26 October 2026

FRIWO AG

Rating	Buy
Share price (EUR)	3.36
Target price (EUR)	4.80
Bloomberg	CEA GR
Sector	Technology

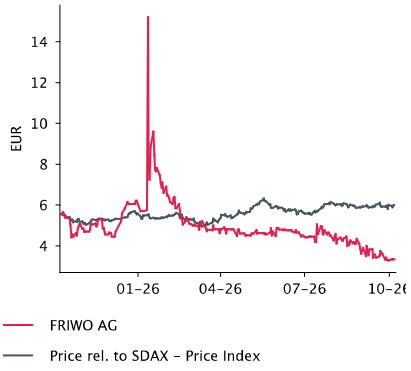
Share data

Shares out (m)	8.6
Market cap (EUR m)	29
EV (EUR m)	32
DPS (EUR)	0.00
Dividend yield (%)	0.0
Payout ratio (%)	0.0

Performance

ytd (%)	-40.4
12 months (%)	-41.4
12 months rel. (%)	-51.7
Index	SDAX

Share price performance



Source: Bloomberg

Next triggers

05.11.2026: Q3 results

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Stronger foundation for earnings recovery

FRIWO AG develops and manufactures power supplies and charging solutions for medical, industrial and other demanding applications. Following several years of restructuring, the 2025 disposals of its E-Drives and DIN-rail activities strengthened the balance sheet and allowed management to concentrate on the core business. We see FRIWO entering a new phase in which established engineering expertise and customer relationships can translate into renewed growth and a recovery in profitability. Its combination of German development capabilities and production in Vietnam provides a competitive base. New customer programmes and broader sales coverage in Europe and the US should increase volumes, while higher utilisation and production efficiencies improve fixed-cost absorption. We forecast revenue to rise from EUR 58.00m in 2026 to EUR 79.11m in 2030, with positive EBIT from 2028 and a 4.8% EBIT margin in 2030. Further operational progress supports a margin above 5% from 2031, consistent with the direction of management's medium-term objective. We initiate FRIWO AG with a Buy recommendation and a target price of EUR 4.80.

Medical orders support the growth outlook

Medical order intake rose to EUR 20.40m in H1 2026 from EUR 5.60m a year earlier, including long-term volume contracts. This supports the opportunity in a market with demanding product qualifications and long customer relationships. New medical, e-bike and tool programmes should contribute progressively as development work is completed and projects enter series production.

Higher utilisation supports margin recovery

Our expected return to positive EBIT in 2028 is supported by cost measures and higher production volumes. Better utilisation of the existing manufacturing footprint should spread fixed costs over a larger revenue base. Together with ongoing production efficiencies, this supports sustained margin improvement as sales recover.

Stronger balance sheet creates flexibility

The 2025 disposals enabled repayment of the German syndicated bank loan. An equity ratio of 30.8% in June 2026 provides greater flexibility to develop the core business.

Key figures		2024	2025	2026e	2027e	2028e
Sales	EUR m	93	77	58	62	66
EBITDA	EUR m	0	3	-1	2	3
EBIT	EUR m	-4	0	-4	0	1
EPS	EUR	-0.73	1.63	-0.39	-0.06	0.04
Sales growth	%	-16.3	-16.8	-25.0	6.9	7.2
EBITDA margin	%	0.0	4.3	-1.8	3.4	4.5
EBIT margin	%	-3.9	0.1	-6.9	0.0	1.9
Net margin	%	-6.7	18.0	-5.8	-0.9	0.5
EV/Sales	ratio	2.41	0.64	0.54	0.50	0.46
EV/EBITDA	ratio	n.m.	14.9	n.m.	14.6	10.2
EV/EBIT	ratio	n.m.	n.m.	n.m.	n.m.	24.2
P/E	ratio	n.m.	3.4	n.m.	n.m.	82.6
P/BV	ratio	59.3	3.2	2.4	2.5	2.5
Dividend yield	%	0.0	0.0	0.0	0.0	0.0

Source: Bloomberg, Company data, Quirin Privatbank estimates

Please see final page for important disclaimers and disclosures

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Executive Summary & Investment Case

We initiate coverage of FRIWO with a Buy recommendation and a target price of EUR 4.80. A stronger balance sheet renewed commercial focus and better utilisation support our expectation of revenue growth from 2027 and positive EBIT from 2028.

Restructuring has created a stronger financial foundation

FRIWO entered restructuring in 2019 after production transfers to Vietnam left German overheads too high. Pandemic disruption prolonged the process, while the expanding Indian E-Drives business required additional capital. In 2025, FRIWO sold its E-Drives activities, including the Indian joint venture stake, and its DIN-rail business. The proceeds enabled repayment of the German syndicated bank loan and a reduction in shareholder financing. The equity ratio increased from 5.3% at end-2024 to 35.6% at end-2025 and stood at 30.8% in June 2026, providing greater flexibility to invest in the core business.

Technical expertise and customer relationships support growth

FRIWO develops power supplies and charging solutions, combining German engineering with its own production in Vietnam. Customer development work, demanding qualifications and long product lives support repeat business. Medical and industrial applications offer growth opportunities alongside established e-bike and tool customers. Electrification, digitalisation and energy efficiency favour more capable products. Management is rebuilding customer relationships and expanding sales coverage in Europe and the US. Medical order intake reached EUR 20.40m in H1 2026, versus EUR 5.60m a year earlier, including long-term volume contracts.

Our forecasts reflect a gradual recovery in sales and margins

After EUR 77.36m in 2025, we forecast revenue of EUR 58.00m in 2026, at the lower end of management's revised guidance as delivery delays affect trading. We estimate EBIT of EUR -4.00m; management guides to an adjusted EBIT loss in the low single-digit million-euro range. We expect 2027 revenue of EUR 62.00m, up 6.9% yoy, and EBIT of EUR 0.00m. Estimated revenue reaches EUR 79.11m in 2030, an 8.1% CAGR from 2026, with growth accelerating to 10.0% yoy. Higher utilisation, lower relative operating costs and production efficiencies lift our EBIT margin to 4.8% in 2030, above 5% from 2031 and 7.54% in 2035. Management's ambition of around 10% average annual growth and an EBIT margin above 5% supports this direction.

Valuation captures the earnings potential of the core business

Our DCF yields EUR 4.80 per share, using an 8.25% WACC and 1.5% perpetual growth. Converting the EUR 48.50m June 2026 backlog into deliveries, launching new programmes and improving cash generation are the main catalysts. Customer concentration, pricing pressure and component availability remain relevant risks.

Experience through difficult cycles supports the next phase

We highlight FRIWO's ability to adapt through favourable and difficult periods over the past two decades. We regard restructuring as successfully completed and see renewed customer confidence in the return to the core business. We see management's commitment to innovation, international expansion and profitable growth. We see the stronger financial foundation and clearer priorities as a credible basis for this next phase.

Business model and customers

FRIWO develops and manufactures power supplies and charging solutions for equipment manufacturers. Its products convert and control the electricity required to operate devices or recharge batteries, often under demanding technical and safety requirements. The business combines customer-specific development with series production, supported by a standard product portfolio and electronic manufacturing services. Most manufacturing takes place in Vietnam, while Germany remains the centre for customer interaction, engineering and group management.

FRIWO aims to become part of the customer's product design and supply it throughout its operating life. Development work can therefore lead to repeat orders over many years, particularly in medical and industrial applications. Qualification and production schedules determine when revenue starts, while customer demand and supplier allocations influence subsequent volumes.

Power supplies and chargers form the core portfolio

Power supplies provide devices with the voltage and current needed for their operation. FRIWO offers external plug-in units, desktop models connected by a separate mains cable, and open-frame units integrated into the customer's equipment. Its portfolio also includes flush-mounted products installed inside walls, for example behind a USB outlet. The desktop format is familiar from computer power supplies, but FRIWO's focus extends to medical equipment, industrial devices and other specialised applications.

The technical requirements vary considerably between applications. An industrial power supply may need to tolerate short peaks in current, vibration or moisture, while a medical device requires particular attention to electrical isolation and patient safety. Size, heat generation, efficiency and low power consumption when idle can also influence the design. These requirements provide the basis for customer-specific engineering and distinguish the applications FRIWO targets from more interchangeable consumer products.

Chargers form the second main product group. They manage the charging process and must be matched to the relevant battery and its operating conditions. FRIWO supplies standard and customised chargers for applications including e-bikes, cordless tools and medical devices. Depending on the project, the charger may include temperature monitoring, specific charging profiles and a communication interface with the battery or the wider system. Charging speed matters to customers, but battery protection and reliable operation are equally relevant to the overall product design.

Battery packs and battery management systems complement the portfolio. The latter monitor and control the battery, including functions such as cell protection and communication of its charge status. FRIWO assembles packs using battery cells rather than manufacturing the cells itself. Management describes this as a small part of the remaining business, following the reduction of manufacturing activities in Germany. Selected projects are still supplied, including through European manufacturing partners, where their technical and commercial requirements fit FRIWO's capabilities.

Examples from FRIWO's power supply and charging portfolio



Charging unit



Plug-in power supply

Quelle: Quirin Privatbank AG, FRIWO AG

Custom development accounts for most of the business

Customised products represent around two thirds of revenue

Management distinguishes three commercial models: customer-specific products, standard products and electronic manufacturing services, or EMS. Customer-specific products account for 64% of revenue, standard products for 27% and EMS for 9%. This is a classification by the nature of the offering. It should be read separately from the company's end markets and its financial reporting segments.

For a customer-specific product, FRIWO receives either a detailed specification or a description of the problem the customer needs to solve. It then develops the required solution, often in close cooperation with the customer's engineers. Existing circuits, modules and experience can be reused, but the final electrical and mechanical design is adapted to the particular application. This original equipment manufacturer, or OEM, activity is the largest part of the business and is intended to lead to subsequent series production.

Revenue mix by type of offering

Offering	Share	Main characteristics
Customer-specific products	64%	Development against a customer's specification, followed by series production.
Standard products	27%	Established products, including limited changes to cables, labelling or packaging.
EMS	9%	Manufacturing based on the customer's design and technical documentation.

Standard products require less individual development. Adaptations may be limited to the cable, connector, printed label or packaging, allowing customers to use an existing design while meeting their own integration and branding requirements. This business broadens access to customers whose volumes or specifications do not justify a fully bespoke product.

Under the EMS model described by management, the customer supplies the design, bill of materials and production documentation. FRIWO manufactures the product without undertaking the underlying product development. Services can include component procurement, circuit-board assembly, final assembly, testing and packaging. The scope extends beyond FRIWO's own power supply and charger designs, so EMS provides an additional route to use its manufacturing capabilities.

New OEM projects typically take 15 to 18 months to reach series production

Development and qualification precede series revenue

A typical OEM project starts with the customer's requirements and an initial concept covering the electrical circuit, housing, connections and other application-specific features. FRIWO discusses this concept with the customer and develops successive prototypes. Management describes several sample stages, commonly referred to as A, B and C samples, during which the design is tested, adjusted and prepared for production.

Qualification is an integral part of this process. FRIWO carries out internal testing and supports external certification where required. Its capabilities include electromagnetic compatibility testing and checks of electrical safety, environmental resistance and long-term reliability. The required approvals depend on the product and its intended market. Once the design has reached the appropriate stage, an engineering pilot run tests whether it can be manufactured consistently using the intended production process.

Management illustrated such a pilot run with a batch of approximately 100 units. The purpose is to refine the manufacturing process, prepare work instructions and provide samples for internal and customer approval. Series production starts after the relevant releases have been obtained. The pilot quantity is an example of the process rather than a standard minimum order requirement.

This sequence explains why a new OEM project usually requires around 15 to 18 months before it generates series revenue, according to management. EMS projects can start more quickly, often within four to six months, because the design is supplied by the customer. These different lead times matter when assessing new business wins: a stronger development pipeline supports future revenue, but its effect on current trading is limited until the products enter production.

FRIWO seeks to earn a return over the full relationship, combining development with the manufacture of the resulting product. Development work may be charged separately or recovered partly through the price of units supplied later. The arrangement depends on the project and the customer's willingness to pay. Management therefore does not see stand-alone engineering assignments as the main objective. The economic value of the initial work depends in part on the volume and duration of the subsequent production programme.

Five end markets share a need for reliable power

FRIWO serves five operating business fields that draw on common power electronics and manufacturing expertise. Their product requirements, qualification procedures and purchasing behaviour differ. Management focuses on applications where specialised engineering, higher power requirements or demanding approvals influence supplier selection, giving the company several routes to market.

End markets and principal customer requirements

Business field	Typical applications	Relevant requirements
E-Mobility, Transportation and Logistics	E-bike charging and power systems for transport and logistics equipment	Charging performance, battery protection, communication and integration into the customer's system
Medical and Healthcare Solutions	Medical devices, diagnostic equipment and mobile healthcare systems	Patient safety, qualification, dependable operation and long product availability
Industrial Applications	Industrial equipment, pumps, gate drives and security systems	Variable loads, environmental resistance, compact dimensions and operational reliability

Business field	Typical applications	Relevant requirements
Specialized Tools and Equipment	Cordless power tools, gardening equipment and professional devices	Short charging times, durability and compatibility with existing battery systems
Lifestyle Solutions	Smart-home devices, household appliances and selected consumer electronics	Compact design, energy efficiency and adaptation to the customer's product

Source: FRIWO AG

E-bikes and cordless tools are established areas for FRIWO's charging technology. Customers include well-known equipment and brand manufacturers, often with international operations. Products in these markets can reach substantial volumes, making supplier cost and the allocation of orders between suppliers important commercial considerations.

Medical and industrial applications are particularly attractive because qualification requirements can support longer product relationships. Medical equipment needs a reliable power supply throughout its use, whether integrated into the device or provided externally. FRIWO's published examples include battery and charging systems for a heart-assist device and a mobile X-ray application, illustrating the technical scope of its offering.

Lifestyle is the smallest business field and includes applications such as smart-home equipment. For financial reporting, FRIWO combines the five operating fields into two segments: Industrial & Mobility Solutions and Health & Lifestyle Solutions. The former covers mobility, industrial applications and specialised tools, while the latter includes medical and lifestyle activities as well as distribution. This reporting structure was introduced for 2025 and is distinct from the split between custom products, standard products and EMS.

Long product lives support repeat orders

An approved medical design can remain in use for 10 to 20 years

Early involvement in the customer's development process is central to the relationship. Once a FRIWO power supply or charger has been designed into a product and qualified, changing it can require further engineering, testing and approval work. The customer's incentive to make that change depends on the savings available, supply reliability and the effort involved. In medical applications, management reports that an approved design can remain in use for 10 to 20 years, often with limited changes.

An approved design provides a base for repeat series orders for as long as the customer manufactures the equipment. Reliable deliveries also strengthen FRIWO's position when a successor product is developed. Supporting customers through production is therefore part of winning the next programme.

Long product lives support continuity, while annual revenue follows customer production and call-offs. Management is seeking longer-term volume agreements to improve planning visibility. The medical agreement discussed in the outlook chapter illustrates how such commitments can strengthen a relationship over several years.

EMS combines a shorter route to production with the potential for lasting customer relationships. Management reports that several customers have remained with FRIWO for many years because of its quality and delivery performance. As the customer owns the design, continued manufacturing performance is especially important in retaining these orders.

Customer relationships across product generations

In e-bike and tool charging, large customers often use a second or third supplier. FRIWO may secure an initial position through its development capability and speed, while competitors qualify later in the product cycle. Management reports that Asian suppliers have improved their ability to meet technical and regulatory requirements, increasing their relevance even for demanding customers.

FRIWO's involvement in successive product generations supports account continuity. Within each programme, customers allocate volumes according to price, performance and delivery reliability. This explains why sales from an established account can vary even when the supplier relationship continues.

Management sees particularly strong customer attachment in qualified medical and industrial applications, where changing supplier requires additional engineering and approval work. Continued innovation and dependable deliveries reinforce this position and support the company's focus on these markets.

Customer concentration remains an important feature

A wider base of medium-sized customers would reduce reliance on major accounts

Despite the range of end markets, a relatively small group of key accounts generates most of FRIWO's revenue. Management describes a customer base with a handful of very large accounts, a group of medium-sized customers and numerous smaller accounts. Its numerical estimates in the discussion were approximate rather than a defined concentration disclosure. The main conclusion is that the trading performance of a few customers can materially affect the group.

Annual business with the largest e-bike customer in strong trading periods is around EUR 15.00m. This is an indication of the account's historical significance rather than a current-year revenue estimate. Smaller accounts typically range from around EUR 0.05m to EUR 1.00m in annual business and are served through the broader sales organisation.

FRIWO aims to expand the group of customers generating approximately EUR 1.00m to EUR 3.00m each, with medical technology identified as an important source of such opportunities. These accounts can be meaningful for the group's size while reducing dependence on individual large programmes. Their appeal is reinforced when qualification supports a long product life. Building this customer base will nevertheless take time because the same development and approval processes that encourage continuity also delay the start of new revenue.

German engineering is combined with Vietnamese manufacturing

Two Vietnamese plants provide the main manufacturing base

FRIWO AG is the group's holding company, with the principal German operating activities located in FRIWO Gerätebau GmbH in Ostbevern. Germany houses central administration, sales and engineering. The development team works directly with customers and is supported by teams in Asia. We see the combination of experienced German engineers and the Vietnamese team's capacity and cost structure as an important part of the operating model.

Most production is carried out at two facilities near Ho Chi Minh City, supported by additional warehousing. The capabilities cover electronic assembly, testing and final production of power supplies and chargers. German headquarters coordinates the sites through established processes, audits and local management, including German specialists on site. The group also uses its Chinese organisation for component procurement and related quality activities. Selected battery-pack work continues in Europe.

The manufacturing structure supports direct technical contact with European customers and competitive production costs. It also allows FRIWO to address

selected smaller programmes where pricing covers development, setup and ongoing support, broadening the range of commercially attractive projects.

Customer coverage is centred on Europe and expanding in the US

FRIWO's commercial focus is on Germany, Austria and Switzerland, the wider European market and the United States. It operates a business-to-business sales model, using direct sales, representatives and distributors. Major accounts receive dedicated key account coverage, while regional teams and partners support the wider base of smaller customers. Standard products are particularly suitable for distribution because they require less project-specific development.

The US organisation provides a local base for customer development and support. Management describes a focused approach involving its team in Florida and regional representatives, with medical customers among the priorities. Selective regional coverage concentrates the team's resources on promising accounts and provides a basis for expanding the qualified project pipeline.

Across these channels, the central commercial task is to enter the customer's development process early enough to influence the power solution and then support it throughout production. Established accounts provide repeat business, standard products broaden market access, and EMS can add orders with shorter lead times. The balance between these activities determines both the stability of the customer base and the time required for new business to contribute to revenue.

Market and competition

FRIWO's market opportunity centres on applications where reliability, technical requirements and development support influence purchasing decisions. Management sees substantial scope to expand in Europe and the US. Its focus on specialised applications and close customer engagement provides a route to win profitable projects within a competitive market.

A large market with a narrower addressable opportunity

The relevant market is defined by technical requirements and customer fit

The revenue of industries such as medical technology, industrial equipment and electric mobility provides only a broad indication of FRIWO's market potential. Its actual opportunity is the power supply or charging content within those products, further restricted by power range, technical specifications, qualification requirements and the customer's sourcing strategy. A large end market therefore does not translate directly into an equally accessible market for FRIWO. Standardised consumer applications, where purchasing decisions are dominated by unit price, offer limited scope to recover the cost of its engineering and customer support.

Management describes the relevant markets as worth several billion euros and estimates FRIWO's share at approximately 2–5%, depending on the application.

Management assumes medium-term growth of around 5% CAGR for the global power supply and charger market, with differences between applications. This is an industry reference rather than a company forecast. FRIWO's relatively small market share leaves scope to grow faster through suitable products, wider customer access and new qualifications.

The geographical focus remains the DACH region, the rest of Europe and the US. We consider these markets large enough to support the next phase of development. Selected Asian markets could become more relevant as demand for specialised medical and industrial equipment expands, although FRIWO's limited local recognition and differing customer priorities constrain its current access. This is a longer-term possibility rather than an established regional growth programme.

Electrification and more demanding applications support growth

Electrification expands the number of products that require a power supply, battery or charger. For FRIWO, relevant applications include electric bicycles, battery-powered tools and equipment, and industrial devices. The opportunity also develops within existing applications as manufacturers introduce new product generations with different power, charging or space requirements. These changes can create an opening for a development partner before purchasing becomes focused on the cost of an established design.

Digitalisation increases the technical content of power supplies and chargers. Communication with the equipment, operating-status information and monitoring of charging behaviour or faults add to the design requirements. FRIWO's customised development capabilities allow it to address these functions as part of the customer's wider system.

Energy efficiency also creates demand for product development. Lower conversion losses and standby consumption help customers reduce energy use and meet requirements in their target markets. We see energy-efficiency rules and the wider focus on CO2 reduction as supportive, particularly when they prompt new designs or substantial product upgrades.

Medical and healthcare applications add a demographic growth driver. We expect an ageing population and wider use of healthcare equipment at home to support

demand for reliable power solutions. These products require demanding safety and operating standards, making FRIWO's experience in qualification, documentation and integration relevant to customer development projects.

Structural growth and customer order cycles

Customer production and inventories determine near-term orders

FRIWO's orders depend on customers' production schedules, inventory positions and investment decisions. These can move differently from the long-term development of the underlying application. A manufacturer may postpone a new product, reduce component purchases while using existing stocks, or cut output in response to weaker demand. The effect can be particularly pronounced where a supplier serves a small number of large programmes.

The German bicycle market illustrates this distinction. ZIV (Zweirad-Industrie-Verband) reported sales of approximately two million e-bikes in 2025 and an installed base of more than 17 million. Nevertheless, total bicycle and e-bike unit sales declined by 3.9% yoy, while combined market revenue fell by 7.7% yoy to EUR 5,850m. In its March 2026 assessment, the association also reported continuing inventory reductions. These figures describe the German end-product market, rather than charger demand or FRIWO's own market share. They show how widespread adoption can coexist with weaker annual sales and adjustments in the supply chain.

We assess FRIWO's growth through customer orders and programme launches alongside the broader market outlook. Inventory reductions can delay the effect of an end-market recovery, while a new customer programme can add revenue before the wider market improves.

The competitive landscape differs by application

FRIWO does not identify one competitor that it encounters consistently across all its activities. It competes with European, American and Asian suppliers, with the relevant alternatives changing between medical equipment, industrial applications and higher-volume charging systems. Customers compare price, quality, innovation, development speed, technical support and delivery performance. The relative importance of each factor depends on the product, its stage of development and the cost of qualifying another supplier.

Competitive requirements across FRIWO's principal applications

Application	Key selection factors	Commercial implications
Medical and healthcare	Safety, qualification, reliable operation and support over the product life	Qualification effort can support retention; established medical power suppliers remain credible alternatives.
Industrial applications	Application-specific performance, integration, reliability and delivery	Engineering support matters where standard products do not meet the customer's requirements.
E-mobility and specialised tools	Charging performance, development speed, unit cost and volume capability	Larger programmes more often support multiple suppliers, exposing the allocation of volumes to price competition.
Lifestyle solutions	Product-specific functions, compact design, quality and cost	Attractiveness depends on the technical content of each project and the customer's willingness to pay for it.

Source: FRIWO AG

Supplier portfolios show the technical capabilities against which FRIWO competes. XP Power offers certified medical power supplies, application support and custom solutions; MEAN WELL offers standard medical power supplies and configurable

modular products. These illustrate overlapping capabilities, rather than a verified list of tender competitors. FRIWO's opportunity is to combine the required technology with effective support for each customer's application.

Management observes improving technical and regulatory capabilities among Asian competitors. FRIWO responds through closer customer engagement and application-specific development, where understanding the customer's requirements and supporting a reliable production launch can influence the supplier decision alongside price.

Vietnam supports cost competitiveness but pricing remains demanding

The price gap also reflects engineering and overhead costs

FRIWO's production base in Vietnam gives it access to a competitive manufacturing cost structure. In our view, material purchasing costs should be broadly comparable with those of Asian competitors, as many components are sourced from the same region. This does not mean that final selling prices converge. FRIWO also needs to recover the cost of its German headquarters, development activities and customer support through project charges or product prices.

FRIWO may charge for development separately or recover the investment through series production. Offers therefore need to be compared over the full programme, including any upfront engineering fee. Management reports aggressive pricing in parts of the market.

Technical requirements can make smaller programmes commercially attractive when pricing reflects the engineering and production effort. This supports FRIWO's focus on selected applications with an adequate return over the product life. The profitability implications are developed in the margin chapter.

Customer proximity and execution determine the value of engineering

German engineering teams offer European customers direct communication in their language and time zone, supported by additional development capacity in Vietnam. We see this coordination as a strength: local technical dialogue remains closely connected to development execution and the commercial relationship.

FRIWO's service covers development, product approvals and series production. Approval specialists coordinate qualification, while the company's own manufacturing organisation supports the transition into production. We see particular value where this reduces coordination work and late design changes for customers bringing complex products to market.

Management is reviewing development processes, including potential uses of AI, to shorten project lead times. This remains an operational objective. Successful implementation would allow FRIWO to support tighter customer launch schedules while maintaining qualification and quality standards.

Its Vietnamese facilities, experienced technical staff and control of production processes support this proposition. Consistent delivery and product quality reinforce the customer relationship after a development project enters production, providing a practical basis for follow-on business.

Qualification supports durable customer relationships

An established design position supports customer continuity

Early involvement in product development positions FRIWO for subsequent series supply. In medical and selected industrial applications, qualifying an alternative may require more work than the potential savings justify, particularly at moderate volumes. This supports durable relationships. Reliable execution remains essential: management also cited a programme lost following an execution problem.

Larger e-bike and tool programmes more often use several suppliers to meet volume needs and manage supply risk. FRIWO's qualified position gives it access to those orders, while its share depends on the customer's allocation decisions. Management described varying splits between suppliers, making programme volumes an important part of account management.

Successive product generations offer opportunities to deepen relationships and win accounts. Early engineering involvement and reliable series supply provide a basis for growth and returns on development work.

Revenue growth and sales strategy

We forecast revenue of EUR 58.00m in 2026 and a return to growth from 2027, reaching EUR 79.11m in 2030. Our estimates reflect an increasing contribution from new customer projects as they enter production. FRIWO's sales strategy supports this development through new projects with existing customers, a broader customer base and stronger coverage in Europe and the US. We expect these initiatives to translate into progressively higher growth over the coming years.

Our 2026 forecast reflects the revised company guidance

EUR 58.00m revenue in 2026 followed by a gradual recovery

The 2025 annual report initially guided to 2026 revenue of EUR 67.00m to EUR 77.00m. Management expected new e-bike products, standard products for medical applications and customer projects in tools to support growth on a comparable basis. On 31 July 2026 a guidance reduction was announced to around EUR 60.00m. Material availability, longer supply-chain lead times and volatile customer ordering were delaying deliveries, with some of the benefit from stronger orders expected only in 2027. Our 2026 estimate is at the lower end of the revised outlook.

The resulting decline of 25.0% yoy requires context. The 2025 revenue base included EUR 14.40m attributable to customers and products transferred in the divestments. Revenue recognition was also affected by changes in contract assets, including a EUR 7.50m reduction in 2025. The reported decline therefore combines changes in the business portfolio, recognition timing and weaker trading. It should not be treated as a measure of organic demand alone.

Our revenue forecasts allow time for project conversion

Year	Revenue	Growth
2026e	EUR 58.00m	-25.0% yoy
2027e	EUR 62.00m	6.9% yoy
2028e	EUR 66.46m	7.2% yoy
2029e	EUR 71.91m	8.2% yoy
2030e	EUR 79.11m	10.0% yoy
2035e	EUR 104.62m	3.0% yoy

Source: Quirin Privatbank estimates

With H1 2026 revenue of EUR 26.99m, our full-year forecast implies EUR 31.01m in the second half, approximately 14.9% above H1. This is consistent with management's expectation of a gradual improvement through new customer projects and production launches. The EUR 48.50m order backlog at June 2026, up 15.4% yoy, supports that expectation. Its conversion remains dependent on delivery schedules, particularly for the long-term medical contracts.

New projects provide access to existing and prospective customers

Early customer contact improves access to the next product generation

Existing relationships provide a base of repeat orders and opportunities to supply successive product generations. Winning additional customers serves a second purpose by reducing dependence on individual large accounts. FRIWO maintains target-customer lists and intends to increase its presence at trade fairs, both to strengthen recognition and to identify applications where its technical capabilities are relevant. Continued product development supports this effort as electrification, digitalisation and more sophisticated charging functions change customer requirements.

Management describes customer acquisition as a sustained process rather than a sequence of formal tenders. An initial contact may reveal no immediate requirement, particularly where a customer is satisfied with its current supplier. Regular follow-up keeps FRIWO involved when the next project is considered. This gives the sales team an opportunity to discuss the specification and demonstrate relevant experience, without relying on an immediate price advantage over an established product.

A forthcoming project in the aerospace segment, representing FRIWO's first project in this field, illustrates the approach. Management expects FRIWO to supply battery packs, a battery management system and the charger, and intends to use this experience to approach other manufacturers in the same field. The opportunity is to apply established capabilities to a new use case and subsequently win related projects.

Medical and industrial applications lead the expansion priorities

Medical and healthcare equipment and industrial applications are the principal sector priorities. We see attractive opportunities where demanding specifications and qualification requirements support longer customer relationships. Broadening the group of customers with meaningful but moderate annual purchasing volumes would also reduce concentration risk. Larger programmes remain attractive, while smaller runs can be worthwhile where their pricing covers development, production setup and ongoing support.

Geographically, the focus is on the US and European markets outside the existing core customer base. The US sales subsidiary provides a local presence, supported by representatives and partners that extend the reach of a small internal team. In Europe, local distributors contribute customer relationships and language skills. The task is to turn this wider coverage into qualified projects, supported by sufficient engineering capacity at headquarters.

Direct sales and local partners serve different customer needs

FRIWO operates exclusively in business-to-business markets. Its sales organisation combines sector-specific key account management with regional coverage for smaller customers and a network of external partners. This allows major development programmes to receive direct attention while standard products can reach a wider customer base.

Sales organisation and role of each channel

Channel	Organisation and commercial role
Key account management	Dedicated responsibility across the five business fields; manages major relationships and opportunities for follow-on projects.
Regional direct sales	Northern, central and southern Germany, alongside European coverage and the US subsidiary; develops customers and coordinates technical support.
Distributors and representatives	Local access, market knowledge and language support; distributors focus particularly on standard products and limited adaptations.

Source: management discussion

Some distribution relationships have existed for 20–30 years. Regular product training and visits to Germany help partners understand the portfolio and new developments. Some distributors also carry competing products, making clear contractual arrangements and close account coordination important.

The partner model also reflects experience with earlier local sales hires in France and Belgium. However, insufficient integration with the German organisation made it difficult to provide the required development support. Distributors concentrating on

standard products and modest adaptations can be easier to support. Their local access comes at a cost, but can be commercially effective where a separate direct sales presence would require greater resources.

Pricing and product mix influence revenue alongside volumes

Price adjustments compensate for costs; new programmes drive volume growth

Customer equipment sales and production plans determine volumes, while new programmes expand the range of products supplied. Weak economic conditions and cautious investment are near-term constraints. Customer production commitments and launch schedules are therefore the main indicators of when sales activity will contribute to revenue.

Price adjustments can offset part of the increase in material, labour or logistics costs. FRIWO also proposes alternative components for qualification and seeks process improvements to limit the required increase.

Different applications can help balance production over the year. There is stronger garden-equipment demand in spring and a greater contribution from selected lifestyle applications ahead of Christmas. The extent of this seasonal balance depends on the customer and programme mix.

Order conversion determines when growth becomes visible

The development and qualification process described in the business-model chapter explains the lag between winning a project and generating series revenue. We therefore assess the sales pipeline through project awards and production milestones, allowing faster-starting EMS business to complement customised programmes.

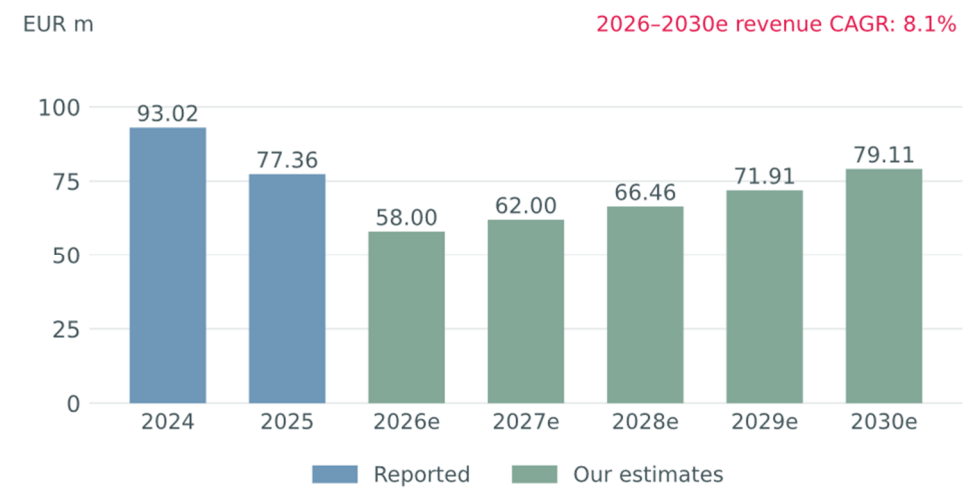
Medical provides a concrete example. H1 2026 order intake increased to EUR 20.40m from EUR 5.60m a year earlier, including long-term volume contracts, while revenue was EUR 5.80m, down 7.4% yoy. The stronger order base supports future growth, with the contribution to each year determined by production starts and customer call-offs. These milestones are central to our sales forecasts.

We expect growth to accelerate as new programmes mature

For 2027, we forecast EUR 62.00m of revenue, up 6.9% yoy. Deliveries carried over from 2026 and the initial contribution from new programmes should support the return to growth. Our forecast reflects the different qualification and production schedules across customer projects, with the medical order pipeline providing a particularly encouraging basis. As more programmes reach series production, we expect the recovery to extend across a broader customer and application base.

Growth then accelerates to 7.2% yoy in 2028, 8.2% yoy in 2029 and 10.0% yoy in 2030. In our assessment, this progression is supported by the medical order pipeline, the new products identified in the annual report and the more active sales approach described by management. Wider coverage outside DACH and in the US should contribute as customer relationships develop. We allow these initiatives to build over several years, reflecting the development and qualification cycles discussed above.

Revenue recovery driven by new programmes



Quelle: Quirin Privatbank AG, FRIWO AG

The half-year report retained a medium- to long-term average growth objective of around 10%. Our estimates translate the same strategic growth drivers into a phased recovery, with annual growth reaching 10.0% yoy in 2030. Thereafter, growth moderates from 8.6% yoy in 2031 to 3.0% yoy in 2035, when revenue reaches EUR 104.62m. This assumes that the initial gains from expanding the customer base develop into a more established stream of business. The stronger medical order book and the wider commercial reach provide a basis for this progression, with faster project conversion offering additional potential.

Profitability and margin drivers

We expect FRIWO to return to positive EBIT in 2028, followed by an increase in the EBIT margin to 4.8% in 2030 and 7.54% in 2035. Higher utilisation, a more efficient cost base and a more attractive project mix underpin our expectation of improving profitability. The measures described by management provide a basis for stronger earnings as new programmes contribute to revenue and production volumes recover.

Our forecasts assume positive EBIT from 2028

Volume recovery and a more efficient cost base support positive EBIT in 2028

For 2026, we forecast EBIT of EUR -4.00m and an EBIT margin of -6.9% on revenue of EUR 58.00m. Management's revised outlook is for an adjusted EBIT loss in the low single-digit million-euro range. Our estimate reflects this transition year, while preserving the distinction between the company's adjusted EBIT guidance and the EBIT measure in our DCF model. Against reported H1 EBIT of EUR -2.61m, our forecast implies a smaller second-half loss of EUR -1.39m. We expect stronger deliveries and the increasing benefit of cost measures to support this improvement and prepare the business for positive EBIT in 2028.

Our EBIT margin estimates show a gradual recovery after 2027

Year	EBIT	EBIT margin
2026e	EUR -4.00m	-6.9%
2027e	EUR 0.00m	0.0%
2028e	EUR 1.26m	1.9%
2029e	EUR 2.30m	3.2%
2030e	EUR 3.80m	4.8%
2035e	EUR 7.89m	7.54%

Source: Quirin Privatbank estimates

For 2027, we forecast EBIT of EUR 0.00m and a margin of 0.0%. The EUR 4.00m improvement comprises EUR 3.20m of higher EBITDA and EUR 0.80m of lower depreciation and amortisation. The EBITDA increase reflects EUR 4.00m of additional revenue less a EUR 0.80m increase in net operating costs before D&A, calculated as revenue less EBITDA. We expect manufacturing efficiencies, procurement improvements and disciplined overheads to limit the incremental costs of higher volumes and reduce the relative cost burden. These are our aggregate estimates of the benefits from the measures described by management.

Higher utilisation improves fixed cost coverage

Higher production volumes spread fixed costs across more units

Higher volumes improve fixed-cost coverage because existing plant infrastructure, engineering and central functions can support more production. After materials, labour and other incremental costs, additional gross profit contributes to earnings. This gives the recovery in orders a direct role in our margin forecasts.

This effect was visible in H1 2026. Gross margin fell to 12.7% from 16.4%, with the company attributing the decline principally to lower business volume and production utilisation. Selling and administrative expenses decreased, but the savings did not compensate for the loss of gross profit. The revenue comparison also reflects portfolio changes: H1 2025 still included EUR 7.10m of sales from the subsequently divested DIN-rail business. The reported decline should therefore not be read entirely as a fall in demand for the remaining portfolio.

Lower utilisation outweighed overhead savings in H1 2026

Metric	H1 2025	H1 2026
Revenue	EUR 40.14m	EUR 26.99m
Gross profit	EUR 6.59m	EUR 3.44m
Gross margin	16.4%	12.7%
Selling and administrative expenses	EUR 7.21m	EUR 6.09m
Reported EBIT	EUR -0.39m	EUR -2.61m
Adjusted EBIT	EUR -1.00m	EUR -2.50m

Source: FRIWO Half-Year Report 2026

Our margin forecasts focus on the contribution from new programmes, supported by disciplined pricing and project selection. Medical and industrial applications are attractive where technical requirements allow FRIWO to earn an appropriate return on development and production.

Material costs are the largest direct earnings exposure

Material content makes procurement and price recovery central to margins

Materials account for approximately 60% of a product's selling price. The balance must also cover manufacturing labour, production overhead, development, selling expenses and administration before a profit remains. Component prices and purchasing efficiency therefore have a substantial influence on earnings.

The scale can be illustrated simply: at a material content of 60% of revenue, a 1% increase in material prices would reduce margin by approximately 0.6 percentage points if volumes, selling prices and all other costs remained unchanged. Actual exposure varies with the product mix, purchasing terms and the extent to which costs can be recovered from customers.

FRIWO uses price-adjustment provisions in selected contracts and seeks customer agreement to recover rising input costs. Recovery can be partial or delayed, leaving a period in which higher purchase prices reduce the contribution from existing orders. Management also seeks lower-cost alternative components that can be qualified for the application. These changes require technical assessment and, where relevant, customer approval. Procurement savings therefore have to preserve the performance and reliability on which the customer relationship depends.

Technical value supports pricing but development must earn a return

Demanding specifications give FRIWO scope to earn a return on engineering, qualification and customer support. This supports the focus on selected medical and industrial applications. Project pricing must reflect the development resources required as well as production costs, making the expected return over the full product life the relevant measure.

Development costs may be charged separately or recovered through the price of products supplied over time. Some customers accept an explicit engineering charge; others point to competing offers without such a charge and press FRIWO to absorb more of the initial expenditure. Where recovery depends on future unit sales, lower volumes or a shorter programme life weaken the economic return. Project appraisal therefore needs to consider expected production volumes and development effort together.

The annual report records group R&D expenditure of EUR 3.10m in 2025. Reusing technology platforms and coordinating engineering resources across Germany and Vietnam can reduce the work required for subsequent adaptations. These measures support efficiency while retaining the technical capabilities needed to win new

projects. Cutting development indiscriminately would risk weakening the future revenue base that must support the cost structure.

Manufacturing efficiency matters alongside the product mix

FRIWO's Vietnamese manufacturing base supports competitive production costs, but labour requirements and setup costs still vary by project. A broad product mix and frequent small batches can increase changeovers and production planning effort. Smaller runs can remain attractive when the price reflects these requirements. Manufacturing wages, energy and logistics are further cost items, making process efficiency relevant beyond the purchase of components.

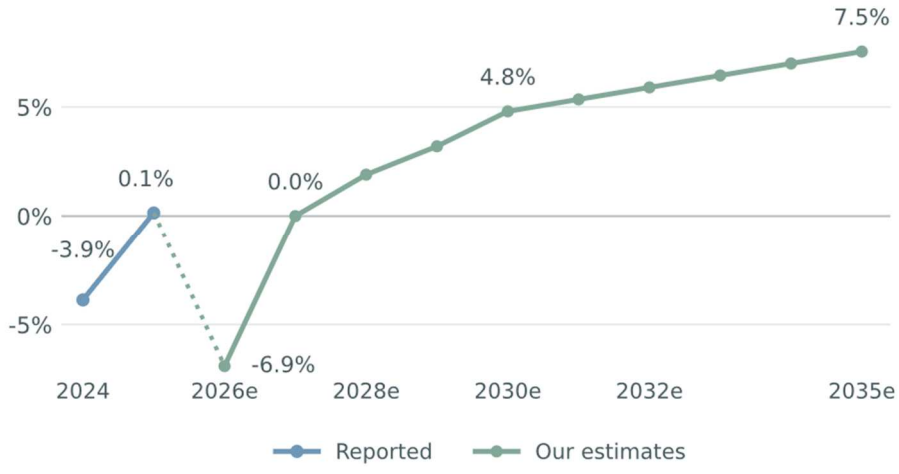
The 2025 results show that improvement is possible even in a weak revenue environment. Gross margin increased to 17.7% from 12.9% in 2024. FRIWO attributed this to lower manufacturing costs, the reorganisation of production, efficiency measures and a more favourable product and customer mix. The company also reported that productivity improvements largely offset the effect of a higher minimum wage in Vietnam that year. The subsequent decline in H1 2026 shows that these gains still require an adequate level of utilisation.

Management's operational focus includes efficient workflows and component alternatives, alongside cost control in support functions. FRIWO's production capabilities include automated inspection and in-house test equipment. In our assessment, consistent processes can help limit rework and quality-related costs. The relevant result is a lower cost of delivering an approved product reliably.

We expect further margin gains as utilisation recovers

From 2028 to 2030, we expect the EBIT margin to rise from 1.9% to 4.8% as new programmes move into recurring production. Our forecast assumes that overheads grow more slowly than sales, procurement and pricing limit input-cost pressure, and medical and industrial projects earn a return on their development expenditure. Better use of the existing organisation should allow a growing share of additional gross profit to reach EBIT.

EBIT margins improve as utilisation and efficiency recover



Quelle: Quirin Privatbank AG, FRIWO AG

Management retained its EBIT margin objective above 5% in the half-year report. Our forecast reaches 4.8% in 2030 and 5.35% in 2031, followed by 7.54% in 2035 and EBIT of EUR 7.89m. The long-term assumption reflects the potential towards 7%.

Our estimates also allow for wage increases, competitive pricing and ongoing development expenditure as volumes expand.

Strategy and corporate development

FRIWO's strategy is centred on developing its established power supply and charging business from a stronger financial position. The 2025 portfolio disposals released capital and management capacity, allowing the company to concentrate on product innovation, customer acquisition and international expansion. In our view, the combination of technical expertise, an established manufacturing base and a more focused organisation provides a sound basis for the recovery described in our forecasts.

Renewed focus on the core business strengthens customer relationships

Management and engineering resources return to the core business

The strategic shift is primarily a reallocation of resources towards activities in which FRIWO already has customer relationships, technical experience and production capabilities. Management's priorities are to deepen its presence in the existing business fields, introduce new products and expand in Europe and the US. Medical and industrial applications are particularly relevant where customers require more demanding charging and power supply solutions.

During the expansion of the Indian E-Drives business, some core customers had questioned how much attention FRIWO would continue to give them. Management reports that more active engagement and renewed product discussions are now restoring confidence. Rebuilding these relationships allows the company to combine its existing customer access with a more systematic approach to winning the next generation of projects.

Portfolio disposals release capital and management capacity

The transactions align investment requirements with the remaining business

The sale of the Indian E-Drives activities was a capital allocation decision in response to strong demand and substantial further investment requirements. The joint venture with UNO MINDA had expanded rapidly, but continued growth required additional production capacity, personnel and development expenditure. For FRIWO, this competed with the financing needs of the core business and absorbed management and engineering resources. Selling its 49.9% stake to the existing partner allowed the company to realise value from the business and redirect resources towards its established operations.

The annual report records the legal completion of the E-Drives transaction in July 2025 and a net cash inflow of around EUR 18.00m after transaction costs and foreign withholding tax. The disposal covered drive technology for two- and three-wheel vehicles, while E-bikes and pedelecs remained outside its scope. FRIWO therefore retains relevant capabilities for its continuing E-Mobility business and can apply its experience in digital control technology to other applications, including logistics and medical equipment.

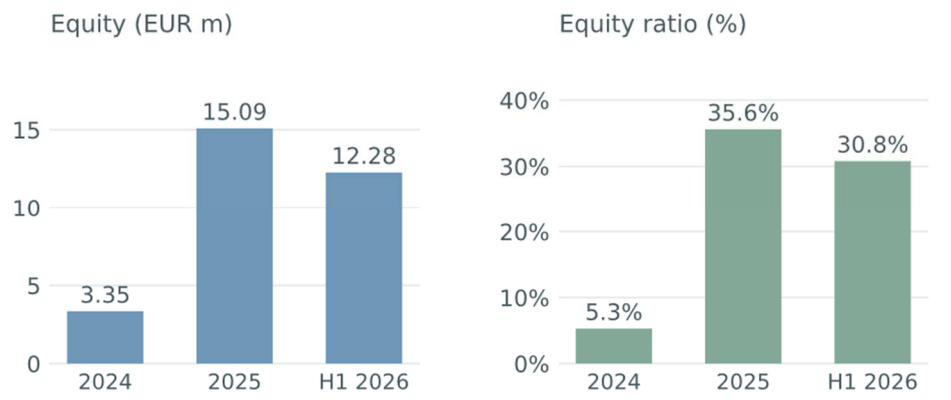
The DIN-rail power supply disposal followed a different rationale. According to management, the activity served a customer under an exclusive arrangement that limited opportunities to develop the same business with other customers. Synergies with the remaining portfolio were limited. The sale converted this established activity into funds for the core business. It was completed in October 2025 and generated a cash inflow of more than EUR 10.00m, according to the annual report.

A stronger financial position supports renewed investment

The restructuring also addressed the cost structure inherited from the earlier transfer of production to Vietnam. Management explained that German overheads had initially remained too high relative to the reduced manufacturing activity in Germany. The subsequent adjustment brought the organisation closer to its production footprint, although pandemic-related disruption prolonged the restructuring process. The portfolio disposals then provided the funds to complete the financial restructuring.

FRIWO repaid its German syndicated bank loan in July 2025 and reduced shareholder financing. The equity ratio increased from 5.3% at the end of 2024 to 35.6% at the end of 2025. At June 2026, it stood at 30.8%, with cash of EUR 6.00m. Local bank facilities in Vietnam, shareholder loans and lease liabilities remain part of the group's financing structure. The strategic benefit is the greater flexibility to support product development, commercial expansion and the working capital needed for new programmes. Management can now direct more attention to building the business on this improved financial foundation.

The disposals strengthened the balance sheet



Quelle: Quirin Privatbank AG, FRIWO AG

Innovation and international expansion build on existing capabilities

Electrification increases the number of applications requiring charging and power conversion, while the technical content of these products is also rising. Management highlighted greater power output, intelligent functions and energy efficiency, alongside the demanding approval requirements in medical applications. These trends suit FRIWO's ability to combine electronics development, application knowledge and production. The opportunity extends beyond supplying more units to providing a more valuable part of the customer's equipment.

The product pipeline illustrates this approach. In its 2026 AGM presentation, management highlighted chargers rated at 500 watts and above for tools and industrial applications, as well as a compact 20-watt Power Delivery supply designed for integration into a mains socket. These examples show how existing expertise can address different power levels and use cases. They also broaden the range that the sales organisation can offer to existing customers and prospective accounts.

International expansion builds on the sales channels described earlier. Distributors in Europe and the US organisation extend customer access while drawing on common engineering and manufacturing resources. This allows FRIWO to develop additional business without replicating the full operating structure in each market.

Operational targets link product innovation with customer service

Faster development and reliable delivery support the growth strategy

Management is aligning development, production and customer service more closely with the commercial strategy. A platform approach across business fields is intended to increase the reuse of designs and components, reduce development and material costs and shorten the path to market. This allows engineering resources to focus on the requirements that distinguish each application while using established solutions for common functions.

Delivery reliability matters because customers integrate FRIWO's products into their own production schedules. Shorter development times can bring new projects into production sooner, while consistent quality supports long customer relationships. Together, these measures connect the innovation pipeline with the volume growth and improved utilisation assumed in our forecasts.

Operational objectives in the 2030 strategy

Measure	Management objective
On-time and in-full delivery	95% OTIF
Time to market for OEM projects	10 months
Product quality	Defect rate of no more than 250 ppm

Source: FRIWO

Management is evaluating AI for target-customer research and the identification of lower-cost component alternatives. These initiatives complement platform reuse and closer coordination between commercial and technical teams. We expect their value to become visible through more effective customer acquisition and a lower development and production cost per programme.

Opportunities and risks

FRIWO's opportunities are closely linked to its ability to turn engineering expertise and established customer relationships into a broader base of profitable projects. The focus on demanding applications, supported by its Vietnamese manufacturing operations, gives the company a clear position in the market. The principal sensitivities are customer demand, competitive pricing and the timing of project conversion. Management's efforts to diversify the customer base, improve execution and maintain financial flexibility address these areas directly.

Engineering and customer proximity support differentiation

Engineering expertise and close customer relationships are central strengths

In our view, FRIWO's main competitive strength is the combination of development support, qualification experience and its own manufacturing capabilities. Customers can work with the company from the initial specification through to series production. The German and Vietnamese development teams provide complementary resources, while direct contact with the customer helps translate application requirements into a practical design. This is particularly valuable where electrical performance, safety and reliability are integral to the customer's equipment.

In our view, further strengths are product quality, long-standing relationships and flexibility over series sizes. The ability to support a smaller customised programme can be attractive where a customer needs specialist engineering and ongoing technical support. Early involvement in a product creates opportunities to supply subsequent generations. Maintaining this position requires consistent execution: management acknowledged a customer loss following execution problems, reinforcing the importance of the delivery and quality improvements discussed in the strategy chapter.

Demanding applications and wider market coverage create growth opportunities

Electrification, more sophisticated charging functions and demand for energy-efficient equipment create opportunities across FRIWO's target markets. In medical and selected industrial applications, technical and qualification requirements increase the value of an experienced development partner. We see these areas as particularly attractive for winning new projects and applying existing capabilities to additional uses. The opportunity is to expand both the number of customers served and the technical scope of the solutions supplied.

Europe outside DACH and the US offer further scope to broaden the revenue base. FRIWO can extend its commercial reach while drawing on existing engineering and production resources. A more balanced mix of customers and applications would support growth and reduce dependence on individual programmes. Our forecasts reflect the progressive conversion of these opportunities into series production. Faster customer qualification or stronger repeat orders could bring forward some of the expected revenue and utilisation benefits.

Cost discipline and technical value address competitive pressure

Competition remains strongest where products are readily comparable and customers place large-volume orders. Management explains that FRIWO's Asian procurement and production base supports competitive manufacturing costs, while the German headquarters and engineering organisation add overheads. Development work must also earn a return, either through an upfront charge or the subsequent product price. This makes applications that value technical support and customisation especially relevant to FRIWO's positioning.

Asian suppliers are improving product quality as well as competing on cost. FRIWO's response is to focus on technologically demanding applications and selected premium and niche markets, supported by innovation and closer customer engagement. Greater use of common platforms and efficient processes should strengthen that proposition. The commercial objective is to demonstrate the value of the complete solution, with pricing that recognises the engineering and support provided.

A broader customer base reduces exposure to individual programmes

New customer programmes can improve the balance of the revenue base

Major accounts provide meaningful recurring business and help cover fixed costs, but their purchasing decisions can materially affect utilisation. The 2025 annual report disclosed two customers, both allocated to Industrial & Mobility Solutions, with the revenue contributions shown below. These figures describe the historical reporting perimeter, including activities sold during the year, rather than the concentration of today's remaining portfolio.

Revenue from the two major customers disclosed for 2025

Customer	2025 revenue	Share of group revenue
Customer 1	EUR 16.20m	21.0%
Customer 2	EUR 13.70m	17.7%
Combined	EUR 29.90m	38.7%

Source: FRIWO Annual Report 2025

Customers may reduce orders when their own demand weakens or inventories are high. They can also allocate a greater share of production to a second or third supplier, even while retaining FRIWO for development and selected products. Management's preference for a wider group of medium-sized customers directly addresses this exposure. Winning additional medical and industrial programmes can gradually make the business less dependent on the order cycle of a small number of large accounts.

Procurement flexibility supports delivery reliability

Component availability, freight costs and production lead times can influence both delivery schedules and margins. Some specialised components have limited alternatives, while qualifying a substitute can require customer approval. FRIWO addresses these issues through supplier diversification, forward planning and the qualification of alternative components. In our view, Management is experienced in finding suitable substitutes during earlier supply disruptions, supporting its ability to adapt when availability changes.

Vietnam provides an attractive manufacturing base, but delivery to European and US customers requires careful logistics planning. We see distance alone not as a clear disadvantage relative to competitors using similar production locations. The relevant issue is dependable delivery against agreed schedules. The half-year report nevertheless identifies supply-chain tensions and possible changes in trade restrictions as ongoing exposures. Higher material, freight or wage costs can affect margins before prices adjust; procurement improvements, productivity gains and agreed price mechanisms help limit this effect.

Financial flexibility and disciplined execution support the recovery

The strengthened balance sheet provides greater capacity to absorb fluctuations and support new programmes. Working-capital discipline remains important because inventory and receivables can increase before customers pay for additional production. Factoring and local bank financing in Vietnam remain important funding sources, making the availability of these arrangements and the timing of cash generation relevant to the growth path. FRIWO's liquidity planning and receivables management support this process.

Foreign exchange movements can also affect reported revenue and earnings, particularly through US-dollar transactions and translation into euros. Matching receipts and payments in the same currency provides a partial natural hedge. Product liability, retention of qualified engineers and reliable IT systems are further execution considerations identified in the annual report. Quality controls, staff development and operational safeguards help protect the customer relationships on which the strategy depends.

In its half-year report, management continued to assess the overall risk position as manageable and broadly unchanged from year-end 2025. We see the combination of a more focused portfolio, improved financial flexibility and targeted customer expansion as supportive of the expected recovery. Converting new projects into repeat production remains the main route to higher utilisation and the progressive margin improvement in our estimates.

Outlook and catalysts

FRIWO's next phase is the conversion of its refocused strategy into recurring production and stronger earnings. New customer programmes, a growing medical order base and wider international coverage support our expectation of growth from 2027 and positive EBIT from 2028. Production launches, customer call-offs and improving utilisation are the principal catalysts for this recovery.

The order base supports improvement into 2027

New programmes should contribute more strongly from 2027

The half-year report expects a gradual improvement during H2 2026, supported by new customer projects, product launches and efficiency measures. Some deliveries are moving into 2027 because of material availability, longer supply-chain lead times and variable customer ordering. Management's revised 2026 guidance is for revenue of around EUR 60.00m and an adjusted EBIT loss in the low single-digit million-euro range. Our forecasts of EUR 58.00m revenue and EUR -4.00m EBIT reflect this transition.

For 2027, we forecast revenue of EUR 62.00m, up 6.9% yoy, and EBIT of EUR 0.00m. This reflects a growing contribution from new programmes alongside the benefit of a more efficient cost base. The half-year report also expects the strategic refocusing to have a stronger positive effect on orders, revenue and earnings in 2027. Progress through customer qualification and the start of repeat production should provide early evidence of this development.

Long-term medical programmes improve planning visibility

Longer customer commitments support production planning

At June 2026, the order backlog stood at EUR 48.50m, up 15.4% yoy. H1 order intake of EUR 44.90m included EUR 20.40m in Medical & Healthcare Solutions, compared with EUR 5.60m a year earlier. The report attributes part of the medical increase to long-term volume contracts. The timing and duration of these commitments matter alongside their headline value when assessing future revenue.

FRIWO won a medical volume agreement during the summer with a total value of approximately EUR 14.00m over around ten years. Management sees such agreements as a way to strengthen customer relationships and improve planning certainty. The value covers the full contract period; the annual contribution depends on the customer's production requirements and call-offs. The wider opportunity is to secure more programmes of this kind and build a broader base of repeat business.

New applications and wider market coverage create catalysts

The annual report identifies new e-bike products, standard power supplies for medical applications and customer projects in tools as sources of future business. Management also highlighted new uses for existing capabilities, including the combination of battery packs, battery management and charging technology for air-freight containers. Customer approvals and initial series orders would be meaningful milestones because they move an opportunity from development into production.

Wider sales coverage creates further milestones. In the US, progress should become visible in development mandates from selected regions and medical customers; in Europe, distributors can expand access outside DACH. Management reports a positive response to more proactive engagement. Customer approvals and initial series orders will show how this activity contributes to the production base.

Higher volumes and operating improvements underpin the margin outlook

Improving utilisation supports the path towards management's margin objective

Management's published medium- to long-term objectives remain average annual revenue growth of around 10% and an EBIT margin above 5%. In the discussion, management described reaching a margin above 5% over the next three to four years as its ambition, with further potential towards 7% and beyond as volumes expand. These comments add context to the opportunity; the published margin objective remains above 5%.

Our forecasts build on the same operating drivers. We expect revenue of EUR 79.11m and an EBIT margin of 4.8% in 2030, followed by 5.35% in 2031 and 7.54% in 2035. Increasing production through the existing organisation, greater reuse of technology platforms and a rising contribution from established medical and industrial programmes support this progression. Faster qualification and stronger customer call-offs could bring forward some of the benefits.

Modernisation and automation in Vietnam, shorter development times and more efficient logistics provide further milestones. The annual report envisages ordinary investment to maintain and improve manufacturing efficiency, with no exceptional investment programme planned for 2026. We would look for better delivery performance and productivity alongside rising gross profit. Operating cash flow and working capital will show how effectively this progress translates into funds for further growth.

Financial overview

The 2025 disposals created a stronger financial base for FRIWO's planned recovery. The priority is now to improve recurring earnings and operating cash flow as production volumes recover.

Earnings reflect the transition of the business

Revenue was EUR 77.36m in 2025, down 16.8% yoy, while EBIT improved to EUR 0.11m from EUR -3.61m in 2024. The net profit of EUR 13.94m largely reflected gains from discontinued activities and therefore provides limited insight into recurring profitability. In H1 2026, revenue declined by 32.8% yoy to EUR 26.99m, with the comparison also affected by divestments. Lower utilisation reduced gross margin to 12.7%, while EBIT was EUR -2.61m. Cost reductions helped cushion the volume effect. Our forecasts envisage a return to positive EBIT in 2028 as new programmes and efficiency measures contribute more strongly.

The balance sheet remains substantially stronger

The equity ratio increased from 5.3% at the end of 2024 to 35.6% at year-end 2025 following the disposals and debt repayments. At June 2026, equity stood at EUR 12.28m and the ratio at 30.8%, with the interim loss accounting for most of the decline. Total assets were EUR 39.90m. Although the German syndicated bank loan has been repaid, the group retains EUR 3.30m of bank debt, EUR 6.00m of shareholder loans and EUR 2.97m of lease liabilities. The improved capital structure gives management more room to support the core business.

Liquidity is stable while cash generation develops

Cash was EUR 6.02m at June 2026, compared with EUR 5.94m at year-end 2025. H1 operating cash flow was EUR -0.72m and investing cash flow EUR -0.14m. Net financing inflows of EUR 0.94m, mainly reflecting greater use of the Vietnamese credit facility, supported the stable cash position. Investment requirements remained modest. As growth resumes, inventory and receivables management will be important in converting higher earnings into cash and funding new customer programmes.

Valuation

DCF valuation

Buy with a target price of EUR 4.80

We rate FRIWO Buy with a target price of EUR 4.80. Our current DCF model indicates a value of EUR 4.80 per share. The valuation applies a WACC of 8.25%, explicit forecasts through 2035 and a perpetual growth rate of 1.5%. Revenue grows at a CAGR of 8.1% between 2026 and 2030, while the EBIT margin gradually reaches a sustainable level of 7.54% in 2035.

A DCF approach allows us to capture the earnings potential of the refocused business as new customer programmes enter production. Near-term earnings still reflect low utilisation and the transition following the portfolio disposals. The investment case rests on improving fixed-cost coverage, a broader customer base and stronger contributions from technically demanding applications. These developments should become more visible as the order pipeline translates into recurring production.

DCF Model for FRIWO AG

(EUR m)	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	TV
Sales	58	62	66	72	79	86	92	97	102	105	
growth yoy	-25.0%	6.9%	7.2%	8.2%	10.0%	8.6%	7.2%	5.8%	4.4%	3.0%	
EBIT	-4.0	0.0	1.3	2.3	3.8	4.6	5.4	6.3	7.1	7.9	
EBIT margin	-6.9%	0.0%	1.9%	3.2%	4.8%	5.3%	5.9%	6.4%	7.0%	7.5%	
Taxes	1.2	0.0	-0.4	-0.7	-1.1	-1.4	-1.6	-1.9	-2.1	-2.4	
Tax rate	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	
Depreciation	2.9	2.1	1.7	1.7	1.8	2.1	2.3	2.4	2.5	2.6	
% of sales	5.1%	3.4%	2.6%	2.3%	2.3%	2.4%	2.4%	2.5%	2.5%	2.5%	
Capex	-1.0	-1.2	-1.4	-1.7	-2.0	-2.1	-2.3	-2.4	-2.5	-2.6	
% of sales	1.7%	1.9%	2.1%	2.3%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	
Δ NWC	2.5	-0.5	-0.6	-0.7	-0.9	-1.0	-1.1	-1.1	-1.2	-1.2	
% of sales	-4.3%	0.8%	0.9%	1.0%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	
FCF	1.7	0.4	0.6	0.9	1.6	2.1	2.7	3.2	3.8	4.3	64.9
growth yoy	nm	-73.5%	44.3%	42.6%	72.4%	34.9%	26.0%	20.7%	16.9%	14.0%	1.5%
PV FCF	1.6	0.4	0.5	0.7	1.1	1.4	1.6	1.8	2.0	2.1	31.3

PV Forecast Period	13
PV Terminal Value	31
Enterprise value	45
- Net Debt / Net Cash	2
- Pension Provisions	2
Equity value	41
Number of shares	8.6
Value per share (€)	4.8

Sensitivity Analysis		Terminal growth rate 0.5%	1.0%	1.5%	2.0%	2.5%
	7.43%	5.0	5.3	5.7	6.1	6.6
	7.84%	4.6	4.9	5.2	5.6	6.0
WACC	8.25%	4.3	4.5	4.8	5.1	5.5
	8.66%	4.0	4.2	4.4	4.7	5.0
	9.08%	3.7	3.9	4.1	4.3	4.6

Risk free rate	3.50%	Equity ratio	100%
Cost of debt	4.50%	Company beta	1.0
Market Premium	5.00%	WACC	8.25%

Source: Quirin Privatbank

Revenues

Our revenue forecast starts at EUR 58.00m in 2026, at the lower end of management's revised guidance. We expect growth of 6.9% yoy in 2027, followed by 7.2% yoy in 2028, 8.2% yoy in 2029 and 10.0% yoy in 2030. Revenue consequently reaches EUR 79.11m in 2030. The medical order pipeline, new e-bike and tool programmes, and stronger sales coverage outside DACH and in the US support this progression. We allow time for development, qualification and customer production schedules before new business contributes fully.

Management's medium- to long-term ambition of average annual revenue growth of around 10% provides a clear strategic direction. Our forecasts translate the same commercial initiatives into progressively stronger growth as projects mature. Beyond 2030, the pace moderates to 3.0% yoy in 2035, when revenue reaches EUR 104.62m. The terminal value then uses 1.5% perpetual cash-flow growth.

Margins

Higher utilisation and efficiency support a 7.54% long-term EBIT margin

Our EBIT margin forecast improves from -6.9% in 2026 to 0.0% in 2027. As detailed in the profitability chapter, the EUR 4.00m earnings improvement comprises EUR 3.20m of higher EBITDA and EUR 0.80m of lower D&A. Operating gains reflect additional sales and a more efficient cost base, while moderate reinvestment reduces the book value used in the depreciation calculation. Subsequent margin growth is supported by new programmes entering recurring production.

Our EBIT margin rises to 1.9% in 2028, 3.2% in 2029 and 4.8% in 2030. It exceeds 5% from 2031 and reaches 7.54% in 2035, equivalent to EBIT of EUR 7.89m. This path is consistent with the operating direction behind management's published objective of an EBIT margin above 5%. The long-term assumption allows for ongoing development expenditure, wage increases and competitive pricing, while capturing the benefits of higher utilisation and a growing contribution from medical and industrial applications.

WACC

The model applies a risk-free rate of 3.5%, an equity market risk premium of 5.0% and a beta of 1.00. These inputs produce a cost of equity of 8.25%. The DCF yields an enterprise value of EUR 44.62m and an equity value of EUR 40.87m.

We regard a beta of 1.00 as appropriate for the refocused business. Long-standing customer relationships, demanding product qualifications and greater exposure to medical and industrial applications support the assumption. The stronger balance sheet also improves financial flexibility. Customer investment cycles, large programme volumes and the timing of order conversion remain relevant, so our assumption allows for a broadly market-level operating risk profile.

Profit & loss statement

Profit & loss statement (EUR m)	2024	YOY	2025	YOY	2026e	YOY	2027e	YOY	2028e	YOY
Sales	93.0	-16.3 %	77.4	-16.8 %	58.0	-25.0 %	62.0	6.9 %	66.5	7.2 %
Cost of sales	-81.1		-63.6		-47.7		-51.0		-54.7	
Gross profit	12.0		13.7		10.3		11.0		11.8	
Selling expenses	-5.5		-4.5		-3.4		-3.6		-3.9	
General administrative expenses	-9.7		-9.3		-7.0		-7.4		-8.0	
Other operating income	7.0		9.7		3.2		7.7		9.5	
Other operating expenses	-7.4		-9.5		-7.1		-7.6		-8.2	
EBITDA	0.0	n.m.	3.3	n.m.	-1.1	n.m.	2.1	n.m.	3.0	39.9 %
EBITDA margin (%)	-0.03		4.31		-1.83		3.45		4.50	
Depreciation and amortisation	-3.6		-3.2		-2.9		-2.2		-1.7	
EBIT	-3.6	n.m.	0.1	n.m.	-4.0	n.m.	0.0	n.m.	1.3	n.m.
EBIT margin (%)	-3.87		0.14		-6.90		0.00		1.90	
Net interest	-3.5		-2.7		-0.8		-0.8		-0.8	
Income from Participations	0.0		0.0		0.0		0.0		0.0	
Net financial result	-3.5		-2.7		-0.8		-0.8		-0.8	
Pretax profit	-7.1	n.m.	-2.6	n.m.	-4.8	n.m.	-0.8	n.m.	0.5	n.m.
Pretax margin (%)	-7.63		-3.30		-8.23		-1.24		0.74	
Taxes	0.9		-2.5		1.4		0.2		-0.1	
Tax rate (%)	12.00		-97.81		30.00		30.00		30.00	
Earnings after taxes	-6.2		-5.1		-3.3		-0.5		0.3	
Result from discontinued operations	0.0		19.0		0.0		0.0		0.0	
Minorities	0.0		0.0		0.0		0.0		0.0	
Group attributable income	-6.2	n.m.	13.9	n.m.	-3.3	n.m.	-0.5	n.m.	0.3	n.m.
No. of shares (m)	8.6		8.6		8.6		8.6		8.6	
Earnings per share (EUR)	-0.73	n.m.	1.63	n.m.	-0.39	n.m.	-0.06	n.m.	0.04	n.m.

Source: Company data, Quirin Privatbank estimates

Balance sheet

Balance sheet (EUR m)	2024	YOY	2025	YOY	2026e	YOY	2027e	YOY	2028e	YOY
Assets										
Cash and cash equivalents	5.4		5.9		4.8		5.2		5.8	
Accounts receivables	4.0		3.9		2.9		3.1		3.3	
Inventories	18.3		14.8		11.1		11.9		12.7	
Other current assets	25.6		9.0		9.0		9.0		9.0	
Tax claims	1.7		0.0		0.0		0.0		0.0	
Total current assets	**53.3**	**-7.7 %**	**33.6**	**-37.0 %**	**27.8**	**-17.3 %**	**29.2**	**4.8 %**	**30.9**	**5.8 %**
Fixed assets	4.2		3.9		2.3		1.5		1.3	
Goodwill	0.0		0.0		0.0		0.0		0.0	
Other intangible assets	2.6		1.5		1.1		0.9		0.9	
Financial assets	0.0		0.0		0.0		0.0		0.0	
Deferred taxes	1.7		0.0		0.0		0.0		0.0	
Other fixed assets	1.8		3.5		3.5		3.5		3.5	
Total fixed assets	**10.4**	**-23.0 %**	**8.8**	**-15.0 %**	**6.9**	**-22.2 %**	**5.9**	**-14.0 %**	**5.6**	**-5.7 %**
Total assets	**63.7**	**-10.6 %**	**42.4**	**-33.4 %**	**34.7**	**-18.3 %**	**35.0**	**1.1 %**	**36.4**	**3.9 %**
Equity & Liabilities										
Subscribed capital	22.2		22.2		22.2		22.2		22.2	
Reserves & other	28.3		28.3		28.3		28.3		28.3	
Revenue reserves	-46.9		-32.9		-36.2		-36.7		-36.4	
Accumulated other comprehensive	-0.3		-2.6		-2.6		-2.6		-2.6	
Shareholder's equity	**3.3**	**-65.3 %**	**15.1**	**350.9 %**	**11.7**	**-22.1 %**	**11.2**	**-4.6 %**	**11.6**	**3.1 %**
Minorities	0.0		0.0		0.0		0.0		0.0	
Shareholder's equity incl. minorities	**3.3**	**-65.3 %**	**15.1**	**350.9 %**	**11.7**	**-22.1 %**	**11.2**	**-4.6 %**	**11.6**	**3.1 %**
Long-term liabilities										
Pension provisions	2.2		1.9		1.9		1.9		1.9	
Financial liabilities	12.8		6.0		6.0		6.0		6.0	
Tax liabilities	0.0		0.0		0.0		0.0		0.0	
Other liabilities	1.0		2.2		1.6		1.8		1.9	
Total long-term debt	**16.0**	**19.0 %**	**10.1**	**-36.9 %**	**9.5**	**-5.4 %**	**9.7**	**1.2 %**	**9.8**	**1.3 %**
Short-term debt										
Other provisions	1.1		0.7		0.5		0.6		0.6	
Trade payables	18.9		8.6		6.5		6.9		7.4	
Financial debt	18.6		1.8		1.8		1.8		1.8	
Other liabilities	5.8		6.1		4.6		4.9		5.2	
Total short-term debt	**44.3**	**-0.1 %**	**17.2**	**-61.1 %**	**13.4**	**-22.4 %**	**14.2**	**6.0 %**	**15.1**	**6.3 %**
Total equity & liabilities	**63.7**	**-10.6 %**	**42.4**	**-33.4 %**	**34.7**	**-18.3 %**	**35.0**	**1.1 %**	**36.4**	**3.9 %**

Source: Company data, Quirin Privatbank estimates

Financial key ratios

Key ratios	2024	2025	2026e	2027e	2028e
Per share data (EUR)					
EPS	-0.73	1.63	-0.39	-0.06	0.04
Book value per share	0.4	1.8	1.4	1.3	1.4
Free cash flow per share	0.2	-0.2	-0.1	0.0	0.1
Dividend per share	0.00	0.00	0.00	0.00	0.00
Valuation ratios					
EV/Sales	2.41	0.64	0.54	0.50	0.46
EV/EBITDA	n.m.	14.9	n.m.	14.6	10.2
EV/EBIT	n.m.	n.m.	n.m.	n.m.	24.2
P/E	n.m.	3.4	n.m.	n.m.	82.6
P/B	59.3	3.2	2.4	2.5	2.5
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
Growth					
Sales growth (%)	-16.3	-16.8	-25.0	6.9	7.2
Profitability ratios					
EBITDA margin (%)	0.0	4.3	-1.8	3.4	4.5
EBIT margin (%)	-3.9	0.1	-6.9	0.0	1.9
Net margin (%)	-6.7	18.0	-5.8	-0.9	0.5
ROCE (%)	-18.6	0.4	-18.8	0.0	5.9
Financial ratios					
Total equity (EUR m)	3.3	15.1	11.7	11.2	11.6
Equity ratio (%)	5.3	35.6	33.9	32.0	31.7
Net financial debt incl. pensions (EUR m)	28.2	3.8	4.9	4.5	3.9
Interest cover	1.0	0.0	5.2	0.0	-1.6
Net debt/EBITDA	n.m.	1.1	-4.6	2.1	1.3
Payout ratio (%)	0.0	0.0	0.0	0.0	0.0
Working Capital (EUR m)	3.4	10.0	7.5	8.1	8.6
Working capital/Sales	0.04	0.13	0.13	0.13	0.13

Source: Company data, Quirin Privatbank estimates

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26.10.2026	4.80	Buy	26.10.2026

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