 thousand (2023: EUR 1,037 thousand).

Interest and similar expenses include interest expenses for bank debts of EUR 2,071 thousand (previous year: EUR 1,550 thousand), interest expenses for shareholder loans of EUR 618 thousand (previous year: EUR 616 thousand) and interest expenses for lease liabilities of EUR 58 thousand (previous year: EUR 167 thousand).

(16) Income Taxes

This item comprises the income taxes paid or accrued in the individual countries, plus deferred taxes. Income taxes are calculated in accordance with IAS 12 and break down as follows:

In EUR thousand	2024	2023*
Current income taxes	-722	-448
Taxes from previous years	-60	22
Deferred income taxes	1,634	-10
	852	**-436**

* Previous year's figures have been restated. The restatements are explained in Note (6b).

Current income taxes include EUR 482 thousand for withholding tax payable in Vietnam.

The income tax liabilities recognized in the statement of financial position relate primarily to foreign withholding taxes.

The deferred taxes reported relate to the following items in the statement of financial position:

	2024		2023*	
In EUR thousand	Assets	Liabilities	Assets	Liabilities
Intangible assets	0	160	0	290
Inventories	291	24	41	89
Receivables, contract assets and other assets	141	855	61	1,508
Provisions for pensions	295	127	710	551
Other provisions	12	3	16	5
Other liabilities	0	134	0	180
Tax loss carryforwards	2,258	0	1,796	0
	2,996	**1,303**	**2,624**	**2,624**
Offset	-1,303	-1,303	-2,624	-2,624
Consolidated statement of financial position	**1,693**	**0**	**0**	**0**

	Netted			Of Which		
In EUR thousand	2024	2023*	Changes	In Income Statement	On Transactions Recognized in Equity	Currency Translation
Intangible assets	-160	-290	130	130	0	0
Inventories	267	-48	315	315	0	0
Receivables, contract assets and other assets	-714	-1,447	733	733	0	0
Provisions for pensions	168	159	9	-50	59	0
Other provisions	10	11	-1	-1	0	0
Other liabilities	-134	-180	46	46	0	0
Tax loss carryforwards	2,258	1,796	462	462	0	0
Consolidated statement of financial position	**1,693**	**0**	**1,693**	**1,634**	**59**	**0**

* Previous year’s figures have been restated. The restatements are explained in Note (6b).

Total loss carryforwards (for corporate income tax and trade tax) amount to EUR 63.0 million. Deferred tax assets of EUR 1.7 million (previous year: EUR 0.0 million) were recognized for losses incurred in Germany in the amount of EUR 14.2 million (previous year: EUR 16.0 million).

This recognition is based on the assumption that loss carryforwards will be partially utilized in the five-year period beginning in the current 2025 fiscal year.

No deferred tax assets (EUR 14.9 million; previous year: EUR 10.6 million) were recognized on the additional tax loss carryforwards of EUR 48.8 million (previous year: EUR 34.9 million).

The following table shows the reconciliation from the notional to the actual tax expense:

In EUR thousand	**2024**	**2023***
Earnings before taxes	-7,101	-11,081
Expected tax expense[1)]	-2,162	-3,374
Tax rate differences	-244	-112
Non-recognition of deferred tax assets	2,001	3,861
Non-deductible other expenses	126	99
Capital increase transactions	0	0
Taxes for previous years	-60	22
Tax-free foreign earnings	-514	-38
Other, net	0	-22
Actual tax expense	**-852**	**436**

* Previous year's figures have been restated. The restatements are explained in Note (6b).

[1)] Expected tax expense at a tax rate for FRIWO AG of 30 percent (previous year: 30 percent)

(17) Earnings per Share

Earnings per share are calculated in accordance with IAS 33 – Earnings per Share on the basis of consolidated net income and amounted to EUR -0.73 for 2024 (previous year: EUR -1.35). The number of shares (8.6 million shares) did not change in the reporting year compared to the previous year.

Since there are no financial instruments outstanding that can be converted into shares, basic and diluted earnings per share are identical.

	2024	**2023***
Number of shares issued	8,554,496	8,554,496
Consolidated net income in EUR thousand	-6,249	-11,517
Earnings per share (in EUR)	**-0.73**	**-1.35**

* Previous year's figures have been restated. The restatements are explained in Note (6b).

Other Income Statement Disclosures

(18) Research and Development Costs

Expenses for research and development of EUR 3.3 million were recognized in the reporting year (previous year: EUR 4.4 million). Expenses were reduced by charges passed on to the joint venture in India (EUR 1.8 million) and from the capitalization of development costs in intangible assets (EUR 0.5 million). Group-wide expenditures for research and development, not adjusted for these effects, amounted to EUR 5.6 million. The costs, which largely constitute expenses for the project-related development of the product range, are included in the cost of sales.

(19) Other Income Statement Disclosures

Cost of sales, selling expenses and general administration expenses include the following types of expenditure:

Cost of Materials

In EUR thousand	2024	2023
Cost of raw materials, supplies and merchandise purchased	56,745	64,562
Cost of purchased services	869	1,312
	57,614	**65,874**

Personnel Expenses

In EUR thousand	2024	2023
Wages and salaries	16,471	23,702
Expenses for social security	2,449	3,464
Expenses for pensions and other benefits	35	3
	18,955	**27,169**

Depreciation and Amortization

In EUR thousand	2024	2023
Amortization of intangible assets	956	848
Depreciation of property, plant and equipment	1,800	2,351
Depreciation of investment property	9	0
Amortization and depreciation of right-of-use assets in accordance with IFRS 16	812	1,081
Impairment under IFRS 5	0	577
	3,577	**4,856**

The impairment from IFRS 5 in the previous year results from the sale of production in Ostbevern. This decision resulted in a fair value impairment of EUR -577.3 thousand being recognized.

Number of Employees

On average, the Group's employee numbers in the fiscal year were as follows:

Number of employees	2024	2023
Germany	100	160
Abroad	1,184	1,779
	1,284	**1,939**

As of December 31, 2024, 1,206 staff members (previous year: 1,701) were employed in the Group, of whom 85 (previous year: 155) were in Germany.

Notes to the Cash Flow Statement

(20) Cash Flow Statement

A reconciliation between the opening and closing figures for liabilities from financing activities is shown below:

In EUR thousand	Non-Current Liabilities	Shareholder Loans	Current Liabilities	Lease Liabilities	**Total**
As of 01/01/2023	**0**	**11,586**	**21,996**	**4,838**	**38,420**
Cash changes	0	0	-1,378	-1,121	**-2,499**
Non-cash changes	1,840	616	-1,840	-2,215	**-1,599**
As of 12/31/2023	**1,840**	**12,202**	**18,778**	**1,502**	**34,321**
Cash changes	0	0	-2,318	163	**-2,155**
Non-cash changes	-1,840	618	2,099	-3	**874**
As of 12/31/2024	**0**	**12,820**	**18,559**	**1,662**	**33,040**

Notes to the Statement of Financial Position

(21) Fixed Assets

Statement of changes in assets of the FRIWO Group for the 2024 and 2023 fiscal years

2024 In EUR thousand	Cost of Purchase						
	01/01/2024	Additions	Disposals	IFRS 5 Disposal Groups Held for	Reclassifi-cations	Exchange Differences	12/31/2024
Intangible assets							
Internally generated industrial property rights and similar assets	752	476	693	0	0	0	535
Goodwill	2,503	0	0	-2,503	0	0	0
Industrial property rights and similar rights and assets	9,194	24	352	-526	4	2	8,346
	12,448	**500**	**1,045**	**-3,029**	**4**	**2**	**8,881**
Property, plant and equipment							
Land and buildings	10,724	1	0	0	-211	4	10,517
Technical equipment and machinery	16,686	81	6,260	-1,811	138	14	8,848
Other plant, factory and office equipment	19,610	558	3,993	-2,139	264	27	14,327
Prepayments made and assets under construction	422	286	0	0	-427	0	281
	47,442	**926**	**10,254**	**-3,950**	**-235**	**44**	**33,973**
Financial assets							
Investments	2,013	43	0	-2,057	0	0	0
Investment property	0	0	0	0	231	0	231
	2,013	**43**	**0**	**-2,057**	**231**	**0**	**231**

2023 In EUR thousand	Cost of Purchase						
	01/01/2023	Additions	Disposals	IFRS 5 Disposal Groups Held for	Reclassifi-cations	Exchange Differences	12/31/2023
Intangible assets							
Goodwill	2,503	0	0		0	0	2,503
Industrial property rights and similar rights and assets	5,970	285	0		2,957	-18	9,194
Advance payments for intangible assets	2,957	752	0		-2,957	0	752
	11,430	**1,037**	**0**	**0**	**0**	**-18**	**12,448**
Property, plant and equipment							
Land and buildings	10,461	142	0		225	-104	10,724
Technical equipment and machinery	17,600	311	0	-5,041	261	-593	12,538
Other plant, factory and office equipment	18,987	764	0		101	-241	19,610
Prepayments made and assets under construction	440	695	115		-587	-11	422
	47,488	**1,912**	**115**	**-5,041**	**0**	**-950**	**43,294**

Depreciation and Amortization						Carrying Amount	
01/01/2024	Additions	Disposals	IFRS 5 Disposal Groups Held for	Exchange Differences	12/31/2024	12/31/2024	12/31/2023
0	0	0	0	0	0	535	752
2,350	0	0	-2,350	0	0	0	153
6,165	956	352	-526	2	6,245	2,100	3,028
8,515	**956**	**352**	**-2,876**	**2**	**6,245**	**2,636**	**3,933**
9,048	181	-34	0	4	9,267	1,250	1,676
14,774	642	6,483	-1,336	20	7,618	1,230	1,912
17,044	977	3,827	-1,374	27	12,847	1,480	2,566
0	0	0	0	0	0	281	422
40,866	**1,800**	**10,276**	**-2,709**	**50**	**29,731**	**4,241**	**6,575**
440	0	0	-440	0	0	0	1,574
0	9	0	0	0	9	222	0
440	**9**	**0**	**-440**	**0**	**9**	**222**	**1,574**

Depreciation and Amortization						Carrying amount	
01/01/2023	Additions	Disposals	IFRS 5 Disposal Groups Held for Sale	Exchange Differences	12/31/2023	12/31/2023	12/31/2022
2,350	0	0		0	2,350	153	153
5,334	848	0		-16	6,165	3,028	636
0	0	0		0	0	752	2,957
7,684	**848**	**0**	**0**	**-16**	**8,515**	**3,933**	**3,746**
8,917	175	0		-44	9,048	1,676	1,544
13,806	803	0	-3,571	-411	10,626	1,912	3,794
15,843	1,375	0		-174	17,044	2,566	3,144
0	0	0		0	0	422	439
38,566	**2,352**	**0**	**-3,571**	**-629**	**36,718**	**6,575**	**8,921**

The development projects taken into account for capitalized development costs are currently still under development. For this reason, no depreciation has been recognized in 2024.

Fixed assets are subject to collateral agreements; see Note (32).

Further disclosures on investment property:

In EUR thousand	12/31/2024
Land	147
Buildings	75
Investment property	**222**

In EUR thousand	2024
Rental income (lease income)	400
Expenses	-86
Depreciation and amortization	-9
	306

In EUR thousand	12/31/2024
Investment property	
Fair value	3,581

Testing Cash-Generating Units (CGUs) with Goodwill for Impairment

The goodwill of the FRIWO Germany CGU of EUR 153 thousand (previous year: EUR 153 thousand) is insignificant in relation to the total goodwill.

No impairment was required for the CGU. The transfers of the relevant fixed assets related to the divestments (e-drives business and DIN rail power supply business) do not indicate any need for impairment in 2024. As part of the sale of the e-drives business, goodwill amounting to EUR 153 thousand will be disposed of in 2025. Accordingly, goodwill will be reclassified as assets held for sale in accordance with IFRS 5.

Testing Assets and Cash-Generating Units Without Goodwill for Impairment

FRIWO checks whether there are any indicators that non-current assets require recognition of impairment. In accordance with IAS 36, an impairment test as part of the measurement of non-current assets is triggered by a triggering event.

The decision to sell the e-drives business and the DIN rail power supply business constitute triggering events that required an impairment test in accordance with IAS 36 (see Note (28)).

In recent years, there were no indicators that would have had any impact on the recoverability of non-current assets.

(22) Investments Recorded Using the Equity Method

The only company recorded using the equity method is the joint venture UNO MINDA EV SYSTEMS PVT. LTD., North West Delhi, Delhi, India, with the UNO MINDA Group, in which FRIWO holds an interest of 49.9 percent.

The object of the joint venture is the development and sale of e-mobility drive solutions for two- and three-wheel vehicles in India. The closing date for the joint venture is March 31 of each fiscal year, which corresponds to the closing date of the joint venture partner.

Investments Recorded Using the Equity Method – Reconciliation

In EUR thousand	Equity interest 01/01	Addition of proportionate equity from capital increase	Proportionate result	Other changes in equity	Equity interest 12/31
2023	840	1,014	-280	0	1,574
2024	1,574	0	43	0	1,617

The following tables contain the material items of the aggregated statement of financial position and the aggregated income statement of the company recorded using the equity method.

Investments Recorded Using the Equity Method – Statement of Financial Position Data as of December 31

In EUR thousand	**12/31/2024**	**12/31/2023**
Non-current assets	7,992	7,938
Current assets	18,242	11,184
Current liabilities (including provisions)	17,861	9,808
Non-current liabilities (including provisions)	5,784	6,809
Cash and cash equivalents	729	236
Current financial liabilities	16,890	9,680
Non-current financial liabilities	5,681	6,731
Equity	2,589	2,505
Percentage share	49.9	49.9
Proportionate equity	1,292	1,250
Group adjustments	0	0
Carrying amount of the investment	1,617	1,574

Investments Recorded Using the Equity Method – Earnings Data

In EUR thousand	**2024**	**2023**
Revenue	3,958	1,755
Annual result from continuing operations	87	-561
Scheduled depreciation and amortization	-87	-44
Interest income	0	0
Interest expenses	-732	-382
Income taxes	0	-209
Dividend paid to FRIWO	0	0
Other comprehensive income	0	0
Total comprehensive income	87	-561
Percentage share	49.9	49.9
Pro rata annual earnings after taxes	43	-280
Pro rata other comprehensive income after taxes	0	0
Pro rata total comprehensive income after taxes	43	-280
Group adjustments	0	0
Income from investments recorded using the equity method	43	-280

The carrying amount of the investment was reclassified to assets held for sale in accordance with IFRS 5 following the sale of the e-drives business. The carrying amount of the investment will be derecognized upon the final closing of the sale in fiscal 2025 (see Note (28)).

(23) Right-of-Use Assets

The following table shows the changes in right-of-use assets accounted for by the Group.

In EUR thousand	Land and Buildings	Other Office Equipment	Vehicle Fleet	Total
Cost of purchase				
As of 01/01/2024	4,355	78	167	4,600
Additions	1,005	0	0	1,005
Disposals	220	0	0	220
Remeasurement	0	0	0	0
Currency translation	14	0	0	14
As of 12/31/2024	**5,155**	**78**	**167**	**5,400**
Depreciation and amortization				
As of 01/01/2024	3,095	61	75	3,231
Additions	737	16	59	812
Disposals	220	0	0	220
Currency translation	8	0	0	8
As of 12/31/2024	**3,620**	**76**	**135**	**3,831**
Carrying amount				
As of 12/31/2024	**1,534**	**2**	**32**	**1,569**

The figures were as follows in the previous year:

In EUR thousand	Land and Buildings	Other Office Equipment	Vehicle Fleet	Total
Cost of purchase				
As of 01/01/2023	6,791	78	163	7,032
Additions	0	0	54	54
Disposals	0	0	51	51
Remeasurement	-2,100	0	0	-2,100
Currency translation	-335	0	0	-335
As of 12/31/2023	**4,355**	**78**	**167**	**4,600**
Depreciation and amortization				
As of 01/01/2023	2,254	45	68	2,367
Additions	1,007	16	58	1,081
Disposals	0	0	51	51
Currency translation	-166	0	0	-166
As of 12/31/2023	**3,095**	**61**	**75**	**3,231**
Carrying amount				
As of 12/31/2023	**1,260**	**18**	**91**	**1,370**

The Group has concluded several real estate leases. This primarily includes leased foreign production facilities and offices.

Right-of-use assets recognized under operating and office equipment are primarily photocopiers.

There are also several vehicle leases.

In some cases, maintenance, servicing and/or insurance obligations are associated with the leases.

Please refer to the information on the corresponding lease liabilities in Note (34) “Lease Liabilities”.

(24) Inventories

In EUR thousand	12/31/2024	12/31/2023
Raw materials and supplies	16,669	21,468
Unfinished goods and work in progress	3,141	5,157
Finished goods and products	882	1,104
Advance payments on inventories	46	27
Assets held for sale in accordance with IFRS 5	-2,482	
	18,257	**27,756**

The raw materials and supplies have been reduced by the assets held for sale (see Note (28)).

As of December 31, 2024, valuation allowances amounted to EUR 5.8 million (previous year: EUR 5.9 million). The carrying amount of inventories recognized at net realizable value amounted to EUR 1.2 million (previous year: EUR 1.2 million) at the end of the reporting year. As of , valuation allowances amounted to EUR 0.1 million (previous year: increase of EUR 1.8 million). Assets recognized at EUR 1.3 million were also scrapped (previous year: EUR 0.5 million).

In determining the sales market-related valuation allowances, in addition to current price trends on the sales side, inventory coverage, expected consumption and marketability are also included in the measurement to determine net realizable value. To this end, assumptions were made as to future revenue expectations at product level.

In EUR thousand	12/31/2024	12/31/2023
Revaluation of raw materials	-3,789	-4,302
Revaluation of semi-finished products	-301	-325
Revaluation of finished products	-558	-268
Revaluation of merchandise	-1,113	-956
	-5,762	**-5,850**

Inventories are subject to collateral agreements; see Note (32).

(25) Trade Receivables and Contract Balances

FRIWO sells some of its **trade receivables** in the form of non-recourse factoring. This means that the assigned receivables no longer feature in FRIWO’s statement of financial position since all opportunities and risks – especially the del credere risk – are transferred to the factor.

FRIWO has not retained control either, according to IFRS 9.3.2.6, since the factor has the ability and is legally able to sell the receivable to a third party.

FRIWO retains neither the contractual obligations and rights since control passes to the factor according to IFRS 9.3.2.6, nor does it acquire any new obligations and rights from the transfer or sale of receivables to the factor. Therefore, there is no continuing involvement as defined in IFRS 7.

The factor makes most of the purchase price available to FRIWO as cash. Furthermore, the receivables not purchased by the factor are pledged as security for its receivables. For the period between purchase and payment being received, the factor receives an interest rate of a reference interest rate plus a 1.7 percent interest margin.
There are no receivables that are more than 360 days past due that have not been written down. For receivables that are neither past due nor impaired, no indications were identified that the respective debtors will default on their payment obligations.

Contract assets will be fully realized or fulfilled within the next year. The contract assets of EUR 13.5 million (previous year: EUR 13.8 million) relate to products that have not yet been invoiced and largely have the same risk characteristics as trade receivables.

Past due receivables amounted to EUR 11.6 million as of December 31, 2024. The following table shows the valuation allowances calculated on the basis of expected credit losses.

In EUR thousand	12/31/2024	12/31/2023
Valuation allowances based on receivables being past due	68	144
Valuation allowances recognized on an individual basis	1,464	149
Valuation allowances for trade receivables and contract assets	**1,532**	**293**

The contract liabilities of EUR 0.3 million (previous year: EUR 0.2 million) relate to advance payments for development costs, which are realized in revenue and profit or loss for the following series production. The balances reported at the beginning of the reporting period were fully recognized in full as revenue in the reporting period.

Receivables are subject to collateral agreements; see Note (32).

(26) Other Assets

Other Financial Assets

The purchase price retention from factoring amounts to a percentage of the value of the gross receivable sold and serves to protect the factor vis-à-vis the company in order to cover the usual discounts and bonus payments, the general fees and the risk associated with the legal validity of the receivables.

In EUR thousand	12/31/2024	12/31/2023
Purchase price retention from factoring	2,327	1,536
Rent deposits	332	490
Miscellaneous financial assets	184	151
	2,844	**2,176**

Other Non-Financial Assets

The increase is mainly due to higher receivables from import sales tax for the import of merchandise.

There were no write-downs of financial and non-financial assets on the closing dates.

In EUR thousand	12/31/2024	12/31/2023
Other income tax receivables, customs duties	3,343	2,468
Accrued items	404	713
	3,747	**3,181**

(27) Cash and Cash Equivalents

In EUR thousand	12/31/2024	12/31/2023
Checks and cash in hand	4	5
Bank balances	5,394	4,693
	5,398	**4,698**

Bank balances include an amount of EUR 3.2 million (previous year: EUR 0.1 million) owed to the factor for that portion of the purchase price of the receivables assigned to the factor that has not yet been claimed but can be called at any time (cash equivalents).

This definition of cash and cash equivalents is also used in the statement of cash flows.

Receivables are subject to collateral agreements; see Note (32).

(28) Assets Held for Sale and Disposal Groups

The asset groups held for sale are two disposal groups for which the intention to sell was resolved in 2024:

1. **DIN Rail Power Supply Business**

2. **E-Drives Business Including the Capital-Intensive Stake in the Joint Venture with UNO MINDA in India**

No valuation adjustments were made in connection with assets held for sale.

The assets held for sale mainly relate to the Germany segment.

This is shown separately in the statement of financial position:

In EUR thousand	2024
1. DIN Rail Power Supply Business	
Property, plant and equipment	356
Inventories	2,482
2. E-Drives Business Including the Capital-Intensive Stake in the Joint Venture with UNO MINDA in India	
Goodwill	153
Property, plant and equipment	876
Investments recorded using the equity method	1,617
Assets held for sale	**5,485**

Expenses incurred in connection with the disposals are disclosed in Note (14).

1. DIN rail power supply business

On December 31, 2024, FRIWO announced the conclusion of a framework agreement to spin off its business with customer- and application-specific power supply solutions for DIN rails. The implementation of the master agreement is still subject to various conditions and should be completed by mid-2025. The new owner will acquire the related revenue and income as well as the assets associated with the products and production. The approximately 150 employees will be taken on by the buyer.

Before reclassifying the assets as held for sale at the time of the term sheet signing in November 2024, an impairment test was carried out for the last time in accordance with IAS 36, which did not result in any impairment.

The impairment test following the classification as held for sale based on the difference between the carrying amount and the fair value minus selling costs did not result in any impairment, either.

2. E-drives business including the capital-intensive stake in the joint venture with UNO MINDA in India

On February 14, 2025, FRIWO announced that it was divesting its e-drives business, including its 49.9 percent stake in UNO MINDA EV SYSTEMS PRIVATE LIMITED. The Management Board of FRIWO AG had previously signed a term sheet with UNO MINDA in November 2024.

The contracts signed in mid-February cover the sale of the two- and three-wheeler applications of the e-drive range; all the other e-mobility system ranges will remain with FRIWO.

The transaction is still subject to various conditions and should be completed during the first half of 2025.

As part of the transaction, FRIWO is selling the assets attributable to the e-drives business. These assets mainly comprise certain testing and inspection systems and intangible rights (in particular, knowledge and intellectual property) relating to the products developed by FRIWO for UNO MINDA EV SYSTEMS and manufactured and distributed by the latter, as well as the capital-intensive investment in the joint venture with UNO MINDA. The approximately 50 employees will also be taken on by the buyer.

Before reclassifying the assets as held for sale at the time of the term sheet signing in November 2024, an impairment test was carried out for the last time in accordance with IAS 36, which did not result in any impairment.

The impairment test following the classification as held for sale based on the difference between the carrying amount and the fair value minus selling costs did not result in any impairment, either.

Own work capitalized was recognized in the previous year as part of the e-drives business. It was supposed to be gradually written off using future license income. However, as no future license income is expected from the sale of the joint venture interest, own work capitalized in the amount of EUR 0.7 million has already been fully derecognized as of December 31, 2024 (see Note (21)). This capitalized own work was not the subject of the contract.

In the previous year, the following figures were reported in connection with the sale of the production site in Ostbevern and component production in Vietnam.

In EUR thousand		**2023**
Sale of Ostbevern production site	Property, plant and equipment	0
	Inventories	0
Sale of component production, Vietnam	Property, plant and equipment	893
	Inventories	2,218
Assets held for sale		**3,111**

The sale of component production in Vietnam resulted in cash inflows of EUR 3.7 million in the 2024 fiscal year.

(29) Equity

The subscribed capital and capital reserve relate to FRIWO AG. The share capital of FRIWO AG of EUR 22.2 million is divided into 8.6 million no-par value bearer shares with equal rights. Each share therefore represents a share of subscribed capital of EUR 2.60. The contributions to the share capital are fully paid. FRIWO AG does not hold any treasury shares either directly or indirectly. The capital reserve is available to offset possible future losses and, in part, to increase the share capital within the restrictions of Section 150 of the German Stock Corporation Act (AktG), but not for disbursements. The number of shares issued has not changed in the 2024 fiscal year.

Pursuant to Article 4(4) of the Articles of Association, the Management Board is authorized, with the approval of the Supervisory Board, to increase the share capital by up to EUR 11.12 million by issuing new bearer shares against cash and/or non-cash contributions on one or more occasions (Authorized Capital) until June 12, 2029. The Management Board may, with the approval of the Supervisory Board, exclude shareholders' subscription rights for certain purposes. The Management Board has not made use of the authorization in the 2024 fiscal year. The authorized capital of EUR 11.12 million is therefore still in place.

The capital reserve primarily includes the statutory minimum reserve of FRIWO AG.

The revenue reserves contain the differences from the capital consolidation, the results of the reporting year and previous years, reduced by dividends paid in the past and parts of other comprehensive income not reclassified to the income statement.

Other reserves include the cumulative results of changes in equity recognized in other consolidated comprehensive income that relate to currency effects not recognized in profit or loss that result from the translation of the annual financial statements of foreign subsidiaries.

In its separate financial statements as of December 31, 2024, prepared under the German Commercial Code, FRIWO AG reported an accumulated loss of EUR -55,712 thousand (previous year: EUR -46,225 thousand) after offsetting against the results carried forward. Statements on capital management can be found in the section on financial risk management (Note (39)).

(30) Provisions for Pensions

The liabilities that exist exclusively in Germany are largely tenure-related pension benefits based on fixed amounts. In addition, there is also a commitment based on income and tenure. These commitments are solely individual agreements.

Actuarial measurement is based on various assumptions. These include determining the discount rates, future increases in wages and salaries, the mortality rates and future increases in pensions. All assumptions are reviewed on each closing date.

The actuarial calculation is based on the following parameters: a discount rate of 3.18 percent (previous year: 3.42 percent), a salary trend of 3.80 percent (previous year: 3.80 percent) and, besides individually stipulated pension adjustments, a pension trend of 1.90 percent (previous year: 1.90 percent).

Pensions and the pension trend are reviewed every three years. The mortality tables 2018 G of Dr. Klaus Heubeck were used with regard to life expectancy. The development of pension obligations is documented by actuarial reports.

Past service cost and interest expense is recognized in the income statement, while changes in actuarial gains and losses are a component of other consolidated comprehensive income.

The present value of the defined benefit obligation developed as follows:

In EUR thousand	2024	2023
Defined benefit obligation (DBO) as of 01/01	**2,178**	**2,287**
Current service cost (present value of the pension claims earned in the fiscal year)	0	0
Interest expense	71	75
Remeasurement effects		
Actuarial gains (-)/losses (+) from changes in financial assumptions	196	0
Actuarial gains (-)/losses (+) from changes in financial assumptions	0	0
Experience adjustment	0	32
Benefits paid	-217	-215
Defined benefit obligation (DBO) as of 12/31	**2,228**	**2,178**

The present value of the defined benefit obligation corresponds to the deficit in the plan since there are no plan assets.

The pension payments expected next year amount to EUR 223 thousand. The weighted average term of the obligation was seven years at the closing date (previous year: seven years).

Given the complexity of the measurement, the underlying assumptions and their long-term nature, any defined benefit obligation reacts very sensitively to changes in these assumptions.

FRIWO is exposed to these actuarial risks.

An increase or decrease in the key actuarial assumptions would have the following effects:

In EUR thousand		Increase	Decrease
2024	Discount rate +/- 1 %-point	-153	174
	Salary and pension trend +/ - 0.25 %-points	35	-34
2023	Discount rate +/- 1 %-point	-151	173
	Salary and pension trend +/ - 0.25 %-points	35	-34

The effects were established using the same methods as were used to measure the obligation at the end of the year. In the process, the effects were considered in isolation, i.e. any dependencies that may exist between the investigated parameters were disregarded.

(31) Other Provisions

In EUR thousand	As of 01/01/2024	Utilization	Reversal	Allocation	As of 12/31/2024
Other non-current provisions					
Personnel and social welfare related	113	49	0	0	64
	113	**49**	**0**	**0**	**64**
Other current provisions					
Warranties	582	274	0	89	397
Anticipated losses	37	37	0	28	28
Other	1,552	1,405	0	541	688
Restructuring	2,234	370	1,864	0	0
	4,404	**2,085**	**1,864**	**658**	**1,113**

Non-current provisions were calculated by discounting. The increase in the discounted amount during the reporting period due to the passage of time amounted to EUR 2 thousand (previous year: EUR 2 thousand). A maturity-matched interest rate was chosen for discounting. The effect of the change in interest rates was immaterial.

Provisions for guarantees serve to cover guarantee obligations based on products/services provided. The anticipated losses relate to onerous contracts in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

FRIWO Gerätebau GmbH offers its employees the option of placing wage and salary components in long-term accounts. The value of provisions from employee-financed long-term accounts is determined in accordance with the performance of the capitalized value of the matching life insurance policy. A net value is reported.

Please refer to Note (13) for information on the restructuring provision.

Other provisions in the 2024 fiscal year include the costs for the audit of the annual financial statements. They were recognized in trade payables as of December 31, 2023.

(32) Liabilities to Banks

12/31/2024	Carrying Amount	Current	Non-Current	
In EUR thousand		Up to 1 Year	1 to 5 Years	More than 5 Years
Non-current syndicated loan	0	0	0	0
Current syndicated loan	9,902	9,902	0	0
Other current	8,657	8,657	0	0
	18,559	**18,559**	**0**	**0**

12/31/2023	Carrying Amount	Current	Non-Current	
In EUR thousand		Up to 1 Year	1 to 5 Years	More than 5 Years
Non-current syndicated loan	1,840	0	1,840	0
Current syndicated loan	11,603	11,603	0	0
Other current	7,175	7,175	0	0
	20,618	**18,778**	**1,840**	**0**

Liabilities to banks are collateralized.

They are collateralized by a land charge, a global assignment of receivables that cannot be factored, the transfer of ownership of movable non-current and current assets by way of security, the transfer of industrial property rights by way of security and the pledging of bank accounts (without disposal restrictions). The provision of collateral amounts to EUR 18.6 million of the carrying amounts reported in the statement of financial position.

In addition, financial covenants were defined and reporting and documentation obligations stipulated for the syndicated loan.

The credit agreement also stipulates that FRIWO AG will not pay any dividends during the restructuring period, which will run until the end of 2025.

The weighted average interest rate for liabilities to banks was 7.2 percent in 2024 (previous year: 6.9 percent).

The credit facilities were as follows at the end of the year:

In EUR thousand	Credit Facilities	Utilization	Available Credit Facilities
12/31/2024	18,687	18,559	128
12/31/2023	22,210	20,618	1,592

The syndicated loan agreement signed in the first quarter of 2020 consists of an amortizing term credit facility of EUR 10.4 million and two additional, revolving operating credit facilities of EUR 8.3 million and EUR 2.0 million.

In 2023, all three tranches were extended until December 31, 2025. The agreement provides for repayments of Tranche A of EUR 0.45 million per quarter in 2024. The remaining EUR 1.84 million will be repaid in 2025.

No repayments were required on the operating credit facilities until the end of 2020 before quarterly repayments of EUR 0.25 million were made on the amortizing term credit facilities in fiscal 2021. In 2022, quarterly repayments increased to EUR 0.7 million each. Further repayments totaling EUR 2.1 million were made in 2023.

Further repayments totaling EUR 3.8 million were made in 2024. The liability from the syndicated loan therefore amounted to EUR 9.9 million as of December 31, 2024 (December 31, 2023: EUR 13.4 million).

The transaction costs in connection with the extension of the syndicated loan agreement (EUR 0.5 million) were deferred and charged directly to equity and will be amortized over the remaining term.

The Vietnamese subsidiary has also retained a bilateral credit facility with a local bank in Vietnam.

At the time the financial statements are being prepared, the financing of the FRIWO Group is secured until December 31, 2025 through the existing syndicated loan agreement.

The restructuring period also runs until the end of 2025. Compliance with the restructuring plans was again confirmed – as overwhelmingly likely – by external experts as part of the preparation of the 2024 annual financial statements.

(33) Shareholder Loans

The shareholder loans provided by the major shareholder VTC GmbH & Co. KG, who made these loans available through its subsidiary Cardea Holding GmbH, Grünwald, in the years from 2020 to 2022, also made a significant contribution to securing the FRIWO Group's liquidity. FRIWO did not take out any additional shareholder loans from Cardea Holding GmbH in the 2024 fiscal year.

In 2024, interest of EUR 618 thousand (previous year: EUR 616 thousand) was incurred on the shareholder loans.

The balance of the shareholder loan including accrued interest is EUR 12.8 million as of December 31, 2024 (previous year's closing date: EUR 12.2 million).

The shareholder loans are not subject to a fixed maturity date. Repayment cannot be made until there are no longer any obstacles to the successful restructuring of the FRIWO Group and both the restructuring and sustainable financing have been secured.

(34) Lease Liabilities

Lease liabilities break down as follows:

In EUR thousand	12/31/2024	12/31/2023
Land and buildings	1,611	1,380
Other operating and office equipment	3	18
Vehicle fleet	47	103
	1,661	**1,502**

In the prior period, in connection with the sale of the component production facility in Vietnam, FRIWO exercised its option to terminate a lease agreement for a plant in Vietnam that was scheduled to run until 2027, resulting in a remeasurement of the lease liability for land and buildings.

No material expenses for short-term leases were incurred in fiscal 2024. The total cash outflow from leases for fiscal 2024 came to EUR 911 thousand (previous year: EUR 1,288 thousand).

A maturity analysis of lease liabilities is provided in Note (39) with the disclosures about liquidity risk.

Lease liabilities are secured by the leased asset on which the lease is based.

The corresponding right-of-use assets are shown in the statement of financial position under the item “right-of-use assets” with a carrying amount of EUR 1,569 thousand (previous year: EUR 1,370 thousand).

See Note (23) “Right-of-Use Assets” for details.

(35) Trade Payables

Depending on when payment is due, payment obligations are reported as non-current or current. The payment obligations reported under trade payables are all due within a year and must be reported as current in this respect.

The application of the new IAS 7/IFRS 7 Supplier Finance Arrangements has no impact on FRIWO.

(36) Other Financial Liabilities

In EUR thousand	12/31/2024	12/31/2023
Personnel-related liabilities	2,612	1,875
Debtors with credit balances	25	139
Miscellaneous financial liabilities	79	308
	2,716	**2,322**

Personnel liabilities include provisions for bonuses and severance payments. The increase in the bonus as of the end of 2024 is due to above-average target achievement for the variable salary components for the 2024 fiscal year.

Other financial liabilities are current liabilities.

The other financial liabilities include, without limitation, liabilities from factoring due to the foreign currency valuation as of the closing date. The decline in 2024 is due to the lower sales volume and therefore the lower utilization of factoring.

(37) Other Non-Financial Liabilities

In EUR thousand	12/31/2024	12/31/2023
Deferred personnel-related liabilities	519	817
Other taxes	285	321
Other liabilities	276	51
	1,080	**1,189**

Other Disclosures in the Notes

(38) Other Financial Commitments and Contingent Liabilities

Other Financial Obligations

As of December 31, 2024, the purchase commitment for intangible assets and property, plant and equipment was EUR 88 thousand (previous year: EUR 3 thousand).

Guarantees and Contingent Liabilities

FRIWO AG or one of its subsidiaries are not involved in current or foreseeable court or arbitration proceedings that could have a considerable impact on the economic position.

(39) Financial Risk Management and Derivative Financial Instruments

Credit Risk

Credit risk is the risk that business parties do not fulfill their contractual obligations and FRIWO incurs a financial loss as a result. FRIWO is exposed to default risks, especially for trade receivables, as part of its business activities. Receivables are due from a large number of customers. These regularly include substantial individual receivables due from major customers (see Note (10) for more details). The credit default risks resulting from receivables is countered by a systematic process when selecting customers, by analysis of payment history and by setting appropriate credit limits. FRIWO companies sell their products only to customers that have previously undergone a credit check. Certain receivables are also sold under a factoring agreement, meaning that significant credit risks are transferred. If default risks are discernible among financial assets, these risks are recognized through valuation allowances. Due to the good credit standing of its customers, FRIWO estimates that credit risk is generally low. Valuation allowances for trade receivables and contract assets are calculated using the simplified approach permitted by IFRS 9.5.5, where stage 1 of the recognition of expected credit losses is omitted.

Instead, these assets are written down either in accordance with level 2 or level 3. All trade receivables and contract assets where there are no indications of creditworthiness being impaired are recognized at level 2. In the process, average default rates determined on the basis of past-due times and other factors are used to calculate the expected losses. The expected losses are a product of the default rates and the loss on default, which is stated at 100 percent of the amount of the receivable. If there are indications of impaired creditworthiness, the receivable is transferred to Level 3.

In particular, awareness of the debtor's financial difficulties combined with an increased likelihood of insolvency should be taken as indications of impaired creditworthiness. For trade receivables and contract assets where creditworthiness is impaired, the expected credit loss is estimated on an individual basis.

For other financial assets and cash and cash equivalents covered by the impairment model of IFRS 9, which are subject to the general approach, the probability of default was viewed as minor both within the next twelve months and within the entire term based on past figures. There were no indicators either that the default risk had increased significantly compared with past information.

The amount of the maximum default risk corresponds to the carrying amount of the trade receivables, contract assets and other financial assets recognized on the closing date.

Liquidity Risk

FRIWO regularly carries out a liquidity planning process for the Group in order to be able to identify any possible liquidity bottleneck in good time. The maturities of financial assets and financial liabilities and estimates of operating cash flows are included in short- and medium-term liquidity management. FRIWO manages its liquidity by the Group holding sufficient cash and cash equivalents in addition to the cash inflow from operating activities and maintaining credit facilities with banks. The option of selling receivables also reduces the Group's liquidity risk.

The following liquidity analysis shows the maturities of the contractually stipulated undiscounted interest and principal payments on liabilities to banks and the maturity structure of leases (see Notes (32) and (34)). Variable rate interest payments on financial instruments were based on interest rates last fixed before December 31, 2024. All other current liabilities have no interest portion.

12/31/2024		**2025 Cash Flows**		**2026 Cash Flows**		**Cash Flows 2027+**	
In EUR thousand	Carrying Amount	Interest Paid	Principal Paid	Interest Paid	Principal Paid	Interest Paid	Principal Paid
Liabilities to banks	**18,559**	**1,831**	**18,559**	**0**	**0**	**0**	**0**
Lease liabilities	**1,661**	**148**	**767**	**80**	**262**	**56**	**632**

12/31/2023		**2024 Cash Flows**		**2025 Cash Flows**		**Cash Flows 2026+**	
In EUR thousand	Carrying Amount	Interest Paid	Principal Paid	Interest Paid	Principal Paid	Interest Paid	Principal Paid
Liabilities to banks	20,618	1,775	18,778	521	1,840	0	0
Lease liabilities	1,502	92	758	46	460	17	284

There are various guarantees and collateral provided by FRIWO for the syndicated loan and for the Vietnamese subsidiary's bilateral working capital financing. In addition, reporting and documentation obligations were stipulated for the syndicated loan.

The credit agreement also stipulates that FRIWO AG will not pay any dividends during the restructuring period.

The decision to sell the e-drives business and the DIN rail power supply business will enable FRIWO to largely reduce the Group's leverage. This would allow the syndicated loan to be repaid ahead of schedule in mid- to late 2025, ending the restructuring period by the end of 2025. FRIWO will then reorganize and restructure its financing structure.

Factoring and local financing in Vietnam will most likely remain an important element. As further components of its financing, FRIWO is seeking new credit facilities in Germany, although these may be limited by the banks' restrictive lending policies.

Currency Risk

FRIWO is exposed to currency risks through its international activities. Here, a natural hedge is initially created due to those foreign currency items that occur in the same currency in both accounts payable and receivable. Remaining foreign currency risks are mitigated through targeted currency management. Ideally, companies are financed in their respective domestic currency or on a currency-hedged basis as far as possible. It is not permitted to raise or invest funds in foreign currencies for the purposes of speculation. The Group maintains a treasury function that regularly assesses the currency risks in the statement of financial position and, in the event of a material consolidated risk, hedges these risks through forward exchange transactions. Risks resulting from the USD (U.S. dollar) and CNY (Chinese renminbi) exchange rates and the USD (U.S. dollar) and VND (Vietnamese dong) exchange rates are not hedged. The preferred method FRIWO uses to counter the risks from future transactions is concluding transactions in the currency in which the manufacturing costs are incurred.

Forward exchange transactions were not concluded in the 2024 fiscal year. Therefore, as in the previous year, there were no forward exchange transactions as of December 31, 2024. A residual risk results from possible changes in the U.S. dollar, HK dollar and INR Indian rupee to the euro for the positions that are not hedged. Subject to possible tax effects or deferred taxes, the profit or loss before taxes and equity exhibit the following sensitivities with regard to this risk:

	Currency Trends for USD, HKD, INR	Impact on Earnings Before Taxes	Impact on Equity
		In EUR thousand	In EUR thousand
2024	5%	386	386
	-5%	-427	-427
2023	5%	103	103
	-5%	-114	-114

The Group is mainly exposed to the exchange rate risk of the U.S. dollar against the euro. At the closing date, the U.S. dollar net position was around EUR 7.8 million (previous year: approx. EUR 1.9 million). The sensitivity analysis also contains the outstanding monetary items denominated in foreign currency in U.S. dollar, HK dollar and Indian rupee. The effect of a 5-percent deviation in foreign exchange rates to the euro on the closing date is calculated. The effect on equity is identical to the effect on profit/loss due to the non-existent cash flow hedges. Differences resulting from the translation of financial statements from a foreign currency into the Group currency are disregarded.

Interest Rate Risk

Interest is payable at variable rates on the syndicated loan and on the Vietnamese subsidiary's bilateral working capital financing. The shareholder loans were made at a fixed interest rate.

Movements in market interest rates are monitored and analyzed continuously.

No interest rate swaps were in place to hedge interest rate risk as of December 31, 2024.

There is a residual risk regarding possible changes in interest rates from the assets and liabilities carrying a variable interest rate. Subject to possible tax effects or deferred taxes, the profit or loss before taxes and equity exhibit the following sensitivities with regard to this risk:

	Increase/ Decrease in Basis Points	Impact on Earnings Before Taxes	Impact on Equity
		In EUR thousand	In EUR thousand
2024	+100	-384	-384
	-100	384	384
2023	+100	-443	-443
	-100	443	443

To determine interest rate sensitivity, net interest from the assets and liabilities carrying a variable interest rate was compared with the average interest rate of 7.22 percent in the fiscal year (previous year: 6.48 percent). Subsequently, the change in net interest based on an increase/decrease in the average percentage rate of 100 basis points was determined. The impact on equity is identical to the impact on profit/loss.

Derivative Financial Instruments

As in the previous year, FRIWO had concluded no derivative financial instruments as of December 31, 2024.

Capital Management

The Group manages its capital structure with regard to the return on capital employed, taking account of rating targets. Its aim is to satisfy both the interests of shareholders and lenders. In addition, it includes the macroeconomic situation in addition to current individual conditions such as planned dividends and investments in determining the respective target capital structure.

In EUR thousand	12/31/2024	12/31/2023*
Equity	**3,346**	**9,649**
As a percentage of total capital	5.3%	17.1%
Non-current liabilities	16,006	17,169
Current liabilities	44,342	44,405
Total liabilities	**60,348**	**61,574**
As a percentage of total capital	94.7%	82.9%
Total liabilities and shareholders' equity	**63,694**	**71,223**

* Previous year's figures have been restated. The restatements are explained in Note (6b).

The Group will optimize its capital structure in connection with the divestment of the e-drives business and DIN rail power supply business by partially repaying bank debt, thereby reducing interest expense. The Group also aims to significantly improve its equity ratio.

(40) Further Disclosures on Financial Instruments

The following table shows the carrying amounts of financial instruments by items in the statement of financial position:

In EUR thousand	Category under IFRS 9	Carrying Amount 12/31/2024	Carrying Amount 12/31/2023
Financial assets			
Trade receivables	AC	4,047	3,073
Contract assets	AC	13,530	13,775
Other financial assets	AC	2,844	2,176
Cash and cash equivalents	AC	5,398	4,698
Financial liabilities			
Shareholder loans	FLaAC	12,820	12,202
Non-current liabilities to banks	FLaAC	0	1,840
Current liabilities to banks	FLaAC	18,559	18,778
Lease Liabilities		1,661	1,502
Trade payables	FLaAC	18,885	16,322
Contract liabilities	FLaAC	293	299
Other financial liabilities	FLaAC	2,716	2,322
Summary per category			
Financial assets measured at amortized cost (AC)		25,819	23,723
Financial liabilities measured at amortized cost (FLaAC)		53,273	51,762

The carrying amounts of the financial instruments represent a reasonable approximation of the fair value as at the reporting date, as these are essentially short-term and there are no significant differences due to the proximity in time between the date of recognition and the closing date.

The net results from financial instruments were as follows as of the closing date:

2024	**Net Results From**				
In EUR thousand	Interest Paid		Subsequent Measurement		Currency Translation
			Impairment		
FI category under IFRS 9	Income	Expense	Reversal	Allocation	
AC	0	0	0	1239	0
FLaAC	0	-3,483	0	0	-424
Total	**0**	**-3,483**	**0**	**1,239**	**-424**

The figures were as follows in the previous year:

2023	**Net Results From**				
In EUR thousand	Interest Paid		Subsequent Measurement		Currency Translation
			Impairment		
FI category under IFRS 9	Income	Expense	Reversal	Allocation	
AC	0	0	0	145	0
FLaAC	0	-3,370	0	0	-829
Total	**0**	**-3,370**	**0**	**145**	**-829**

(41) Related Party Relationships

Cardea Holding GmbH, Grünwald, holds a majority stake in FRIWO AG. Cardea Holding GmbH and its parent company, VTC GmbH & Co. KG, Munich, and their subsidiaries are therefore related parties of FRIWO AG within the meaning of IAS 24.

Cardea Holding GmbH granted FRIWO AG shareholder loans totaling EUR 10.1 million. The balance of these loans as of the closing date is EUR 10.1 million. The interest liability associated with the loans amounts to EUR 2.7 million (previous year: EUR 2.1 million). Interest costs on the shareholder loans came to EUR 618 thousand in 2024 (previous year: EUR 616 thousand).

UNO MINDA EV SYSTEMS PVT. LTD., the joint venture established in 2022 with UNO MINDA, North West Delhi, Delhi, India, conducted transactions as part of operating supply and service relationships that generated income of EUR 2,096 thousand in the 2024 fiscal year. As of December 31, 2024, receivables amounted to EUR 2,981 thousand (previous year: EUR 885 thousand).

The Management Board and Supervisory Board are classified as natural related parties. Please refer to Note (42) for disclosures on the compensation of the Management Board and Supervisory Board. After stepping down from the Management Board, Tobias Tunsch signed a consulting agreement with FRIWO worth EUR 11.8 thousand in 2024. In addition, the new Supervisory Board member, Mr. Feuerbach, holds a 27 percent interest in Kemeney Boehme Consultants SE. This company has entered into a four-month consulting agreement with FRIWO for EUR 90.4 thousand.

(42) Total Emoluments of the Supervisory Board and the Management Board

Fixed remuneration per Supervisory Board member was EUR 10 thousand per year. Variable remuneration is determined by the amount of the dividends resolved by the Annual General Meeting. The total amount of Supervisory Board remuneration is limited to three times the fixed amount. The chair of the Supervisory Board receives double and their deputy one-and-a-half times the fixed remuneration. Committee members each receive additional remuneration of EUR 1 thousand.

The chair and their deputy are excluded from these payments. The fixed remuneration for members of the Supervisory Board was EUR 71 thousand for the 2024 fiscal year (previous year: EUR 76 thousand).

As in the previous year, members of the Supervisory Board received no variable remuneration for fiscal years 2019 to 2023 in fiscal 2024.

The total emoluments of the Management Board came to EUR 1,213 thousand for the 2024 fiscal year (previous year: EUR 856 thousand), of which EUR 1,103 thousand was fixed (previous year: EUR 781 thousand) and EUR 110 thousand variable (previous year: EUR 75 thousand).

Former members of the Management Board and their surviving dependents received pension payments of EUR 189 thousand in 2024 (previous year: EUR 187 thousand).

Provisions for pension obligations to former members of the Management Board and their surviving dependents totaled EUR 1,898 thousand (previous year: EUR 1,841 thousand) in accordance with IAS 19.

For more detailed information, please refer to the 2024 remuneration report on the company's website.

(43) Governing Bodies of the Company

Supervisory Board	Mandates
Richard G. Ramsauer Chair Managing Director Mint Equity GmbH & Co. KG Member since 2008	None
Dr. Thomas R. J. Robl Deputy chair Managing Director VTC GmbH & Co. KG Member since 2024	Munich Private Equity AG, Oberhaching Munich Private Equity Funds AG, Oberhaching
Dr. Gregor Matthies Managing Partner Dr. Gregor Matthies Consulting & Investment Switzerland GmbH Member since 2018	Liikennevirta Oy, 00180 Helsinki, Finland Rocsys BV, Delft, Netherlands EVUM Motors GmbH, Munich
Felix Feuerbach Managing Director Kemény Boehme Consultants SE Member since 2024	BOLD KBC Center for Innovation GmbH, Munich
Michael Jaeger CEO, Behr-Hella Thermocontrol GmbH Member until 2024	None
Uwe Leifken Internal Sales Manager – Key Account, FRIWO Member since May 2016	None
Stefanie Kunze Internal Sales Manager – Key Account, FRIWO Member since 2024	None
Sabine Vennekötter Former Project Manager, FRIWO Member until 2024	None

Management Board	Mandates
Rolf Schwirz Chair of the Management Board until December 2024	FRIWO Power Solutions Technology (Shenzhen) Co. Ltd., China FRIWO Vietnam Co. Ltd., Vietnam FRIEMANN & WOLF India Private Ltd., India Board of Directors of UNO MINDA EV SYSTEMS PVT. LTD. FRIWO North America Inc., USA
Tobias Tunsch Member of the Management Board until January 2024	Board of Directors of UNO MINDA EV SYSTEMS PVT. LTD. Managing Director of Bonum Suisse GmbH
Dr. Walter Demmelhuber Member of the Management Board until February 2024	Hosokawa Alpine Aktiengesellschaft
Oliver Freund Member of the Management Board until July 2024	Managing Director of Freund-Interim
Roald Gréboval Member of the Management Board until January 2025	None

(44) Auditor's Fees

The fees and expenses charged for the 2024 fiscal year by the auditor, Baker Tilly GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, covered the following services:

In EUR thousand	2024	2023
Auditing services	263	112
Other assurance services	0	2
	263	**114**

Additional expenses of EUR 56 thousand were incurred in connection with the audit of the sustainability report.

(45) Shareholdings

FRIWO Gerätebau GmbH, Ostbevern, is linked to FRIWO AG through a profit and loss transfer agreement and makes use of the expedients permitted by Section 264(3) of the German Commercial Code (HGB).

In EUR thousand	Interest Held	Equity	Result 2024
FRIWO Gerätebau GmbH, Ostbevern, Germany[1][2]	100.00%	6,530	-345
FRIWO Power Solutions Technology (Shenzhen) Co. Ltd., Shenzhen, China[2][3]	100.00%	1,161	10
FRIWO Vietnam Co. Ltd., Bien Hoa City, Vietnam[2][3]	100.00%	17,084	2,146
FRIEMANN & WOLF INDIA PRIVATE LIMITED, Bangalore, Karnataka, India[2][3][4]	100.00%	-842	73
FRIWO North America, Inc., Houston, Texas, USA[2][3]	100.00%	138	-93
UNO MINDA EV SYSTEMS PVT. LTD., North West Delhi, Delhi, India[2][3][4]	49.90%	1,292	43

[1] After profit transfer

[2] According to IFRS

[3] Indirectly via FRIWO Gerätebau GmbH, Ostbevern

[4] Different fiscal year

(46) Disclosure on the Corporate Governance Statement

The declaration in accordance with Section 161 of the German Stock Corporation Act (AktG) was issued by the Management Board and the Supervisory Board and is made permanently accessible to the public on the company's website at:

https://www.friwo.com/en/about/investor-relations/.

(47) Events after the End of the Reporting Period

In February 2025, FRIWO signed agreements with UNO MINDA, India, under which the Indian company will acquire FRIWO's 49.9 percent stake in the joint venture UNO MINDA EV SYSTEMS PRIVATE LIMITED. The contracts also cover the sale of the two- and three-wheeler applications of the e-drive range; all other e-mobility system ranges will remain with FRIWO. FRIWO expects the transaction, which is still subject to various conditions and is expected to be completed in the first half of 2025, to result in a total cash inflow in the lower double-digit million euro range.

The geopolitical risks remain high, particularly in connection with the war against Ukraine and the conflict in the Middle East. Possible risks for FRIWO were examined and countermeasures introduced where necessary.

The FRIWO Group's business performance in the first few months of 2025 is still heavily dependent on external factors beyond the company's control or influence – in particular, general consumer restraint, monetary and interest rate policy, the development of geopolitical tensions and structural obstacles to growth. Short-term business performance will depend on whether the expected economic recovery in the industrial sector will start in the first half of 2025 and whether the company's order book will trend upward again.

The Supervisory Board of FRIWO nominated Dominik Wöffen and Ina Klassen as new members of the company's Management Board effective January 1, 2025.

Mr. Roald Gréboval stepped down from the Management Board by mutual agreement effective January 17, 2025.

No other events of material significance for the Group's net assets, financial position and results of operations occurred between the end of the 2024 fiscal year and the day on which the consolidated financial statements were approved.

Ostbevern, April 22, 2025

The Management Board

Dominik Wöffen Member of the Management Board	Ina Klassen Member of the Management Board

Responsibility Statement

“To the best of our knowledge and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the FRIWO Group and the combined management report and Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the company and the Group.”

Ostbevern, April 22, 2025

Dominik Wöffen
Member of the Management Board

Ina Klassen
Member of the Management Board

Independent Auditor's Report

"To FRIWO AG, Ostbevern

Report on the Audit of the Consolidated Financial Statements and the Combined Management Report

Audit Opinions

We have audited the consolidated financial statements of FRIWO AG and its subsidiaries (the Group), comprising the consolidated statement of financial position as at December 31, 2024, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the fiscal year from January 1 to December 31, 2024, and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we audited the combined management report of FRIWO AG for the fiscal year from January 1 to December 31, 2024. We have not audited the content of the elements of the combined management report referred to in the "Other information" section of our auditor's report in accordance with German legal requirements.

In our opinion, based on the findings of our audit:

- The attached consolidated financial statements comply in all material respects with IFRSs, as adopted by the EU and the additional requirements of German law pursuant to Section 315e(1) of the German Commercial Code (HGB) and, in accordance with these requirements, give a true and fair view of the Group's net assets and results of operations as of December 31, 2024 and of its results of operations for the fiscal year from January 1 to December 31, 2024.

- The attached combined management report as a whole presents an accurate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements and with German legal requirements and accurately presents the risks and opportunities of future development. Our audit opinion on the combined management report does not extend to the content of the elements of the combined management report referred to in the "Other information" section.

In accordance with Section 322(3) sentence 1 of the German Commercial Code (HGB), we declare that our audit has not led to any objections to the compliance of the consolidated financial statements or the combined management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and the combined management report in accordance with Section 317 HGB, the EU Audit Regulation (No. 537/2014; hereinafter "EU-AR"), and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibility under these provisions and policies is described further in the section of our auditor's report entitled "Responsibility of the Auditor for the Audit of the Consolidated Financial Statements and the Combined Management Report." We are independent from the Group companies in accordance with the commercial and professional regulations of European and German law and have fulfilled our other German professional obligations in accordance with these requirements. Furthermore, in accordance with Article 10(2)(f) of the EU Audit Regulation, we declare that we have not performed any prohibited non-audit services as defined by Article 5(1) of the EU Audit

Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to serve as a basis for our audit opinions on the consolidated financial statements and the combined management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are such matters that, in our professional judgment, were the most significant in our audit of the consolidated financial statements for the fiscal year from January 1 to December 31, 2024. These matters were taken into account in the context of our audit of the consolidated financial statements as a whole and in the formation of our audit opinion; we have not issued a separate opinion on these matters.

In our opinion, the following matters were the most significant in our audit:

- Continuation as a going concern
- Revenue realization

We have structured our presentation of these key audit matters as follows:

1. Facts and problem definition
2. Audit approach and findings
3. Reference to further information

The key audit matters are presented below:

1. Continuation as a Going Concern

Facts and Problem Definition

FRIWO AG and the FRIWO Group have been in a restructuring phase since the 2020 fiscal year. A restructuring consultant submitted an updated restructurability opinion in December 2023 and has since confirmed that the restructuring plan is being complied with, with the most recent confirmation coming in December 2024. In view of significant deviations from the plan, particularly in the first half of the 2024 fiscal year, it was questionable whether the measures defined in the opinion would be sufficient to ensure the profitability of the company and the Group as well as the financing for the required period. As a result, further measures were defined (sale of the DIN rail business and e-drives business) and implemented at the end of fiscal 2024 and the beginning of fiscal 2025.

The impact of these measures on the company's and the Group's medium-term planning until 2026 was taken into account in a revised plan in December 2024 and verified by the restructuring consultant. The legal representatives assume that the financing of the company and the Group is secured due to the expected cash inflows.

Assessing the appropriateness of the going concern assumption was a particularly important aspect of our audit given the number and scope of the measures implemented and their impact on the medium-term financial forecasts of the company and the Group.

Audit Procedure in Accordance with Article 10(2)(c)(ii) of the EU Audit Regulation and Findings

First, we analyzed the integrated asset, income and liquidity planning of the company and the Group for the forecast period and evaluated it together with the results of the restructuring opinion. We also reviewed the assumptions underlying this planning as well as the systems and processes. We also tracked the implementation of the additional measures defined in the opinion and in the course of the 2024 fiscal year. In particular, we examined their impact on the financial position of the company and the Group in the forecast period up to 2026.

In addition, we satisfied ourselves of the quality of the restructuring expert and the usability of the opinions and statements for our audit.

Based on the results of our audit, we consider the going concern assumption used by the legal representatives to be appropriate.

Reference to Further Information

For information on the measures taken and assumptions made by the company, please refer to the disclosures in the notes to the consolidated financial statements in Note "(3) Principles Applied in the Preparation of the Financial Statements", "Financial Reporting Based on the Principle of the Ability to Continue as a Going Concern" and in the combined management report in the "Liquidity Risks" section.

2. Recognition of Revenue

Facts and Problem Definition

Revenue for the 2024 fiscal year amounted to EUR 93,023 thousand and represents a significant line item in the consolidated financial statements; it is used as a key financial performance indicator for management purposes. Revenue includes a significant amount of sales of customized products (revenue recognition over time) in addition to sales of standard products (revenue recognition at a point in time). The recognition of revenue over time also results in capitalized contract assets of EUR 13,530 thousand.

The demonstration that the requirements have been met (particularly with regard to revenue recognition over time) is complex and in some cases subject to discretion.

The structure of the sometimes complex customer-specific contractual agreements and the existing discretionary scope in assessing the criteria for determining the date of transfer of control means that there is a risk that revenue may be incorrectly recognized in the consolidated financial statements.

Audit Procedure in Accordance with Article 10(2)(c)(ii) of the EU Audit Regulation and Findings

In the context of our audit of the financial statements, we reviewed the company’s internal methods, procedures and control mechanisms regarding revenue recognized over time and at a point in time.

We also evaluated the design and effectiveness of the accounting-related internal controls using random samples.

In addition, as part of individual audit procedures, we verified the existence of revenue in the 2024 fiscal year for randomly selected customer orders.

Our audit procedures for revenue recognized over time in contract asset accounting take into account our findings from participating in the physical inventory count. We also reviewed selected customer contracts as random samples and critically assessed management’s interpretation of the criteria for recognizing revenue over time.

We discussed the contracts we selected with the relevant contact persons with regard to existing risks, underlying order calculations and margin calculations. Based on the resulting findings, we then assessed the correct recognition of revenue in the consolidated financial statements.

We are of the opinion that the revenue recognition approach is appropriate.

Reference to Further Information

For information on the applied accounting policies, please refer to the “Summary of Key Accounting Policies” section in the notes to the consolidated financial statements. For information on revenue, contract assets and contract liabilities, please refer the “Segment Reporting”, “Notes to the Income Statement” and “Notes to the Statement of Financial Position” sections in the notes to the consolidated financial statements.

Other Information

The legal representatives and the Supervisory Board are responsible for the other information. The other information includes:

- The report by the Supervisory Board
- The sections contained in the combined management report headed "Employees (Unaudited)", "Key Features of the Internal Control and Risk Management System (Unaudited)", "Non-Financial Group Declaration" and "Corporate Governance Statement (Unaudited Information)"
- All other parts of the annual report without extensive cross-references to external information, except for the remuneration report, the audited annual and consolidated financial statements, the audited combined management report and the auditor's report

Our audit opinions on the consolidated financial statements and the combined management report do not extend to the other information, and accordingly we do not offer any audit opinion or any other form of audit conclusion on it.

As part of our audit of the consolidated financial statements, we have a responsibility to read the other information and to evaluate whether it:

- Contains material misstatements in relation to the consolidated financial statements, the audited disclosures in the combined management report or our findings from the audit
- Appears to be materially misstated in other respects

Responsibility of the Legal Representatives and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

The legal representatives are responsible for the preparation of the consolidated financial statements that, in all material respects, comply with the IFRSs as adopted by the EU and the additional requirements of German commercial law in accordance with Section 315e(1) HGB and that the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group. Furthermore, the legal representatives are responsible for the internal controls that they have deemed necessary to enable the preparation of consolidated financial statements that are free from material misstatements based on fraud (i.e. manipulation of the accounting and damage to assets) or errors.

The legal representatives are responsible for assessing the Group's ability to continue as a going concern when preparing the consolidated financial statements. They are also responsible for disclosing matters in connection with the continuation of business activities, if relevant. Furthermore, they are responsible for accounting on the basis of the going concern principle unless they intend to liquidate the Group or discontinue its business operations, or there is no realistic alternative.

Moreover, the company's legal representatives are responsible for the preparation of the combined management report that, on the whole, provides a suitable view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and with German legal requirements and accurately presents the risks and opportunities of future development. Also, the legal representatives are responsible for the precautions and measures (systems) that they deem necessary to enable the preparation of a combined management report in accordance with the applicable German legal requirements to provide sufficient suitable evidence for the statements in the combined management report.

The Supervisory Board is responsible for monitoring the Group's accounting process for the preparation of the consolidated financial statements and the combined management report.

Responsibility of the Auditor for the Audit of the Consolidated Financial Statements and the Combined Management Report

Our objective is to obtain reasonable assurance as to whether the consolidated financial statements as a whole are free from material misstatements based on fraud or errors and whether the combined management report as a whole provides a suitable view of the Group's position and, in all material respects, is consistent with the consolidated financial statements, audit findings and German legal requirements, and accurately presents the risks and opportunities of future development, and to issue an auditor's report containing our audit opinions on the consolidated financial statements and the combined management report.

Reasonable assurance is a high degree of assurance, but not a guarantee that an audit performed in accordance with Section 317 HGB, the EU Audit Regulation and the German generally accepted standards for the audit of financial statements promulgated by the IDW will always reveal a material misstatement. Misstatements can result from fraud or errors and are considered material if they could reasonably be expected, individually or collectively, to influence the economic decisions that users make on the basis of these consolidated financial statements and the combined management report.

We exercise due discretion during the audit and maintain a critical attitude. In addition:

- We identify and evaluate the risk of material misstatements in the consolidated financial statements and the combined management report based on fraud or errors, plan and implement audit procedures in response to these risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk that material misstatements resulting from fraud are not uncovered is higher than the risk that material misstatements resulting from errors are not uncovered, as fraud can entail fraudulent collaboration, falsifications, deliberate omissions, misleading depictions or the suspension of internal controls.

- We gain an understanding of the internal controls relevant to the audit of the consolidated financial statements and the arrangements and measures relevant to the audit of the combined management report in order to plan audit procedures that are appropriate under the given circumstances, but not with the objective of expressing an opinion on the effectiveness of the Group's internal controls or these arrangements and measures.

- We assess the appropriateness of the accounting policies applied by the company’s legal representatives and the reasonableness of the estimates and related disclosures by the legal representatives.

- We draw conclusions about the appropriateness of the going concern principle applied by the legal representatives and, on the basis of the audit evidence obtained, whether there is material uncertainty about events or circumstances that can give rise to significant doubts about the Group’s ability to continue as a going concern. If we come to the conclusion that material uncertainty exists, we are required to refer to the relevant disclosures in the consolidated financial statements and the combined management report in the auditor’s report or, if these disclosures are inappropriate, to modify our respective audit opinion. We draw our conclusions on the basis of the audit evidence obtained up to the date of our audit report. However, future events or circumstances can lead to the Group being unable to continue its business activities.

- We assess the presentation, structure and content of the consolidated financial statements, including the notes and whether the consolidated financial statements present the underlying transactions and events in such a way that the consolidated financial statements, in accordance with the IFRSs as adopted by the EU and the additional requirements of German commercial law in accordance with Section 315e(1) HGB, give a true and fair view of the net assets, financial position and results of operations of the Group.

- We obtain sufficient, suitable audit evidence for the accounting information of the companies or business activities within the Group in order to issue audit opinions on the consolidated financial statements and the combined management report. We are responsible for designing, supervising and performing the audit of the consolidated financial statements. We bear sole responsibility for our audit opinions.

- We assess that the combined management report is consistent with the consolidated financial statements and the law, and the view of the position of the Group that it provides.

- We perform audit procedures on the forward-looking statements made in the combined management report by the legal representatives. In particular, on the basis of sufficient and suitable audit evidence, we analyze the significant assumptions on which the forward-looking statements are based and assess whether the forward-looking statements have been properly derived from these assumptions. We do not provide a separate audit opinion regarding the forward-looking statements or the underlying assumptions. There is a considerable yet unavoidable risk that future events will deviate materially from the forward-looking statements.

Among other things, we discuss with those responsible for overseeing the audit the planned scope and scheduling of the audit and significant audit findings, including any significant deficiencies in the internal control system that we identify during our audit.

We declare to those responsible for overseeing the audit that we complied with the relevant independence requirements and discuss with them all relationships and other matters that can reasonably be assumed to affect our independence, and the precautions taken against this and, if relevant, the actions undertaken to eliminate any threats to our independence or protective measures taken.

Of the matters we discussed with those responsible for overseeing the audit, we determine which matters were most significant in the audit of the consolidated financial statements for the current reporting period and that are therefore the key audit matters. We describe these matters in our auditor’s report unless the public disclosure of such matters is prevented by law or other legal provisions.

Other Statutory and Legal Requirements

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Combined Management Report Prepared for Publication Purposes in Accordance with Section 317(3a) HGB

Declaration of Non-Issuance of an Audit Opinion

We have been engaged to conduct an audit in accordance with Section 317(3a) of the German Commercial Code (HGB) to obtain reasonable assurance about whether the presentation of the consolidated financial statements and the combined management report (hereinafter also referred to as “ESEF documents”) prepared for disclosure purposes complies in all material respects with the requirements of Section 328(1) of the German Commercial Code (HGB) for the electronic reporting format (“ESEF format”).

We do not express an opinion on the ESEF documents. Due to the significance of the matter described in the “Basis for the declaration of non-issuance of an audit opinion” section, we were not able to obtain sufficient appropriate audit evidence to provide a basis for our opinion on the ESEF documents.

Basis for the Declaration of Non-Issuance of an Audit Opinion

We did not express an audit opinion on the ESEF documents because the legal representatives had not provided us with any ESEF documents for our review by the time we issued our auditor’s report.

Other Disclosures Pursuant to Article 10 of the EU Audit Regulation

We were elected as auditors by the Annual General Meeting on June 13, 2024. We were engaged by the Supervisory Board on August 1, 2024. We have been the auditor of FRIWO AG since the 2024 fiscal year.

We declare that the audit opinions contained in this auditor’s report are consistent with the additional report to the Audit Committee according to Article 11 of the EU Audit Regulation (audit report).

Other Matter – Use of the Auditor’s Report

Our auditor’s report must always be read in conjunction with the audited consolidated financial statements and the audited combined management report.

Responsible Auditor

Thomas Gloth is the auditor responsible for the audit.”

Addresses and Dates

Financial Calendar 2025

Fiscal Year January 1 to December 31

Publication of the 2024 annual report	April 24, 2025
Press release on Q1 2025	May 8, 2025
Annual General Meeting	June 5, 2025
Publication of the 2025 half-year financial report	August 14 ,2025
Press release on Q3 2025	November 6, 2025

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Our website https://www.friwo.com/en/about/investor-relations/ provides a comprehensive range of information about the FRIWO share and the company. This includes dates, current financial reports, information about the Annual General Meeting and financial communications.

Note:

To make this report more readable, we have opted not to use male and female genders simultaneously in this report and used the generic masculine. All personal pronouns apply equally to all genders.

Key figures in the report are rounded to the nearest whole number. Due to rounding, totals and percentages in this report may not add up precisely to the amounts shown.