



FRIWO

Figures, Data, Facts.
2022 Semi-Annual Report

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Summary

In the first half of 2022, the FRIWO Group recorded a gratifying operating performance in a very challenging environment. At the same time, as planned, business momentum increased noticeably in the second quarter compared to the first three months.

At EUR 93.9 million, order intake in the first six months was 44.5 percent higher than the previous year's figure of EUR 65.0 million. FRIWO saw an increasing demand in all product segments; the trend was again particularly dynamic in the field of e-mobility, where the Company offers charging technology for e-bikes as well as complete system solutions for the propulsion of electric two- and three-wheelers.

Consolidated sales increased by 52 percent to EUR 73.2 million in the first six months. Persistent supply bottlenecks for important materials and components due to disruptions in global supply chains as well as limited freight and logistics capacities prevented a greater reduction in the high order backlog and thus an even higher revenue realization. These external factors led – as in 2021 – to significant additional expenses and to resources being tied down to a high degree, and both these factors continued to adversely affect the earnings situation.

Against this background, the FRIWO Group achieved earnings before interest and taxes (EBIT) of EUR 0.1 million in the first half of the year, after a figure of EUR -2.7 million in the same period of the previous year.

For the remainder of the year, the Management Board expects business to continue to develop dynamically, with bottlenecks on the procurement side remaining a challenge. For the year 2022 overall, the Management Board has narrowed down its previous forecast and anticipates consolidated sales growth in the mid-double-digit percentage range (previously: the low- to mid-double-digit percentage range). Consolidated EBIT is expected to remain slightly positive.

Strategically, FRIWO was able to take a major step into the future in the first half of the year by implementing the long-term partnership agreed with the Indian automotive supplier UNO MINDA at the end of 2021. The joint venture between the two companies, which is currently being set up to develop the Indian market for two- and three-wheel electric vehicles, was underpinned at the end of June by UNO MINDA's acquisition of a 5.24 percent stake in FRIWO AG as part of a capital increase.



FRIWO Group Interim Management Report

Overview of the FRIWO Group

FRIWO AG (hereinafter FRIWO), which is listed in the General Standard of the Frankfurt Stock Exchange and based at Ostbevern in Westphalia/Germany, is, along with its subsidiaries, an internationally-operating product and system provider of power supply units, charging technology and digitally-controllable drive solutions, first and foremost in the e-mobility field. In addition to technologically high-quality charging units, battery packs and power supply units, the Company's product range also includes intelligent components and systems for electric drives. Furthermore, FRIWO offers all the components of a modern drive train from a single source: from the display to the motor or engine control and drive unit and even including the control software.

As an internationally-operating full-service provider of both tailor-made and innovative e-mobility solutions as well as power supply devices, the Company's goal is to create sustainable values for customers, employees and shareholders. With its products, the Company covers numerous applications and is an important pioneer in the field of electromobility moving towards a climate-neutral mobility transition. Hence, customers in the challenging electric mobility growth markets for two- and three-wheelers, where FRIWO is one of the world's leading suppliers, appreciate its expertise in the field of charging technology. In addition, customers in the fields of mobile tools and lawn robots are served with innovative charging techniques. In the case of power supply units, the focus is mainly on applications in the medical technology and health, industrial automation and mechanical engineering sectors, as well as on high-quality consumer electronics. The components for electric drives are mainly used in the field of electromobility, for example in battery-operated scooters.

Customers of the Group include well-known companies with mostly international and sometimes global business activities. As a technology enabler with a high level of innovation and an R&D focus, FRIWO is a reliable partner to its customers.

FRIWO AG is the Group's management holding company and is responsible for strategic control, risk management and investor relations. Directly or indirectly, it holds all the shares in the FRIWO companies. The central company is FRIWO Gerätebau GmbH, also with its headquarters at

Ostbevern. The FRIWO Group also includes a production company in Vietnam, a service company in China, which is particularly important for the procurement of components, and a subsidiary in India for the purpose of opening up the e-mobility market there. In December 2021, the Company entered into a joint venture with the Indian UNO MINDA Group aimed at manufacturing and distributing e-mobility powertrains for two- and three-wheel electric vehicles for the Indian market. The activities of its own FRIWO subsidiary in India will be transferred to this joint venture, in which FRIWO AG will be holding a 49.9 percent stake.

By combining the manufacturing expertise and distribution channels of UNO MINDA with the advanced technology of FRIWO, a provider in the field of e-drives is being created that is expected to participate to an above-average extent in the predicted high growth of the market for electric drives in India involving two- and three-wheeled vehicles.

Due to the structure of the Group, the net worth, financial situation and profitability of FRIWO AG are largely shaped by the financial development of its subsidiaries. To this extent, the following interim report of the Company and the Group also provides a complete overview of the situation of FRIWO AG.

The FRIWO brand stands, worldwide, for innovative vigour, safety, quality and efficiency. The Company is certified in accordance with DIN ISO 9001 (quality management), DIN ISO 14001 (environmental management) and DIN ISO 13485 (quality management regarding medical products). Motivation, technical know-how and enthusiasm for products and solutions form the basis of the Company's daily activities, combined with a family-conscious human resources policy.

In addition to administration, management and sales, the Company's headquarters at Ostbevern, Westphalia, is home to research and development as well as providing capacities for the production of prototypes and batches. Furthermore, at the beginning of 2021 FRIWO founded an e-mobility development centre in Dresden, where complex products such as motor controls for electric motors, battery packs or highly-integrated drive systems, including modern software solutions, are developed. Thus,

FRIWO is one of the few companies in the industry to have a development and production site in Germany at its disposal. This permits the last-minute assembly of standard products, a facility that offers customers the shortest possible delivery times.

The bulk of production with a focus on high quantities takes place in a state-of-the-art production facility founded in 2015 in an industrial park near Ho-Chi-Minh City (Vietnam). The Group's production base thus combines German manufacturing know-how targeting flexible production processes with attractive production conditions in Asia.

Under the vertical integration scheme, in addition to the main plant, the Vietnam site also includes two supplier plants in which coiled products, cables, plastic and metal stamped parts for FRIWO's end-user devices are produced on their own.

FRIWO obtains a small segment of its products from selected contract manufacturers with production sites in China, India and Vietnam. In addition, even in the first half of 2022, a small section of the products was manufactured by a contract manufacturer in Poland.

Macroeconomic environment

The global economic outlook deteriorated somewhat in the first half of 2022. In its outlook for mid-June, the Organization for Economic Cooperation and Development (OECD) was considerably more sceptical about the global economy due to the war in Ukraine and its consequences. The global economy is expected to grow by only 3 percent in 2022, and hence at a significantly slower rate than the 4.5 percent expected in December. For Germany, the OECD is forecasting economic growth of 1.9 percent in 2022. The war and the oil embargo against Russia have been affecting the country's recovery. The increase in inflation has also weakened purchasing power, thus dampening the upturn in private consumption.

According to the Ifo Institute in Munich, high inflation, the war in Ukraine and persistent supply bottlenecks have had an impact in almost all sectors of the German economy. As a result, the economic experts have reduced their forecast for the increase in gross domestic product from 3.1 percent to 2.5 percent in 2022. According to them, the inflation rate is set to reach 6.8 percent this year, the highest level since 1974.

Sources:

- OECD – Economic Outlook, June 2022
- Ifo Economic Forecast, June 15, 2022

Sector-specific boundary conditions

In the first six months of this year, orders in the German electrical and digital industry increased in value. According to the ZVEI industry association, new orders in the period from January to May 2022 exceeded the previous year's figure by 15.6 percent. In this respect, domestic orders improved by 16.7 percent and international orders by 14.7 percent. Eurozone counterparties increased their orders by 17.2 percent in the first five months. The value of orders received from the non-euro area increased by 13.3 percent compared to the previous year. In June 2022, the business climate in the German electrical industry continued to improve. The companies' assessment of the current situation and their general business expectations turned out to be even better than in May.

The global impact of the COVID-19 pandemic had temporarily affected the global power supply market in the form of stagnant demand resulting from lockdowns, company closures or short-time work. Currently, and also in the medium and long term, this market is still on a stable growth path.

The market research company Transparency Market Research (TMR) forecasts a total volume of 46.5 billion US dollars for the global electricity supply market in 2031, starting from 27.1 billion US dollars in 2020. This corresponds to a compound average annual growth rate (CAGR) of 5.1 percent. For the global charger market, TMR anticipates a total volume of \$42.8 billion in 2030, up from \$24.5 billion in 2018, corresponding to a CAGR of 5.8 percent.

Since FRIWO serves various industries and applications, the development of the overall market for power supply units and charging technology is only partially meaningful for the Company. On the other hand, the consideration of individual submarkets is more relevant as regards the future development of FRIWO.

The world market for electromobility, which is growing rapidly worldwide, is of great strategic importance. As regards the latter, the experts of Mordor Intelligence are reckoning

with an average annual growth rate of 12.3 percent for e-bike motors between 2022 and 2027. The main drivers of this development are technological innovations combined with growing awareness of efficiency, environmental friendliness and people's convenience. Since the motors are usually supplied to the bicycle manufacturers together with the on-board computer, battery and charger as an overall system, this forecast is also a good indication for the development of the corresponding charger market.

In addition to the charging technology for e-bikes, FRIWO also supplies motor control systems and all other components for electric powertrains as complete systems from a single source. The system solutions are currently mainly used in e-scooters, for which a very dynamic market trend is expected. The trend is driven by growing micro-mobility, i.e. the use of cheaper and more environment-friendly alternatives to cars, especially in dense urban areas in Asia and the USA. This transition is also driven by stricter government emissions standards, such as those in the US, India and China. Grand View Research forecasts an average annual growth rate of 7.8 percent for the global market for e-scooter engines from 2022 to 2030.

For the global market for medical power supply systems, the market research company Data Bridge Market Research expects annual growth of an average of 6.75 percent in the period up to 2029. In addition to the constant progress in medical technology, the increasingly better medical care in developing and emerging countries and the increasing demand for mobile solutions and medical devices for domestic use are also driving factors that have an impact.

In addition, the charging technology submarkets are also very important for FRIWO's future development. In the case of power tools, it is expected that the battery-powered devices will meet with increasing sales on the basis of more powerful battery technology, involving shorter charging cycles and longer running times. However, the global COVID-19 pandemic has had a negative impact on demand. Based on an analysis by the market research company Fortune, the world market for cordless

power tools registered a 0.6 percent decline in 2020. Fortune, however, expects the market to recover and anticipates a CAGR of 4.0 percent for the period from 2022 to 2029.

Sources:

- The German electrical and electronic manufacturers' association (ZVEI), press release July 8, 2022
- Transparency Market Research: Power Supply Market 2020–2031
- Transparency Market Research: Global Charger Market 2018–2030
- Mordor Intelligence: E-Bike Market - Growth, Trends, COVID-19 Impact, and Forecasts (2022–2027)
- Grand View Research: Electric Scooter Market Size, Share & Trends Analysis Report on an individual product basis, 2022–2030
- Data Bridge Market Research: Global Power Supply Market – Industry Trends and Forecast up to 2029
- Fortune Business Insights. Power Tools Market Size, Share & COVID-19 Impact Analysis, 2022–2029

Major events during the reporting period

Effective March 1, 2022, the Supervisory Board of FRIWO AG appointed Tobias Tunsch as the Company's Chief Financial Officer (CFO). Mr. Tunsch had been working for FRIWO as an external consultant in the finance department since May last year. This means that the Management Board of FRIWO AG, to which Rolf Schwirz also belongs as CEO, again consists of two people. Tobias Tunsch has decades of experience in leading positions in renowned industrial companies.

On 6 May 2022, FRIWO announced that, after approval by the competent supervisory authorities in India, the participation of the Indian UNO MINDA Group in FRIWO AG, which was agreed at the end of 2021, could be implemented. The cash capital increase necessary for this and the issuance of 448,162 new FRIWO shares from the authorized capital of the Company were entered in the Commercial Register on 28 June 2022. These measures involved a cash inflow to FRIWO of around EUR 15 million. In return, UNO MINDA, a globally-operating technology leader in the automotive and automotive supply industries, holds a 5.24 percent stake in the share capital of FRIWO AG. The equity investment is part of a long-term strategic partnership between the two companies aimed at developing the Indian market for electrically-powered two- and three-wheelers.

Order situation and trend in sales

The FRIWO Group registered a very gratifying increase in orders in the first half of 2022, especially in the second quarter. Consolidated sales amounted to EUR 93.9 million in the first six months. Compared to the previous year's figure of EUR 65.0 million, this represents an increase of 44.5 percent. At EUR 127.0 million, the order backlog at the middle of the year was at a record level and 110.3 percent higher than on the same reporting date in the previous year (EUR 60.4 million).

This dynamic trend in orders has a broad basis across all of the Group's areas of application. In addition to the increased demand among existing customers, the start-up of new projects also had an impact. The main drivers of this growth were e-mobility, with an increase in incoming orders of 60.6 percent in the first half of the year compared to the same period of the previous year, and tools, with an increase of 97.8 percent.

The Group's book-to-bill ratio reached 1.28 as at 30 June of this year and thus continues to indicate significant sales growth.

At EUR 73.2 million, Group sales in the first half of 2022 were 52 percent higher than in the same period of the previous year (EUR 48.2 million). Adjusted for currency effects, i.e. employing the exchange rates applicable in the same period of the previous year, the increase was 42 percent. A positive effect resulting from the change in contract assets amounting to EUR 4.4 million (previous year: EUR -0.8 million) is also included in the sales figure.

In the second quarter, consolidated revenues increased to EUR 44.2 million (Q2 2021: EUR 26.1 million). Without the considerable shortage of materials and components on the international procurement markets, which was also recorded in the first half of the year, and without the bottlenecks in freight and logistics capacities, a more intensive processing of the high order backlog would have been possible with a correspondingly positive impact on sales performance.

The e-mobility product segment exhibited a particularly positive trend: Compared to the same period of the previous year, sales increased by 107.9 percent in the first six months of 2022, mainly being driven by a high level of demand from existing customers in Europe. The digital drive control systems developed by FRIWO continue to attract great interest from manufacturers of e-bikes and e-scooters, especially on an international scale.

In the first half of the year, the tools and garden tools product segment achieved a significant increase in sales, namely 20.8 percent.

The industrial division recorded an increase in revenues of 12.6 percent over the first six months of the year, driven by existing customers with new projects in Germany.

In the first six months of the year, the medical division achieved an 11.7 percent increase in sales.

On a regional basis, sales of the "rest of Europe" segment increased by EUR 16.3 million in the first half of the year, followed by the "Germany" region with an increase of EUR 6.0 million. In Asia, revenues increased by EUR 1.6 million and in the "rest of the world" by EUR 1.2 million.

Earnings situation

As a result of the increase in sales, consolidated gross profit saw an improvement in the first half of 2022 from EUR 2.7 million to EUR 6.1 million. The gross margin on sales rose commensurately from 5.7 percent to 8.3 percent. In the second quarter, consolidated gross profit increased to EUR 4.2 million (Q2 2021: EUR 1.9 million).

The effects of the COVID-19 pandemic and the disruptions and partial disruptions in international supply chains associated therewith continued to lead to significant additional costs due to sharply increased prices for raw materials, electronic components and freight and logistics capacities. FRIWO was able to at least partially mitigate the consequences of this trend by intensifying cost and liquidity management across all areas of the Group and by using alternatives in respect of component procurement. In addition, FRIWO has entered into a dialogue with customers in order to achieve fair burden-sharing when it comes to the additional costs brought about by external factors. As a result, these customers were able to cover part of the additional expense.

Marketing and administrative expenses increased by 6.7 percent to EUR 6.4 million compared to the same period of the previous year. This mainly took the form of additional legal and consulting costs, predominantly in connection with the extension of the Group's financing arrangements and the securing of a stable supply chain in the currently adverse market environment.

The other operating expenses amounting to EUR 2.4 million (previous year: EUR 1.0 million) and the other operating income in the amount of EUR 2.9 million (same period in the previous year: EUR 1.5 million) mainly include currency gains and losses.

Consolidated earnings before interest and taxes (EBIT) amounted to EUR 0.1 million after six months (same period in the previous year: EUR -2.7 million). The result is mainly influenced by the increase in sales on the one hand and by the additional operating expenses on the other. In the second quarter, EBIT improved to EUR 1.1 million after EUR -1.1 million in the same quarter of the previous year.

The EBIT return on sales in the first half of the year amounted to 0.2 percent (same period in the previous year: -5.7 percent). In the half-year net financial result of EUR -1.1 million (same period in the previous year: EUR -0.9 million), the higher interest rates for the syndicated loan and additionally for the shareholder loan granted by the major shareholder Cardea Holding GmbH, Grünwald, had an appropriate impact.

Earnings before income taxes (EBT) amounted to EUR -0.9 million after six months (same period in the previous year: EUR -3.7 million). FRIWO closed the first half of 2022 with consolidated net income, after tax, of EUR -1.1 million (same period in the previous year: EUR -3.6 million). Separately, for the second quarter of 2022, the after-tax result amounted to EUR 0.5 million (Q2 2021: EUR -1.6 million).

Financial situation

The total assets of the FRIWO Group as at 30 June 2022 amounted to EUR 116.3 million, an increase of EUR 40.6 million compared to the value at 31 December 2021 (EUR 75.7 million).

On the assets side, non-current assets rose by EUR 3.9 million, from EUR 17.4 million to EUR 21.3 million. Of this amount, EUR 3.0 million was attributable to the increase in the rights of use based on leases, shown on the balance sheet, (IFRS 16) due to a new lease agreement for a factory building in Vietnam.

In total, current assets increased year-on-year by EUR 36.7 million to EUR 95.0 million on the balance sheet date. The significant increase in inventories, included therein, of EUR 11.5 million to EUR 44.8 million is primarily attributable to the limited availability of materials and components. In order to maintain its ability to deliver, FRIWO increased its inventories by adding safety stocks. Nevertheless, important components could not be procured in time, while the rest of the material was already in stock - a fact that increased inventories even further.

The contract assets resulting from period-related revenue recognition in accordance with IFRS 15 increased by EUR 4.4 million to EUR 12.8 million.

Trade receivables increased by EUR 2.2 million to EUR 10.8 million. Cash and cash equivalents increased by EUR 16.7 million to EUR 19.6 million. The reason for this was the cash capital increase on the part of UNO MINDA, which was registered on 28 June 2022 and resulted in a cash inflow of around EUR 15 million.

On the equity and liabilities side of the balance sheet, the Group's equity changed by EUR 14.7 million to EUR 23.7 million as a result of the capital increase, the negative half-year result of EUR 1.1 million, and currency effects amounting to EUR 0.8 million (December 31, 2021: EUR 9.0 million).

At 20.4 percent as of June 30, 2022, the equity ratio was 8.5 percentage points higher than at December 31, 2021, and 11.0 percentage points higher than at March 31, 2022.

At June 30, 2022, the Group reported loans from the major shareholder Cardea Holding GmbH, Grünwald, in the total amount of EUR 11.3 million (December 31, 2021: EUR 10.5 million; including accrued interest as of the balance sheet date).

Current and non-current liabilities to banks had not changed significantly at the reporting date of 30 June compared to the end of 2021.

The other long-term and short-term accruals had changed only slightly at the reporting date of 30 June compared to the end of 2021. At EUR 41.8 million, trade payables were EUR 21.7 million higher than at the end of 2021, mainly due to the significant increase in inventories in the second quarter and the higher business volume compared to the previous year's reporting date. The long-term portion of lease liabilities, reported in accordance with IFRS 16, increased from EUR 1.9 million to EUR 4.4 million, while the short-term portion of lease liabilities increased by EUR 0.5 million to EUR 1.3 million as of the reporting date.

Financial and liquidity situation

The FRIWO Group generated a positive cash flow from operating activities of EUR 4.1 million in the first half of 2022, following a cash outflow of EUR 8.2 million in the same period of the previous year.

The cash inflow mainly resulted from the increase in trade payables and other liabilities by EUR 22.2 million. Working capital rose by a total of EUR 2.2 million.

Investment activities resulted in a cash outflow of EUR 2.2 million (previous year: a cash outflow of EUR 1.0 million). Of this amount, EUR 1.0 million was accounted for by the introduction of SAP software, EUR 1.2 million being due to investment in tangible fixed assets. The investments in tangible fixed assets mainly related to machinery and equipment and to the purchase of tools, and were also designed to increase capacity, increase productivity and bring about modernization.

The cash inflow of EUR 14.8 million from financing activities resulted mainly from the capital increase (EUR 15.0 million) and the extension of the shareholder loan (including accrued interest) of EUR 0.8 million (previous year: a cash inflow of EUR 8.8 million). A sum of EUR 1.4 million was spent on redemptions.

The Group's cash and cash equivalents had increased, as at 30 June 2022, by EUR 16.7 million to EUR 19.6 million compared with the value at the beginning of the year.

Human resources

At 30 June 2022, the FRIWO Group had 2,646 employees worldwide (31 December 2021: 2,182). The lively order intake, and hence greater utilization of production capacity, led to the expansion of the workforce in Vietnam by 462 employees. In Germany, 162 employees worked in the fields of product development, production, marketing and administration (December 31, 2021: 158 employees).

Risks and opportunities

Compared to the statements made in the Group Management Report of 31 December 2021, the risk situation of the FRIWO Group has not changed significantly.

The COVID-19 pandemic and the disruptions in international supply chains associated therewith also had a negative impact on the economic development of the FRIWO Group in the first half of 2022. Especially as regards procurement, FRIWO continued to struggle with bottlenecks in the supply of electronic components, and access to logistics and freight capacities was also aggravated. This led to additional costs due to increased material costs and freight rates.

In addition, to the extent possible, FRIWO had to switch over to alternative suppliers, components and procedures when sourcing materials and increase inventories in order to build up a safety buffer. The primary objective was to avoid disruption of the supply chain and to ensure that the deadlines for deliveries to customers were met.

Furthermore, Russia's war in Ukraine is leading to uncertainties – especially in combination with supply bottlenecks and high inflation rates – about the further geopolitical and (global) economic development. Possible energy supply bottlenecks have also been discussed for some time, attention being focussed in particular on the impact of a possible halt in Russian gas supplies to European or German companies.

In addition, almost half of the worldwide output of the gas neon, which is required for the production of semiconductor components, comes from Ukraine. As a result of the war, the semiconductor manufacturers had already experienced supply bottlenecks with regard to neon in the second quarter, this resulting in higher prices and longer delivery times for semiconductors.

The already-existing disruptions to the international supply chains are being further adversely affected by Russia's war in Ukraine. Possible effects involving higher purchase prices and longer procurement and delivery times for the FRIWO Group may well manifest themselves in

the fields of procurement, production and delivery. A possible impact on demand on the part of FRIWO's customers is not excluded either.

FRIWO is monitoring the situation on the market and trying to identify supply bottlenecks at an early stage and, if possible, to circumvent them by buying on spot markets (so-called "spot buys"). FRIWO is compensating for the delays in the procurement of materials by resorting to alternative suppliers and processes in order to continue to secure production operations and thus the ability to deliver. In addition, a very close dialogue is being maintained with the customers in order to guarantee reliability even under the afore-mentioned adverse conditions.

According to the current assessment, the supply of natural gas does not pose a significant risk to FRIWO. Most of the operational activities are taking place in Vietnam, where no gas shortage or gas supply cut-off is expected. FRIWO does not use gas for the production process at any of its sites and oil is used to heat the premises in Germany. The extent to which business relationships with customers and / or suppliers in Europe are affected by the reduced gas supplies to Europe cannot currently be reliably estimated.

Possible new risks for the FRIWO Group arising from disruptions in international supply chains and the consequences of the war in Ukraine are being closely monitored and, if necessary, included in risk management arrangements.

The FRIWO Group's opportunity profile has also remained substantially unchanged in the reporting period compared to the presentation in the Group Management Report as at

31 December 2021.

Overall view of the Group's opportunities and risk situation

From today's perspective, the Management Board has no information on the actual occurrence of risks that could jeopardize the continued existence of the Company and the Group. The Management Board assumes that the liquidity or finance required can be ensured by the measures both already implemented and currently ongoing, so that the future continuation of the Company can thus be viewed as given.

The Group's overall risk position has therefore not changed significantly compared to the presentation in the Group Management Report as at 31 December 2021. It depends on the further course of the COVID-19 pandemic, on future trends on the procurement and logistics markets and on the future development of the war in Ukraine – all external factors that society cannot control or influence.

Compared to the presentation on December 31, 2021, the overall opportunity position is essentially unchanged. The further increase in the order backlog, the positive response of the market to FRIWO's product offensive and the initial impetus produced by the joint venture with UNO MINDA agreed at the end of 2021 for the purpose of opening up the Indian market for electric two- and three-wheelers all form a sound basis for further positive business performance in the current year.

Future prospects

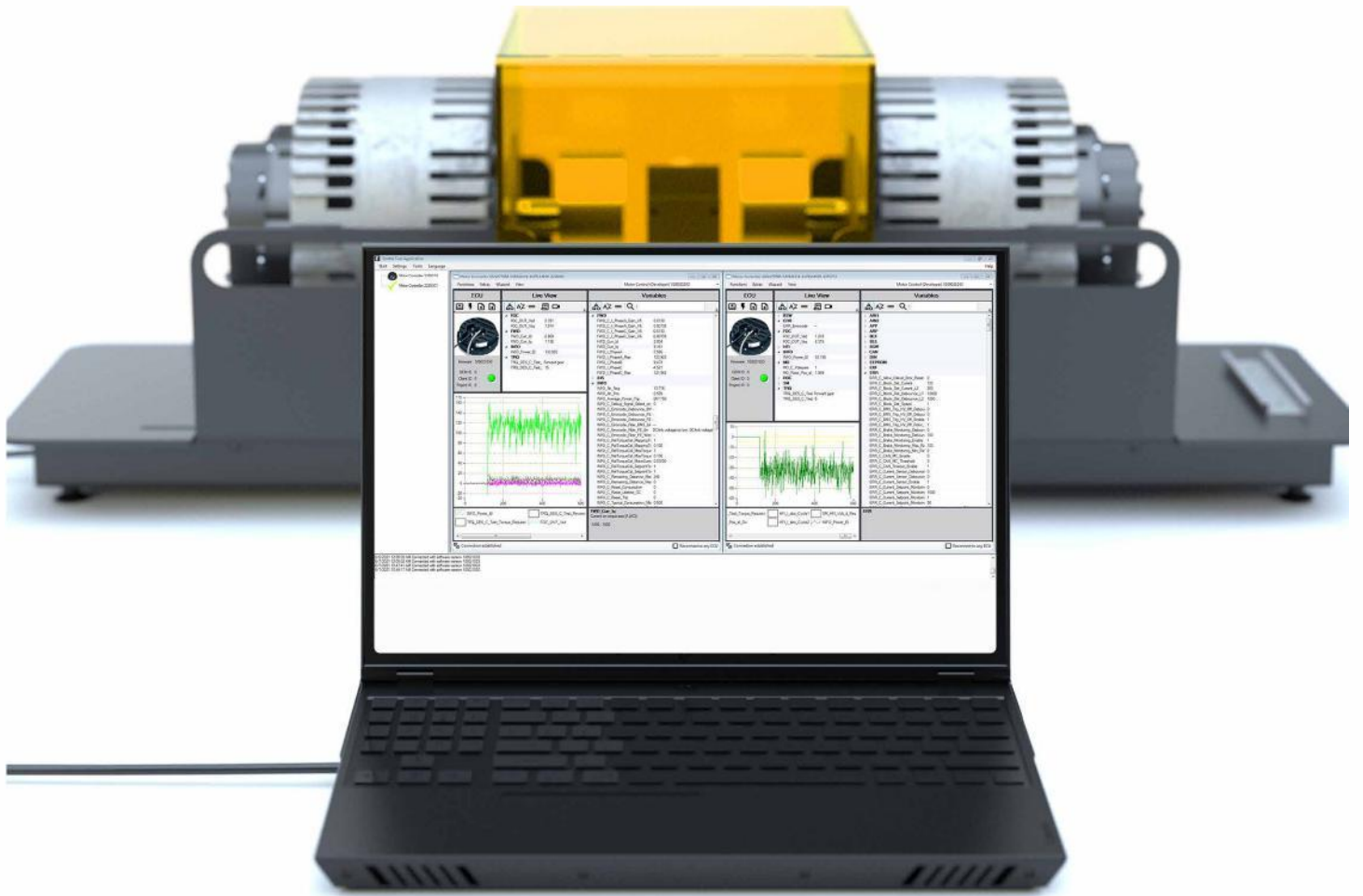
Following the gratifying operating business performance in the first six months, the Management Board also anticipates continued high demand for the remainder of the year. FRIWO's production capacities in Vietnam are currently well-utilized due to the high order backlog.

The innovative e-mobility solutions that FRIWO offers together with its partner UNO MINDA in India have met with a particularly positive response. Thus, no later than the second quarter, declarations of intent for the supply of components to reputable Indian vehicle manufacturers were signed, and further talks are ongoing. The realization of these and other orders is expected to be the first contribution to earnings from the joint venture in India from 2023 onwards. However, FRIWO, as a 49.9 percent shareholder, does not report the revenues from the joint venture, but discloses the outcome in its results from equity investments.

In the further course of the year, the focus will be on building up the required production capacities in India. For this purpose, an appropriate 15,000 sq m production plant will be built south of Delhi, and this is scheduled to go into operation in the first half of 2023.

The Management Board expects that the availability of materials and components will continue to be limited in the second half of 2022 as well, and that disruptions in global supply chains will continue to occur. Russia's war in Ukraine and its impact on energy supplies, especially in Europe, have further exacerbated this situation. FRIWO therefore continues to anticipate a negative impact on earnings due to higher prices as regards procurement, additional costs due to the search for alternative components, and high freight and transportation rates. The Company will continue to seek a close and cooperative dialogue with customers. The aim is to achieve a fair distribution of the burden - one that acknowledges the considerable additional expenses that are currently unavoidable when it comes to safeguarding FRIWO's ability to deliver products punctually.

It is against the background of these developments that the Management Board now clarifies the previous sales forecast, extending this over the year 2022 as a whole: for the year 2022 overall, the Management Board has narrowed down its previous forecast and now anticipates consolidated sales growth in the mid-double-digit percentage range (previously: the low- to mid-double-digit percentage range). The consolidated EBIT figure is expected to remain slightly positive.



Consolidated Interim Financial Statements

FRIWO

Consolidated Income Statement

for the period from 1 January to 30 June 2022

in €'000

	1-6/2022	1-6/2021
Sales	73,213	48,161
Cost of sales	-67,159	-45,420
Gross profit from sales	6,054	2,741
Distribution costs	-1,876	-1,689
General administrative expenses	-4,559	-4,342
Other operating expenses	-2,412	-973
Other operating income	2,934	1,531
Earnings before interest and taxes (EBIT)	141	-2,732
Interest income	105	2
Interest expenses	-1,165	-921
Earnings before taxes on business profits (EBT)	-919	-3,651
Taxes on business profits	-199	20
Consolidated profit or loss	-1,118	-3,631
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Earnings per share (basic and diluted) (in euros)	-0.13	-0.47

Consolidated Statement of Comprehensive Income

for the period from 1 January to 30 June 2022

in €'000	1-6/2022	1-6/2021
Consolidated profit or loss	-1,118	-3,631
Profits / losses due to translation of the financial statements of foreign subsidiaries	810	312
Sum total of changes in value recorded in equity, which are subsequently reclassified and entered in the income statement, providing certain conditions are met	810	312
Overall result	-308	-3,319

Consolidated Cash Flow Statement

for the period from 1 January to 30 June 2022

in €'000	1-6/2022	1-6/2021
Consolidated profit or loss	-1,118	-3,631
Tax expenses / income recognized as having an impact on profit or loss	-22	-20
Interest income or expenditure recognized as having an impact on profit or loss	1,165	919
Depreciation on fixed assets	2,125	1,919
Changes in accruals	-184	-3,084
Profit or loss ensuing from the retirement of fixed assets	19	1
Change in deferred taxes	176	0
Changes in inventories	-11,512	-6,803
Changes in trade receivables and other assets that are not to be allocated to investment or financing activities	-8,450	-534
Changes in trade payables and other liabilities that are not attributable to investment or financial activities	22,200	3,667
Interest payments made	-1,141	-895
Taxes on business profits paid	284	156
Other non-cash effects	523	155
Cash flow ensuing from business activities	4,065	-8,150
Inflows due to retirements of tangible/intangible fixed assets	0	28
Outflows due to capital expenditure on intangible assets	-1,015	-474
Outflows due to capital expenditure on tangible assets	-1,199	-527
Cash flow due to capital expenditure	-2,214	-973
Proceeds from capital contributions	15,000	0
Proceeds from raising shareholder loans	793	8,818
Repayment (-) of long-term liabilities to banks	0	-432
Establishment (+)/repayment (-) of current liabilities to banks (net)	-274	301
Repayment (-) of lease liabilities	-672	-430
Cash flow due to financing activities	14,847	8,257
Net change in cash and cash equivalents	16,698	-866
Cash and cash equivalents at the beginning of the year	2,873	4,203
Cash and cash equivalents at the end of the six-month period	19,571	3,337

Consolidated Balance Sheet

as at 30 June 2022

Assets

in €'000

	30.06. 2022	31.12.2021
Long-term assets	21,320	17,389
Goodwill	153	153
Other intangible assets	3,137	2,303
Tangible assets	8,514	8,271
Rights of use based on lease arrangements	5,568	2,538
Deferred taxes	3,948	4,124
Short-term assets	94,961	58,300
Inventories	44,821	33,309
Trade receivables	10,766	8,587
Assets based on contracts	12,791	8,409
Other financial assets	3,674	2,598
Other non-financial assets	3,338	2,524
Cash and cash equivalents	19,571	2,873
Total assets	116,281	75,689

Consolidated Balance Sheet

at 30 June 2022

Equity and liabilities

in €'000	30.06.2022	31.12.2021
Equity	23,665	8,973
Subscribed capital	22,242	20,020
Capital reserves	28,380	2,002
Contributions made to implement the agreed capital increase	0	13,600
Revenue reserves	-28,385	-27,085
Other reserves	1,427	436
Non-current liabilities	18,530	15,251
Shareholders' loans	11,250	10,457
Long-term leasing liabilities	4,430	1,875
Accruals for pensions	2,702	2,776
Other long-term accruals	148	143
Current liabilities	74,086	51,465
Other current accruals	836	894
Current liabilities to banks	23,078	23,352
Current leasing liabilities	1,289	765
Trade payables	41,604	19,953
Liabilities based on contracts	234	250
Other financial liabilities	4,973	4,763
Liabilities due to taxes on business profits	304	38
Other non-financial liabilities	1,768	1,450
Debts	92,616	66,716
Total liabilities	116,281	75,689

Consolidated Statement of Changes in Equity

at 30 June 2022

	Subscribed capital	Capital reserves	Contributions made for the purpose of carrying out the capital increase agreed upon	Revenue reserves	Other reserves	Consolidated equity capital
in €'000						
Status at 31.12.2020	20,020	2,002	0	-16,497	-773	4,752
Adjustment (pursuant to IFRS 15)						0
Consolidated profit or loss				-3,631		-3,631
Other consolidated net income					312	312
Total consolidated profit or loss				-3,631	312	-3,319
Status at 30.06.2021	20,020	2,002	0	-20,128	-461	1,433
Status at 31.12.2021	20,020	2,002	13,600	-27,085	436	8,973
Capital increase	2,222	26,378	-13,600			15,000
Consolidated profit or loss				-1,118		-1,118
Other consolidated net income					810	810
Total consolidated profit or loss				-1,118	810	-308
Status at 30.06.2022	22,242	28,380	0	-28,203	1,246	23,665

Notes to the consolidated financial statements for the first half of 2022

Accounting in accordance with International Financial Reporting Standards (IFRS) and accounting policies

In the consolidated interim financial statements as at 30 June 2022, which were prepared on the basis of International Accounting Standard (IAS) 34 "Interim Reporting", the same accounting policies have been generally applied as in respect of the consolidated financial statements for the 2021 financial year, which were prepared in accordance with the International Financial Reporting Standards (IFRS) and their interpretations.

Deviations from the accounting and valuation methods applied in the 2021 financial year consist of the new or revised international accounting regulations pursuant to IFRS, which have been mandatory since the 2022 financial year.

Explanatory notes

In the 2021 financial year, the COVID-19 pandemic represented a triggering event for the Group, as defined by IAS 36.12, as significant changes came about in the

economic environment of the Company. Due to the additional expenses and slump in sales, the cash flow forecasts for the cash-generating units had to be adjusted. On the basis of the new assumptions and taking into account the development of the cost of capital, an impairment test had been carried out, which had led to an unscheduled adjustment to the value of the goodwill in the amount of EUR 2.3 million at one of the manufacturing plants in Vietnam.

All cash-generating units or groups of cash-generating units as defined by IAS 36.10 were subjected to a regular impairment test in the 2021 financial year; the latter did not lead to any further impairment losses.

In the first six months of the 2022 financial year, there was no triggering event as defined by IAS 36.12.

Scope of consolidation

The scope of consolidation has not changed since December 31, 2021 and comprises two domestic and three foreign companies.

Segment information

in €'000	Germany	Other European countries	Asia	Other areas	Other business activities	Sum total Segments	Reconciliation	Group
1-6/2022								
Sales	26,982	38,267	4,726	3,238	0	73,213	0	73,213
Depreciation	1,097	781	122	118	7	2,125	0	2,125
Operating result	1,196	-674	-286	36	-653	-381	0	-381
1-6/2021								
Sales	21,018	21,979	3,115	2,049	0	48,161	0	48,161
Depreciation	991	705	110	107	6	1,919	0	1,919
Operating result	-916	-560	-273	-517	-1,024	-3,290	0	-3,290

Reconciliation of segment result

in €'000	1-6/2022	1-6/2021
Operating result		
Operating results of reportable segments	-381	-3,290
Other operating income and expenses	522	558
Interest income	105	2
Interest expenses	-1,165	-921
Taxes on business profits	-199	20
Consolidated profit or loss	-1,118	-3,631

Disclosures regarding financial instruments

The following table shows the carrying amounts of the financial instruments in the various balance sheet items:

in €'000	Category in accordance with IFRS 9	Carrying amount 30.06.2022	Carrying amount 31.12.2021
Financial assets			
Trade receivables	AC	10,766	8,587
Assets based on contracts	AC	12,791	8,409
Other financial assets	AC	3,674	2,598
Cash and cash equivalents	AC	19,571	2,873
Financial liabilities			
Shareholders' loans	FLaAC	11,250	10,457
Current liabilities to banks	FLaAC	23,078	23,352
Leasing liabilities		5,719	2,640
Trade payables	FLaAC	41,604	19,953
Liabilities based on contracts	FLaAC	234	250
Other financial liabilities	FLaAC	4,973	4,763
Summary per category			
Financial assets measured at amortized cost (AC)		46,802	22,467
Financial liabilities measured at amortized cost (FLaAC)		81,139	58,775

Significant transactions with related parties or enterprises

The shareholder loan from Cardea Holding GmbH, Grünwald, to FRIWO AG in the amount of EUR 10.5 million at the end of 2021 was increased by EUR 0.8 million to EUR 11.3 million in the first half of 2022 (including accrued interest). In addition to the latter, no significant transactions have been made with related parties.

Audit review

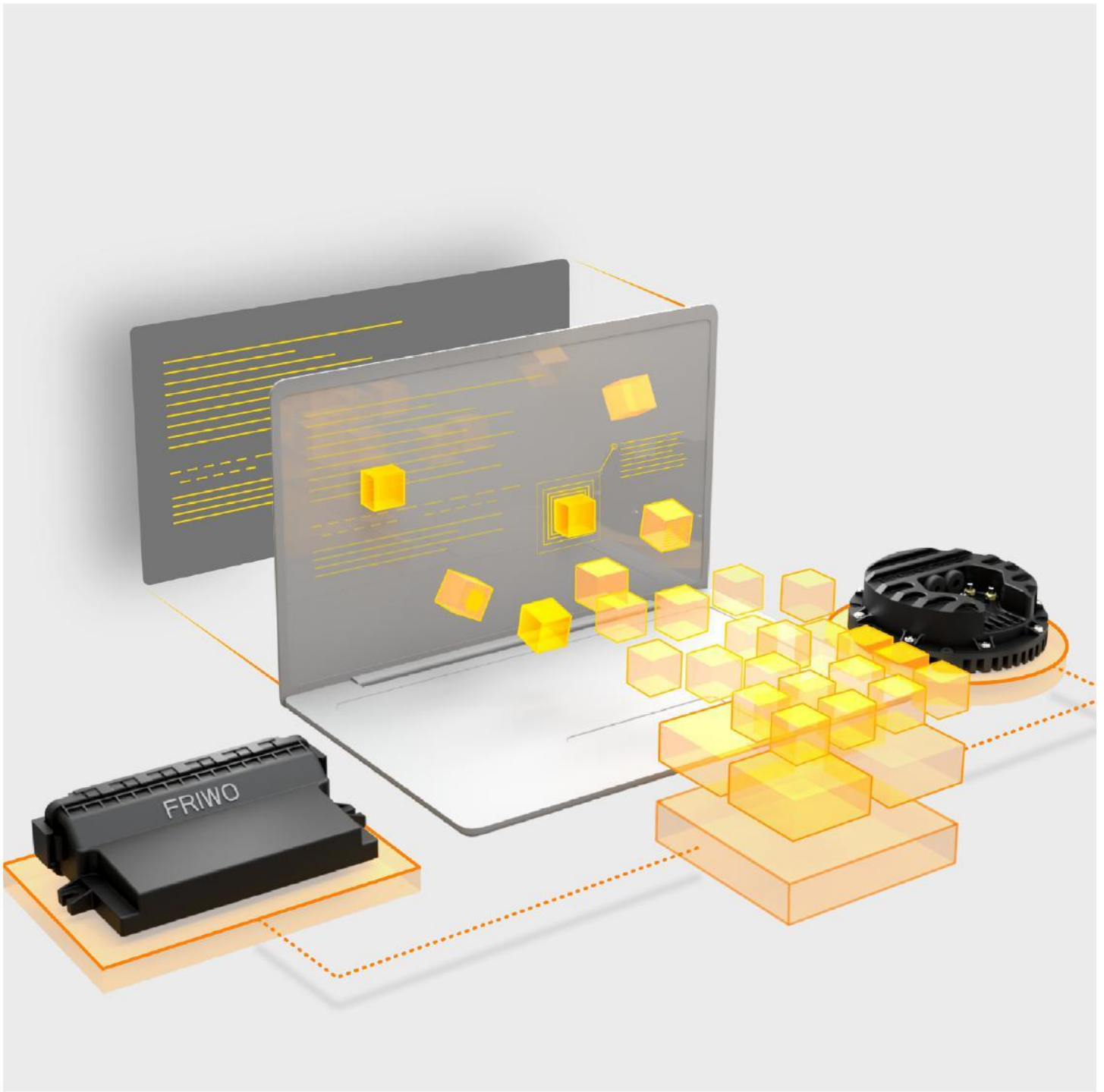
The present consolidated interim financial statements have been neither audited in accordance with Section 317 HGB (German Commercial Code) nor subjected to an audit review by an auditor.

Other disclosures

Cardea Holding GmbH, Grünwald (Germany), a subsidiary of VTC GmbH & Co. KG, Munich, holds a majority stake in FRIWO AG. The consolidated financial statements of FRIWO AG are included in VTC's consolidated financial statements.

Main post-balance sheet events

In July 2022, FRIWO was able to extend the existing syndicated loan for Group financing until the end of 2023. No other events of particular significance to the Group's net assets, financial position and profitability occurred after the reporting date.



Assurance on the part of the Company's Legal Representatives

"To the best of our knowledge, we hereby issue an assurance to the effect that, in accordance with the accounting principles applicable to interim reporting, the consolidated interim financial statements give a true and fair view of the Group's net assets, financial position and profitability, that the interim Group management report presents the course of business, including the results of operations and the position of the Group, in such a way that a true and fair view corresponding to the actual circumstances is given, and that the main opportunities and risks relating to the Group's expected development in the remaining part of the financial year are correctly presented."



Rolf Schwirz
Chairman of the Board of Management



Tobias Tunsch
Member of the Board of Management



Time Schedule and Addresses

Financial Calendar 2022

Business year 01.01. - 31.12.

Q3 2022 Press Release: November 10, 2022

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On our website at <https://www.friwo.com/de/about/investor-relations/> we offer you comprehensive information on the FRIWO stocks and the Company. There, among other things, you will find a time schedule, current financial reports, information on the Annual General Meeting and financial statements.