

## **FRIWO impacted by declining demand in segment e-mobility in the second quarter - production accelerates within the Indian joint venture**

- Quarterly turnover of 28.8 million euros significantly below previous year - EBIT almost balanced
- Result includes negative impact due to pre-production costs for Indian joint venture and negative currency effects
- Outlook 2023: Group revenue of 120 - 130 million euros and balanced EBIT expected
- E-mobility joint venture in India ramps up production to work off high order backlog - substantial earnings potential from 2024 onwards
- Great medium- and long-term potential thanks to unbroken trend towards more e-mobility

**Ostbevern, 10 August 2023** – FRIWO - an international manufacturer of technically leading chargers and e-drive solutions - was hit by the pronounced weakness in demand in Europe at the beginning of the year, especially from the e-mobility segment, after a solid business performance in the previous year. The tools and industrial segments are also affected by the poor economic development in Europe in 2023. Only the medical segment is developing according to plan. Therefore, the company had already anticipated a significantly more restrained development after the boom year of 2022. As a result, turnover in the second quarter of 2023, at 28.8 million euros, was substantially below the comparable figure for the previous year (44.2 million euros). At the six-month mark, the company reported revenues of 59.7 million euros, down from 73.2 million euros (H1-2022). Despite the very significant revenue decrease, FRIWO was able to achieve almost balanced earnings before interest and taxes (EBIT) of -0.2 million euros in the reporting quarter (Q2-2022: 1.1 million euros) due to successful cost efficiency measures. At the end of the first half of the year, earnings were down 1.7 million euros (H1-2022: 0.1 million euros). This includes substantial pre-production costs for the Indian joint venture and negative currency effects. After taxes, the six-month result was -3.7 million euros, compared to -1.1 million euros in the same period of the previous year.

Since no positive stimuli are expected in the second half of the year either, especially from the e-mobility sector, FRIWO had already adjusted its full-year revenue outlook for 2023 from 140-160 million euros to 120-130 million euros on 7 July 2023. Nevertheless, a balanced EBIT is expected for the result.

"Even if the current development of sales is disappointing after the boom year of 2022, we see great growth potential for FRIWO in the future in the European core markets in view of the generally unchanged trend towards more e-mobility solutions. From 2024 onwards, we also expect substantial contributions to earnings from our joint venture in India and a growing business in North America," says Rolf Schwirz, CEO of FRIWO, commenting on the development.

### **Market saturation for e-bikes is noticeable in the order book situation**

Market saturation for e-bikes is noticeable in the order book situation. As of 30 June 2023, FRIWO had an order backlog of 63.9 million euros, significantly below the comparable figure for the previous year (127.0 million euros). At 41.8 million euros, incoming orders after six months were also significantly below those of the comparable period in 2022 (93.9 million euros).

### **Balance sheet quality remains sound - number of employees decreased**

Against the backdrop of a reduced balance sheet total of 91.4 million euros compared to 105.0 million euros at the end of 2022, FRIWO continues to have a solid balance sheet quality with an equity ratio of 22.8% (31 December 2022: 23.7%). As planned, the working capital was reduced by the end of the first half of 2023. The number of employees in the FRIWO Group, of which more than 80% continue to be employed in Vietnam, decreased to 1,987 by 30 June 2023, compared to 2,501 at the end of 2022.

### **Continuing trend towards more e-mobility solutions - joint venture in India to increase production to meet high demand**

Despite the currently more restrained demand, the growth trends in all segments of the group are intact according to the Executive Board's assessment, driven in particular by an unbroken trend towards more and more e-mobility solutions and services. From 2024 onwards, a significant upturn in earnings is then expected due to the anticipated significant profit contributions from the booming e-mobility business in India and a marked upturn in business activity in Europe and North America.

Production at the site near New Delhi, which is operated jointly with the Indian UNO MINDA Group, started in June and will be gradually ramped up.

The joint venture - in which FRIWO holds a 49.9% stake - is thereby responding to the unbroken high demand from Indian and Japanese two- and three-wheeler manufacturers for e-drive solutions. Currently, the company has received orders and letters of intent in the

mid three-digit million-euro range and has begun to process them. Further contracts are expected to be signed in the coming quarters. UNO MINDA and FRIWO are aiming for a market-leading position in the booming Indian e-mobility market for two- and three-wheeled vehicles, through which a large part of mobility in India takes place. Industry experts estimate the addressed market volume at around 4.5 million vehicles by 2027.

The 2023 half-year financial report and additional information on the company are available on the website: <https://www.friwo.com/en/about/investor-relations/>

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The listed FRIWO AG (General Standard, Frankfurt) with its headquarters in Ostbevern/Northrhine Westphalia is an international manufacturer of technically leading power supply devices and e-drive solutions. FRIWO provides a whole host of applications with tailored systems from a single source. FRIWO, founded in 1971, has transformed itself from a provider of power supply products to a full line supplier of sophisticated and tailored e-mobility solutions. Today, the product portfolio does not only include premium power supply solutions, but also battery charging solutions for a wide range of applications. Furthermore, all components of a modern electric drive solution are also available: from the display, motor control unit and drive unit to the control software. With modern development centers, manufacturing facilities and sales locations in Europe, Asia and the US, FRIWO is present in all of the world's key markets. FRIWO's key customers are leading brands in their respective markets and have embedded FRIWO products in order to provide superior quality to their customers. Main shareholder of FRIWO AG is a subsidiary of VTC GmbH & Co. KG, Munich. For further information, please visit our website at <https://www.friwo.com/en/>.

### FRIWO Group at a Glance

in million euros	H1-2023	H1-2022	Q2-2023	Q2-2022
Revenue	59.7	73.2	28.8	44.2
Order intake	41.8	93.9		
Orders on hand	63.9	127.0	63.9	127.0
Earnings before interest and taxes	-1.7	0.1	-0.2	1.1
EBIT margin in percent	-2.8	0.2	-0.8	2.6
Profit before tax (PBT)	-3.3	-0.9	-1.1	0.7
Earnings after taxes	-3.7	-1.1	-1.4	0.5
Earnings per share in Euro	-0.43	-0.13	-0.17	0.06
Capital expenditure	2.7	2.2	1.3	1.2

in million euros	30/06/2023	31/12/2022
Balance sheet total	91.4	105.0
Equity	20.9	24.9
Equity ratio in percent	22.8	23.7
Employees (as at reporting date)	1,987	2,501