

FRIWO AG heralds profitable growth phase due to record order book

- E-mobility specialist achieves slight revenue growth to €100.5 million in 2021
- Massive pandemic-related charges and one-off effect from goodwill amortisation lead to EBIT of € -8.0 million
- Dynamic growth in new orders (+41% to € 149.9 million) as well as order book (+116% to € 97.2 million) primarily driven by the e-mobility business
- Trendsetting joint venture in India with UNO MINDA Group to create a technology and market leader in the local e-mobility growth market
- Equity ratio significantly improved to 11.9%, as well as further strengthening of balance sheet quality through equity participation by UNO MINDA expected in Q2 2022
- Outlook 2022 driven by high demand: low to mid double-digit percentage revenue growth and turnaround to positive earnings expected

Ostbevern, March 31, 2022 – The FRIWO Group is looking confidentially to the future in view of dynamically rising demand, especially in the core business area of e-mobility. While the last two financial years were characterised by massive burdens not only from the Corona pandemic but also from the transformation process that has been underway since 2019, the company's Executive Board expects a return to a profitable growth path in 2022, as advised, in view of a very significantly improved order situation. This growth path is expected to accelerate in the following years. For example, in recent years the Westphalian group has become one of the market and technology leaders by producing more than one million charging systems for e-bikes annually. For the near future, sales are to be increased up to three million units via the established Asian production sites in Vietnam, China and India. The basic prerequisite for this expected dynamic growth is that there are no continued noticeable disruptions in the supply and delivery chain of FRIWO.

Additional growth from 2023 through focus on the Indian e-mobility market

The company's optimism is further fuelled by the joint venture signed with UNO MINDA Group in 2021. From 2023 onwards, increasingly positive effects are forecasted from the joint development of the huge market of two and three-wheelers in India. The necessary preparations for operations are scheduled to begin in the second quarter of 2022, following approval by the Indian antitrust authorities.

Rolf Schwirz, Chairman of the Board of FRIWO AG comments: "FRIWO AG looks back on a trend-setting year 2021. Despite massive pandemic-related burdens, we have successfully driven forward our transformation into a high-growth and profitable e-mobility company in the future. We want to reap the first fruits of this in 2022. The record order book as well as the noticeable customer enthusiasm for our technologically leading products make us confident - subject to no further escalation of the Ukraine conflict and a normalisation of the Corona effects - that we will be able to report a double-digit sales growth and a return to profitability this year."

Pandemic-related burdens processed in 2021 – strong demand from the e-mobility business fuels optimism

The strategic focus on the expansion of the e-mobility business, as well as on other growth areas, is reflected in the acquisition of new customers and a strongly improved order situation. Thus, **order intake** increased dynamically as at December 31, 2021 up 41% to €149.9 million. The book-to-bill-ratio (ratio of incoming orders to turnover), as a key figure for future business growth, was significantly above the previous year's level of 1.07 at 1.49.

The **order book** as of December 31, 2021 reached a record level of € 97.2 million and was 116% higher than the previous year (€ 45.0 million). **Turnover** in 2021 at € 100.5 million was slightly above the previous year's level (€ 99.4 million), despite the considerable burden of the Corona pandemic, and thus in line with the forecast ("approx. 100 million") updated in November 2021.

Particularly noteworthy in this context is the three-month lockdown at the production sites in Vietnam, which are particularly important for FRIWO and where more than three quarters of the employees are employed. The electro-mobility segment remained on course for growth with an increase in turnover of more than 15%. FRIWO benefited mainly from the high demand for electric bicycles in Europe. Revenues in the tools and garden equipment segment (Tools) and the industrial segment also increased, while revenues for the medical industry declined compared to the strong growth in the 2020 financial year. In the segments Distribution and Consumer Products, revenues also decreased, in line with the group's strategy of growing direct sales without using distributors. Adjusted for currency effects, the group's turnover would have risen significantly more than 5% to € 104.7 million.

For the above-mentioned pandemic-related reasons, **consolidated earnings before interest and taxes (EBIT)** were € -8.0 million, compared to € -3.8 million in the previous year. The fact that this was thus still below the forecast of a loss within the mid-single-digit million range updated in November 2021, was based on a one-off goodwill impairment on a production facility in Vietnam amounting to € 2.3 million. Without this impairment, EBIT would have met the forecast. As a result, the **result after taxes** of € -10.5 million did also not reach the previous year's level of € -5.5 million. This results in earnings per share of € -1.37 (2020: € -0.72).

Strengthening of balance sheet quality - special effects shape cash flow development

FRIWO succeeded in improving its balance sheet quality despite the difficult framework conditions and one-off charges. As at December 31, 2021, the group's balance sheet total increased year-on-year from € 61.3 million to € 75.7 million. Due to the conversion of a shareholder loan into equity, the equity ratio improved noticeably from 7.7% to 11.9%. The cash flow development in 2021 was unsatisfactory. The cash flow from operating activities was at € -17.7 million compared to € -3.1 million in the previous year. The decisive factor for this, and no longer expected for 2022, was on the one hand the negative trend in earnings, but also the lockdown consequences in Vietnam due to a

significantly increased commitment of funds through the build-up of inventories due to bottlenecks in the value chain.

Process changes and production relocations largely completed

At the end of the year under review, FRIWO employed 2.182 people across the group (2.608 in the previous year). The decrease is a result of the relocation of part of the production to Vietnam and the streamlining of central functions as part of the transformation programme launched at the end of 2019. Furthermore, the lockdown in Vietnam was noticeable. At year end 2.028 people were employed abroad – mainly in Vietnam (at the end of 2020: 2.408). The 154 employees in Germany are focused on product development, specialised parts of production as well as sales and administration (at the end of 2020: 200).

Tobias Tunsch, Chief Financial Officer (CFO) of FRIWO AG adds: "FRIWO has proven to be very resilient over the past year. Our balance sheet quality has improved again despite the high pandemic and transformation-related burdens. The investments in the growth field of e-mobility, and in particular in our systems and software expertise, are paying off in the form of the acquisition of new customers and expanded value creation. Due to the joint venture in India and the associated equity participation of UNO MINDA our financial situation will again noticeably improve from the second quarter onwards and open up additional growth options for us."

Significant growth in turnover and earnings planned for 2022 and for the following years

The high level of orders at the end of 2021 and the internal improvements already achieved a good basis for a positive business development in 2022. The strained situation on the international procurement markets in the first quarter of 2022, uncertainties regarding the effects of the Ukraine crisis and the further course of the COVID 19 pandemic are the most important risk factors for the group's business development. Provided that there are no further impairments to business activity, the high order backlog from 2021 can be reduced and the good demand in all application areas of FRIWO

continues, the Executive Board anticipates a significant increase in group revenue within the low to mid double-digit percentage range for the 2022 financial year compared to the 2021 financial year as well as a slightly positive group EBIT.

FRIWO is also confident that it will be able to achieve sustainable profitable growth in the coming years, especially in view of the expected positive development in the e-mobility sector. First noticeable positive effects from the joint venture in India should be visible from 2023 onwards and become more noticeable in subsequent years.

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The development of the group at a glance

| | 2021 | 2020 |
|---|-------------------|-------------------|
| <i>in million euros</i> | | |
| Turnover | 100.5 | 99.4 |
| Earnings before interest and taxes (EBIT) | -8.0 | -3.8 |
| EBIT return on sales in percent | -7.9 | -3.9 |
| Profit before tax (PBT) | -10.1 | -5.2 |
| Profit after tax | -10.5 | -5.5 |
| Earnings per share in euros | -1.37 | -0.72 |
| Investments | 2.6 | 3.1 |
| | 31.12.2021 | 31.12.2020 |
| Balance sheet total | 75.7 | 61.3 |
| Equity | 9.0 | 4.8 |
| Equity ratio in percent | 11.9 | 7.7 |
| Employees (reporting date) | 2.182 | 2.608 |

About FRIWO:

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 tailorized 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/>.