

FRIWO with financial realignment that will lay the foundation for future profitable growth

- High cash inflow expected from the sale of the minority stake in the Indian joint venture and from the sale of large parts of the industrial business
- Debt to be reduced in large part, equity ratio will exceed 30% after the transactions have been carried out, financial resources for future growth and profitability
- New corporate structure with five business areas and a focus on innovative growth drivers
- 2025 with solid growth and significantly positive adjusted EBIT – high revenue growth and sustainable EBIT margin of more than 5% planned in the medium term

Ostbevern, February 14, 2025 – FRIWO – an international product and system provider of power supplies, charging technology and digitally controllable drive solutions – is to restructure its finances by comprehensively realigning its portfolio, thereby laying the foundation for sustainable profitable growth. This is due, on the one hand, to the framework agreement concluded at the end of 2024 for the divestment of its business with customized and application-specific power supply solutions for DIN rails and, on the other hand, to the sale of the 49.9% minority stake in the joint venture with the Indian company UNO MINDA, which was agreed today. The implementation of both transactions is still subject to various conditions and is expected to be completed in the first half of 2025. After deducting all costs, both transactions will provide the company with financial resources that will enable it to reduce part of its debt to its principal banks in Germany and Vietnam, while investing in future expansion and in developing its position as a leading system provider of power supply solutions, and thus supporting the planned profitable growth of the company.

“We are very grateful to UNO MINDA for the close partnership and the progress we have made together in the joint venture over the past few years. We wish UNO MINDA and the entire team every success for the future. Thanks to the transaction, FRIWO will be able to successfully realign itself financially and strategically in difficult economic times. This will enable us to finally turn a profit and achieve significant profitable growth in the future on the basis of a well-diversified technology portfolio,” comments Dominik Woeffen, member of the Management Board of FRIWO AG. Ina Klassen, member of the Management Board of FRIWO AG adds: *“The expected high cash inflows from the two transactions will restore FRIWO to a financially and balance sheet healthy company. This will provide us with sufficient financial resources to*

significantly expand our core business by driving internationalization and strengthening our innovation capabilities.”

Financial necessity for divestment of joint venture interest

FRIWO expects the transaction with UNO MINDA, which is still subject to various conditions and is expected to be completed in the first half of 2025, to result in a cash inflow of approximately 20 million euros. In addition, the transaction will lead to an extraordinary contribution to earnings in the amount of a large portion of the purchase price after completion. The joint venture with UNO MINDA was established in the summer of 2022; on this occasion, the Indian company also acquired a 5.24% stake in FRIWO AG. The corresponding capital increase had already generated 15 million euros for the Group at the time. The joint venture for the production of two- and three-wheelers with electric drives in India and Southeast Asia had a good order situation, but the realization of this growth required high start-up costs. Due to the minority interest, no sales revenues were realized by the FRIWO Group from the joint venture. To date, FRIWO has not yet been able to realize any license fees from this due to the joint venture’s high investment requirements to enable the growing business. Further growth of this business would have required substantial additional resources to enable the successful servicing of global customers, including those outside India. This would have necessitated not only substantial financial resources but also an international sales and service network. After a broad and international selection process, FRIWO decided to sell the business to the Indian joint venture partner. On the one hand, this sale secures the necessary resources for the business to continue growing. On the other hand, it provides the financial relief that FRIWO needs to significantly improve its equity ratio, which fell sharply to 10.1% in the third quarter of 2024.

UNO MINDA remains a partner for FRIWO

Sales negotiations were conducted with several interested parties. In UNO MINDA, the ideal buyer was found for all of the company’s stakeholders and for the further strategic positioning of FRIWO in India and Southeast Asia. In addition, there are considerations to use their cost-effective production network for FRIWO’s core business. The purchase agreement only includes the two- and three-wheeler applications of the e-drive range worldwide, with the exception of e-bikes and pedelecs. The company will still have access to other e-mobility system offerings, for example for logistics, the construction industry, golf caddies or in the medical sector. The proceeds expected from the portfolio transactions will significantly improve the balance sheet quality in the long term. For example, the equity ratio is expected to improve to more than 30%, subject to confirmation by the auditors.

The foundation for future profitable growth has been laid

Once the transactions have been successfully completed, FRIWO will have a well-diversified portfolio of products and services with growth potential. The so-called "TIME" segments, i.e. the tools, industrial, medical and e-mobility sectors, are to be expanded in a targeted manner to include strategically suitable business areas. At the same time, FRIWO is opening up to new markets and future-oriented industries to enable further medium- and long-term growth. The new structure will consist of the five business areas:

- E-Mobility, Transportation & Logistics
- Medical & Healthcare Solutions
- Industrial Applications
- Specialized Tools & Equipment
- Lifestyle Solutions

Adjusted for the transactions, the previous TIME segments generated revenue of more than 75 million euros in 2024. Building on this, the targeted profitable growth and the associated turnaround to profitability should be achieved in the future by expanding the business areas, increasing internationalization, particularly in Europe, the USA and Asia with India as a preferred growth market, product innovations and an extended value chain, for which insufficient funds were available in the past. The aim is to provide all areas with a balanced mix of customer-specific OEM products and standard products. In addition, improved results should be achieved by focusing more on sophisticated solutions and further efficiency improvements. The focus is on operational excellence, with the aim of reducing delivery times and time to market in all areas and increasing efficiency in our logistics.

Tapping additional growth potential

The new corporate structure will comprise the following areas of responsibility:

E-Mobility, Transportation & Logistics will include solutions for electric drive systems, charging technology, energy supply and logistics applications, and will account for well over 20% of revenue. In this area, FRIWO already successfully supplies 50% of the largest manufacturers of e-bike drive systems with battery chargers. With well over 5 million e-bike charging systems already delivered, the company is the clear number one in Europe, with a strong focus on the DACH region. After the coronavirus-related boom in 2020, the market has stabilized.

Medical & Healthcare Solutions generates more than 15% of Group revenue with advanced solutions for medical technology, healthcare devices and diagnostic systems. FRIWO sees particularly strong growth and margin potential in this business area. The main focus region is to be the USA. The division is expected to expand its share of Group revenue noticeably.

Industrial Applications will also contribute over 15% of revenue. Our products and solutions for this area are focused on automation, manufacturing technology, industrial control systems, and food processing. Additional potential for this area is also expected to arise from increased customer-related contract manufacturing.

Specialized Tools & Equipment, with its high-quality power supplies for tools and special equipment in various industries, will contribute more than 20% to Group revenue. FRIWO has been a successfully established producer of intelligent e-mobility charging systems for tools and gardening equipment for many years. Future growth is to be achieved primarily through product innovations.

The **Lifestyle Solutions** business will focus on products for private use, such as household appliances, consumer electronics, and smart home systems. The smallest business area will have a mid-single-digit percentage of revenue.

FRIWO will provide more information on the strategic developments and measures required for the realignment in the coming quarters.

Significant medium-term growth in revenue and earnings aspired, with the ability to pay a dividend

In the coming quarters, FRIWO will report on further details after the closing of the transactions and the strategic development as well as the investments in the outlined growth. As early as 2025, the first positive operational successes, initially mainly due to the successful cost efficiency measures, should be visible in an improvement in earnings. For the following years, FRIWO expects average annual revenue growth at least in the high single-digit percentage range and a sustainable EBIT margin of more than 5%. This should then also enable a balance sheet profit again, allowing the shareholders to participate appropriately in the company's success through a dividend payment.

The outlined measures and strategic development are also fully supported by the major shareholder Cardea Holding GmbH, a subsidiary of VTC GmbH & Co. KG, and by the Supervisory Board of FRIWO, as confirmed by Richard Ramsauer, Chairman of the Supervisory Board: *"The Supervisory Board of FRIWO AG fully supports the strategic steps taken*

and the planned measures. The two transactions will enable substantial value to be added and realized. This will put FRIWO in a very good financial and strategic position for the future.”

Invitation to the conference call / webcast:

A conference call in German will be held on Monday, February 17, 2025 at 11:30 a.m. (CET) to discuss the latest developments.

To participate in the conference call and to be able to ask a question, please register at <https://webcast.meetyoo.de/reg/sMk9ysuXENxq>

The webcast (incl. replay) can be accessed via the following link:

<https://www.webcast-egs.com/friwo-2025-02>

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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>.