

FRIWO achieves guidance in the 2023 financial year – return to profitability in 2024 and clearly positive momentum expected for subsequent years

- Group revenue falls to 111.1 million euros in the 2023 financial year, slightly above forecast
- EBIT in line with expectations at -7.4 million euros, impacted by decline in sales, structural adjustments, start-up costs for Indian joint venture and negative currency effects
- Market recovery in core regions expected in the second half of 2024, first earnings contribution from e-mobility joint venture in India
- Outlook for 2024: Group revenue expected to be in the range of 100 to 120 million euros, balanced EBIT forecast
- Subsequent years should benefit from the unbroken trend towards more e-mobility and strong growth in Asia

Ostbevern, April 25, 2024 – FRIWO – an international manufacturer of technically leading chargers and e-drive solutions – achieved the targets adjusted in October last year in the 2023 financial year. Group revenue of 111.1 million euros was achieved, slightly above the forecast of 110 million euros, but significantly below the previous year (184.9 million euros) due to persistently weak demand and order cancellations in Europe in the e-mobility, industrial and tools segments. Only the medical segment was able to report an increase in revenue of more than 16%. The significant decline in sales, start-up costs for the Indian joint venture, one-off expenses for the adjustment of production structures and negative currency effects were only partially offset by improved cost efficiency and significant personnel adjustments in Vietnam. As a result, earnings before interest and taxes (EBIT) amounted to -7.4 million euros in 2023, compared to a profit of 4.3 million euros in the 2022 financial year. The target for full-year EBIT had been a loss in the mid-single-digit million euro range. After taxes, there was a loss of 11.1 million euros, following a slight plus of 0.5 million euros in the same period of the previous year.

“The 2023 financial year was a very difficult one for FRIWO, which was characterized by a massive drop in demand as well as order cancellations in the core European market. We reacted immediately, significantly reduced costs and staff and massively streamlined our production structures. As a result, we got off lightly and, against the backdrop of a market recovery expected in the second half of the year and the first positive earnings contributions from our Indian joint venture, we expect to return to profitability in the course of 2024,” comments Rolf Schwirz, CEO of FRIWO AG, on the development.

Cost flexibility increased and headcount reduced by around a third

Despite initial signs of stabilization at the start of 2024, the market saturation for electric bikes in Europe continues to shape developments. Both the order intake of 80.7 million euros (end of 2022: 156.2 million euros) and the order backlog of 49.6 million euros (end of 2022: 83.6 million euros) as at December 31, 2023 were clearly down on the previous year. FRIWO has responded to the market weakness and adjusted the number of employees in the last 12 months from 2,501 to 1,701 as at December 31, 2023. More than 80% of employees work at the production facilities in Vietnam. FRIWO has made extensive adjustments to its production activities since the beginning of 2024. With effect from March 1, 2024, the production activities remaining at the Ostbevern site were sold to an associated company. In addition, assets and materials for component production near Saigon have just been acquired by a Hong Kong company. Both acquirers will act as suppliers for the products and system solutions manufactured by FRIWO in the future. Overall, these transactions will lead to a further reduction of more than 500 employees.

Balance sheet structure characterized by weak demand

The decline in business development also led to a significant reduction in total assets from 105.0 million euros at the end of 2022 to 74.3 million euros. The equity ratio fell from 23.7% to 17.1% and working capital to 28.9 million euros. Thanks to the extension of the existing syndicated loan and shareholder loans at the end of 2023, FRIWO is solidly financed until the end of 2025.

Outlook for 2024: Upturn expected in the second half of the year and first earnings contributions from the e-mobility joint venture in India

The Executive Board is cautiously optimistic for the 2024 financial year despite a persistently difficult and volatile environment. It is difficult to predict how demand will develop in the first half of the year due to the recessionary trends in key sales markets. However, FRIWO believes there is a good chance of a significant recovery in demand in the second half of the year. In addition to the aforementioned cost efficiency measures, the easing of material prices and energy costs should also have a positive impact. Against this backdrop, the Executive Board is forecasting Group revenue of 100 to 120 million euros and a break-even Group EBIT for the 2024 financial year, with the operating break-even point to be reached again over the course of the year. This includes further up-front costs for the establishment of the joint venture in India, in which FRIWO holds a 49.9% stake. This activity is expected to contribute to earnings for the first time in the 2024 financial year, which will have a positive impact on the financial result. The ramp-up of production at the site near

New Delhi, which is operated jointly with the Indian UNO MINDA Group, is proceeding according to plan, meaning that incoming orders and letters of intent in the mid-triple-digit million euro range for e-drive solutions are expected to be processed over the next few years. In addition, FRIWO is still in the process of opening up further markets in Southeast Asia for e-mobility system solutions.

Further information on the company can be found on FRIWO's investor relations pages at: <https://www.friwo.com/en/about/investor-relations/>

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About FRIWO:

FRIWO AG, listed in the General Standard of the Frankfurt Stock Exchange and headquartered in Ostbevern/Westphalia, is an international manufacturer of technically leading chargers and e-drive solutions. FRIWO offers a whole range of applications with customized systems from a single source. Founded in 1971, the company has evolved from a supplier of power supply products to a full-range provider of sophisticated and customized solutions for electromobility. Today, the product portfolio includes not only high-quality power supply solutions, but also battery charging solutions for a wide range of applications. In addition, all components of a modern electric drive solution are also available: from the display to the motor control and drive unit to the control software. With modern development centres, production facilities and sales locations in Europe, Asia and the USA, FRIWO is present in all the world's major markets. FRIWO's most important customers are leading brands in their respective markets and rely on FRIWO products to provide their customers with the highest quality. The main shareholder of FRIWO AG is a subsidiary of VTC GmbH & Co. KG, Munich. For more information, please visit our website at <https://www.friwo.com>

FRIWO Group at a Glance

in million euros	2023	2022
Revenue	111.1	184.9
Earnings before interest and taxes (EBIT)	-7.4	4.3
EBIT margin in percent	-6.6	2.3
Profit before tax (PBT)	-11.1	1.8
Earnings after taxes	-11.1	0.5
Earnings per share in euros	-1.29	0.06
Capital expenditure	4.0	5.9

	12/31/2023	12/31/2022
Balance sheet total	74.3	105.0
Equity	12.7	24.9
Equity ratio in percent	17.1	23.7
Employees (as at reporting date)	1,701	2,501