

FRIWO cautiously optimistic for 2023 - clearly positive effects from India joint venture and growth in North America expected from 2024 onwards

- 2022 with record sales of 184.9 million euros (+84%) and turnaround to profitability
- Growth in all business areas, greatest momentum in e-mobility solutions
- Balance sheet quality significantly improved, equity ratio rises to 23.7%
- Joint venture for e-mobility in India continues to be very successful, production start in Q2 2023
- Outlook 2023: Group sales at 140 -160 million euros and increase in profitability expected
- High sales and earnings momentum in the medium term due to strong growth in and around India and in North America

Ostbevern, 30 March 2023 – Following the very successful fiscal year 2022 with record revenues and a significant return to profitability, FRIWO Group is also cautiously optimistic for fiscal year 2023. From 2024 onwards, a strong recovery in earnings is then expected due to the anticipated significant profit contributions from the booming e-mobility business in India. Thanks to strong growth in all segments, sales in fiscal 2022 improved by 84% to 184.9 million euros (2021: 100.5 million euros). Adjusted for order backlogs from the previous year and recharges to third parties, sales increased by 40% to around 146 million euros. Despite high cost burdens due to supply bottlenecks for important electronic components and Covid-19-related logistics problems, EBIT (earnings before interest and taxes) rose very significantly from minus 8.0 million euros to plus 4.3 million euros. FRIWO also succeeded in returning to the profit zone with earnings after taxes of 0.5 million euros (2021: -10.5 million euros).

Laying the foundations for strong international growth

In terms of strategy, the company has reached important milestones for the continued internationalization of its activities with the very successful launch of the e-mobility joint venture with UNO MINDA and the opening of a sales office in the USA. For 2023, the company's Executive Board anticipates a more moderate development in the first half of the year and good opportunities for a renewed revival in the second half. Group sales for

the full year are expected to be 140 to 160 million euros and thus roughly at or above the adjusted level from 2022 mentioned above.

"2022 was a very good year from an operational perspective, achieving record sales and a significant leap into the profit zone. In addition, with the very successful launch of our joint venture in India and the expansion into the USA, we have set the strategic course for sustainable growth momentum. Against this background, we are cautiously optimistic about this fiscal year and expect substantial contributions to earnings from India and North America from 2024 onwards," comments Rolf Schwirz, CEO of FRIWO AG.

Order book continues to be solid, all segments with strong sales growth in 2022

Despite weakening demand at the end of 2022 in view of geopolitical uncertainties and a certain market saturation for electric bicycles in Europe, FRIWO reported a record order intake of 156.2 million euros as of December 31, 2022 (previous year: 149.9 million euros). In consideration of the high order deliveries in the fourth quarter, the order backlog of 83.6 million euros was down on the comparable prior-year figure of 97.2 million euros. All segments generated significant sales growth in 2022. The upward trend was most pronounced in the electromobility segment, with an increase of 221%. FRIWO benefited here from the high demand for electric bicycles in Europe. Sales in the tools and garden equipment (Tools) and industry segments also showed dynamic growth of 25% and 26% respectively. FRIWO also returned to growth with products for the medical industry, up 9%. In the smaller areas of distribution and consumer products, sales increased by double-digit percentages.

Improvement in balance sheet quality - special effects impact cash flow development

In the reporting year 2022, FRIWO succeeded in further noticeably improving its balance sheet quality and financing structure. As of December 31, 2022, the FRIWO Group's total assets increased year-on-year from 75.5 million euros to 105.0 million euros. Thanks to the increase in cash equity in the course of the participation of the Indian UNO MINDA Group in the company, the equity ratio climbed significantly from 11.9% to 23.7%. The extension of the syndicated bank loan until the end of 2023 enabled FRIWO to further strengthen its financing base. The good operational development also had a positive impact on cash flow. Cash flow from operating activities, for example, improved by around 15 million euros to -3.4 million euros. Capital expenditures were also significantly higher than a year earlier. Contributing factors included the introduction of a groupwide SAP system and the start-up

investments for the Indian joint venture. The latter is expected to increase further in fiscal 2023.

Continued internationalization is also reflected in the number of employees

At the end of the period under review, FRIWO employed 2,501 people throughout the Group (end of previous year: 2,182). The increase was mainly due to the ramp-up of the four production facilities in Vietnam, where the majority of the Group's workforce was employed with 2,325 (previous year: 2,011). In Germany, 162 people were employed in product development, specialized parts of production, sales and administration at the end of the reporting period, compared with 154 in the previous year.

Tobias Tunsch, Chief Financial Officer (CFO) of FRIWO AG, adds: "In recent years, FRIWO has also done its homework in terms of the balance sheet in order to lay a solid foundation for the planned strong international growth. For example, the equity ratio was increased from 7.7% to a solid 23.6% within two years. However, given the great potential in India, our focus in 2023 and beyond will continue to be on generating sufficient cash flows to efficiently exploit all opportunities."

Indian e-mobility joint venture to start production on track in second quarter

As planned, the new production facility of the joint venture with the Indian UNO MINDA Group south of New Delhi will go into operation in the second quarter of 2023. Complete system solutions in the field of e-drives will be manufactured there in an area of around 15,000 square meters, comprising the necessary hardware and the appropriate software architecture. Although the joint venture, in which FRIWO holds a 49.9% stake, was launched less than 12 months ago, it has already recorded incoming orders and letters of intent worth more than 400 million euros from Indian two- and three-wheeler manufacturers. There is a good chance that further contracts will be signed with Japanese producers in the coming months. The joint venture is aiming for a leading market position in the booming Indian e-mobility market for these vehicles. Industry experts put the market volume addressed at around 4.5 million vehicles by 2027. This estimate is based on the assumption that the share of vehicles with electric drives will then be around 15% of the total market potential of up to 30 million two- and three-wheelers.

Outlook 2023: Substantial improvement in returns - earnings leap planned in 2024

The Executive Board is cautiously optimistic about business development in 2023. In the first half of the year, the further development of demand is difficult to assess due to recessionary trends in the Group's key sales markets. The sales record for e-mobility components from 2022, which was also based on catch-up effects from 2021, will not be repeated in the current year due to the current reluctance of end consumers to buy. However, FRIWO sees good opportunities for a significant recovery in demand in the second half of the year. On the cost side, relief is expected in inventory costs due to a gradual improvement in material and component availability. Against this backdrop, the Executive Board anticipates consolidated sales of between 140 and 160 million euros in fiscal 2023. This would correspond to further growth compared with the previous year's figure of around 146 million euros adjusted for extraordinary effects. In terms of Group EBIT, FRIWO anticipates earnings at the level of the previous year and thus a significantly improved return on sales. This figure includes start-up costs for the establishment of the joint venture in India. This activity is not yet expected to have a significant impact on earnings in 2023, but is expected to make substantial profit contributions in the fiscal year, just like the newly launched US activities from 2024.

The annual report for 2022 and further information on the company can be found on the website: www.friwo.com/de/about/investor-relations/

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FRIWO Group at a glance

in million euros	2022	2021
Revenue	184.9	100.5
Earnings before interest and taxes (EBIT)	4.3	-8.0
EBIT margin in percent	2.3	-7.9
Earnings before taxes (PBT)	1.8	-10.1
Earnings after taxes	0.5	-10.5
Earnings per share in euros	0.06	-1.37
Capital expenditures	5.9	2.6
Order intake	156.2	149.9
Orders on hand	83.6	97.2
	31.12.2022	31.12.2021
Balance sheet total	105.0	75.7
Equity	24.9	9.0
Equity ratio in percent	23.6	11.9
Employees (end of period)	2,501	2,182

About FRIWO:

Listed in the General Standard of the Frankfurt Stock Exchange, FRIWO AG, headquartered in Ostbevern, Westphalia, is an international manufacturer of technically leading chargers and e-drive solutions. Founded in 1971, FRIWO offers a product portfolio that includes not only high-quality power supply solutions, but also battery charging solutions for a wide range of e-mobility applications. This also includes all components of a modern electric drive solution: from the display to the motor control and drive unit to the control software. With modern development centers, production facilities and sales locations in Europe, Asia and the USA, FRIWO is present in all the world's major markets. Together with UNO MINDA, FRIWO operates a joint venture in India to supply the large Indian two- and three-wheeler market with electric drive systems. In addition, a subsidiary has been established in the USA to meet growing demand, particularly in the e-mobility and medical sectors. FRIWO's most important customers are leading international brands in their respective markets, which benefit from the innovative strength and highest quality standards of FRIWO products and solutions. The 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>.