

Interim Statement

31 March 2023

FRIEDRICH VORWERK GROUP SE

21255 Tostedt

Friedrich Vorwerk in figures

Three months (unaudited)	2023	2022	Δ 2023 / 2022
	€k	€k	%
Order backlog	448,820	377,935	18.8
Order intake	206,803	123,543	67.4
Earnings figures (adjusted*)	€k	€k	%
Revenue	73,074	58,386	25.2
Operating performance	73,076	58,386	25.2
Total performance	78,508	64,496	21.7
Cost of materials	-36,306	-21,020	72.7
Staff costs	-28,970	-27,258	6.3
EBITDA	5,574	9,076	-38.6
<i>EBITDA margin</i>	<i>7.6%</i>	<i>15.5%</i>	
EBIT	1,248	5,353	-76.7
<i>EBIT margin</i>	<i>1.7%</i>	<i>9.2%</i>	
EBT	1,190	4,595	-74.1
<i>EBT margin</i>	<i>1.6%</i>	<i>7.9%</i>	
Consolidated net profit after non-controlling interests	771	3,363	-77.1
EPS in €	0.04	0.17	-77.1
Average number of shares outstanding	20,000,000	20,000,000	0.0
Earnings figures (IFRS)	€k	€k	%
EBITDA	5,574	9,076	-38.6
Group result	748	3,304	-77.4
EPS in €	0.04	0.17	-77.4
Figures from the statement of financial position (IFRS)	31 Mar	31 Dec	%
	€k	€k	
Non-current assets	137,769	131,070	5.1
Current assets	159,049	177,009	-10.1
thereof cash funds	14,349	45,876	-68.7
Issued capital	20,000	20,000	0.0
Other equity	144,126	143,181	0.7
Total equity	164,126	163,181	0.6
<i>Equity ratio</i>	<i>55.3%</i>	<i>53.0%</i>	
Non-current liabilities	54,680	54,751	-0.1
Current liabilities	78,012	90,147	-13.5
Total assets	296,818	308,079	-3.7
Net cash (+) / net debt(-)**	-2,746	27,242	-110.1
Employees	1,670	1,657	0.8

* For a detailed account of the adjustments, please refer to the information provided in the section on results of operations, financial position and net assets.

** This figure includes the value of securities.

Business development, result of operations, financial position and net assets

Business Development

The FRIEDRICH VORWERK Group was once again able to demonstrate its excellent market position in the first quarter of 2023 and thus, in addition to the contract for the realisation of the underground land cable connection in the offshore grid connection project BorWin6, won also a framework contract with TenneT for the execution of HDD drilling for offshore connection lines.

The contract for the realisation of the underground land cable connection covers the entire, approximately 45 km long, onshore section from the landing point in Büsum, Schleswig-Holstein, to the future converter station in Büttel. The total volume of the contract for FRIEDRICH Vorwerk is in the mid two-digit million range. The framework contract with TenneT for the execution of HDD drilling includes the turnkey planning and construction of protective pipe systems using the specialised horizontal directional drilling (HDD) method. Shortly after signing, the first services from the framework agreement were already ordered, the total value of which is in the high two-digit million range. The project is already scheduled to start in the second half of the year.

In addition to the two major projects in the Electricity segment, numerous other projects were acquired across all segments in the first quarter of 2023, so that in overall a record level of order intake was recorded in the reporting period. In the first three months of the financial year, this amounted to €206.8 million, which corresponds to an increase of 67.4% compared to the same period of the previous year (previous year: €123.5 million). The order backlog as at 31 March 2023 amounts to €448.8 million (31 December 2022: €315.1 million). Shortly after the quarterly reporting date, FRIEDRICH VORWERK was also able to acquire a turnkey electrolysis project, which includes the planning, production and installation of a 1 MW electrolyser and the associated infrastructure.

Revenue increased by 25.2% to €73.1 million in the reporting period (previous year: €58.4 million), while EBITDA decreased from €9.1 million in the same period of the previous year to €5.6 million. Thus, the EBITDA margin in the first quarter of 7.6% was below the level of the same period last year of 15.5%. Adjusted EBIT fell by 76.7% to €1.2 million, which corresponds to an EBIT margin of 1.7% (previous year: 9.2%). The significantly lower profitability level is the result of several temporary effects, which include price increases for energy, materials and third party services as well as a disproportionately high share of project follow-up work, which is mainly related to the critical energy infrastructure projects that have been put into operations under high time pressure until the end of 2022.

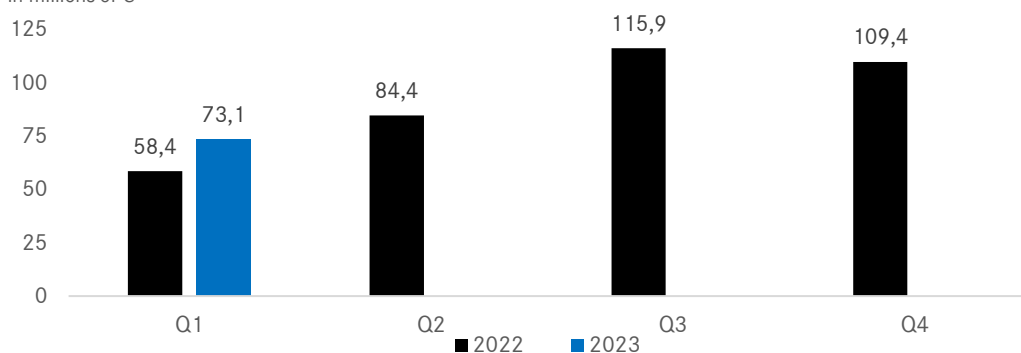
The Management Board and the Supervisory Board have proposed to distribute a dividend of €0.12 per entitled share for the financial year 2022 and to carry the remaining amount forward to new account. The dividend is subject to approval by the Annual General Meeting, which will be held in Hamburg on 1 June 2023.

Result of operations, financial position and net assets

The order backlog as of the reporting date of 31 March 2023 amounted to €448.8 million. Of the order backlog, 26% is attributable to the Natural Gas segment, 42% to the Electricity segment, 4% to the Clean Hydrogen segment and 28% to the Adjacent Opportunities segment. Order intake in the reporting period amounted to €206.8 million. Both figures have thus reached historic highs in the company's history.

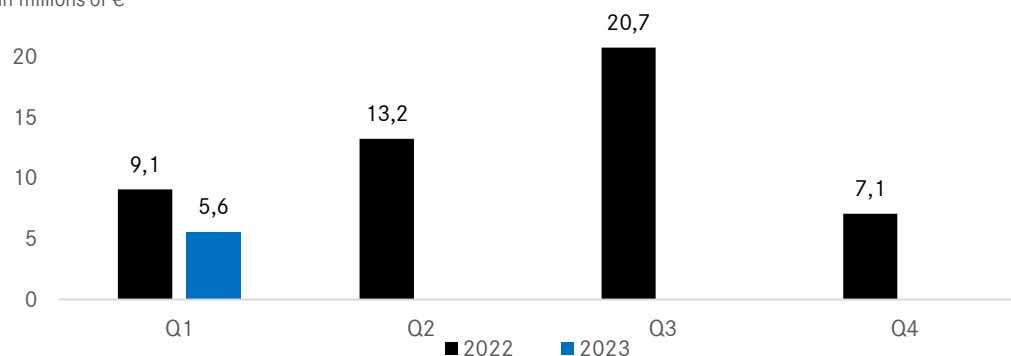
Consolidated revenue of the FRIEDRICH VORWERK Group amounted to €73.1 million in the reporting period. This corresponds to an increase of 25.2% compared to the same period of the previous year (€58.4 million), which is essentially due to high shares in large-scale projects in plant construction (Energy Transformation) and inner-city construction projects, which are subject to less seasonality.

Revenue by quarters
in millions of €



Adjusted EBITDA (earnings before interest, taxes, depreciation and amortisation) decreased by €3.5 million to €5.6 million in the first three months in comparison to the same period in the previous year (previous year: €9.1 million). The decline is mainly due to price increases for energy, raw materials, merchandise and third party services. In addition, EBITDA in the reporting period was burdened by project follow-up work with low profitability.

EBITDA (adj.) by quarter
in millions of €



After depreciation and amortisation of €4.3 million (previous year: €3.7 million), adjusted EBIT amounted to €1.2 million (previous year: €5.4 million). The year-on-year increase in depreciation and amortisation compared to the previous year is mainly due to the increased investment activity in the last two financial years. Adjusted net income after minority interest amounted to €0.8 million (previous year: €3.4 million) and €0.04 per share (previous year: €0.17 per share).

Equity amounted to €164.1 million as at 31 March 2023 (31 December 2022: €163.2 million). In relation to the consolidated balance sheet total of €296.8 million (31 December 2022: €308.1 million), the equity ratio as of the balance sheet date was 55.3% compared to 53.0% as at 31 December 2022. The increase is mainly due to the current annual result.

As at 31 March 2023, the FRIEDRICH VORWERK Group has liquidity (including securities) of €17.1 million (31 December 2022: €48.4 million). The decrease in liquidity is mainly the result of the negative cash flow from operating activities of €-20.6 million. The operating cash flow is essentially characterised by the seasonal build-up of net working capital, which is reduced again by the end of the year. Another reason for the decline in cash and cash equivalents is the high level of investment activity of €8.1 million. After deducting financial liabilities of €19.8 million (31 December 2022: €21.2 million), net cash and cash equivalents amounted to €-2.7 million as at the balance sheet date (31 December 2022: €27.2 million).

Outlook

For the seasonally stronger summer months, the Management Board expects a slight acceleration in revenue recognition and a significant improvement in profitability, so that Group revenue of more than €300 million is still expected with an EBITDA margin at the level of the previous year (13%). The adjusted EBIT margin is expected to be below the level of the 2022 financial year due to higher depreciation as a result of investment activities.

IFRS consolidated income statement

IFRS consolidated income statement (unaudited)	1 Jan – 31 Mar 2023 €k	1 Jan – 31 Mar 2022 €k
Revenue	73,077	58,386
Increase (+), decrease (-) in finished goods and work in progress	-1	0
Operating performance	73,076	58,386
Income from equity investments	4,410	4,920
Other operating income	1,022	1,190
Total performance	78,508	64,496
Cost of raw materials and supplies	-5,329	-3,430
Cost of purchased services	-30,977	-17,590
Cost of materials	-36,306	-21,020
Wages and salaries	-21,827	-21,156
Social security and pension costs	-7,142	-6,102
Staff costs	-28,970	-27,258
Other operating expenses	-7,659	-7,142
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	5,574	9,076
Depreciation and amortisation	-4,364	-3,825
Earnings before interest and taxes (EBIT)	1,209	5,250
Finance income	115	6
Finance expenses	-135	-271
Earnings attributable to non-controlling interests	-35	-487
Net finance costs	-56	-751
Earnings before taxes (EBT)	1,153	4,499
Income tax expense	-352	-1,269
Other taxes	-30	-124
Profit or loss for the period	771	3,106
Non-controlling interests	-23	198
Consolidated net profit	748	3,304
Earnings per share (in €)	0.04	0.17

IFRS consolidated statement of comprehensive income

IFRS consolidated statement of comprehensive income (unaudited)	1 Jan – 31 Mar 2023 €k	1 Jan – 31 Mar 2022 €k
Result after taxes	771	3,106
Items that may be subsequently reclassified to profit and loss		
Currency translation difference	1	-4
Items that cannot be subsequently reclassified to profit and loss		
Changes in the fair value of shares	173	-230
Other comprehensive income after taxes	174	-234
Comprehensive income for the reporting period	945	2,872
thereof attributable to:		
- Shareholders of the parent company	922	3,070
- Non-controlling interests	23	-198

IFRS consolidated statement of financial position

IFRS consolidated statement of financial position	31 Mar 2023	31 Dec 2022
Assets	unaudited	audited
	€k	€k
Non-current assets		
Concessions, industrial property rights and similar rights	441	273
Goodwill	4,276	4,276
Intangible assets	4,717	4,549
Land and buildings including buildings on third-party land	34,311	33,916
Technical equipment and machinery	34,992	34,722
Other equipment, operating and office equipment	21,658	20,732
Advance payments and assets under construction	9,915	7,862
Property, plant and equipment	100,875	97,233
Investments in associates	18,483	17,072
Investment securities	2,733	2,560
Other loans	631	627
Financial assets	21,847	20,259
Deferred tax assets	10,330	9,029
	137,769	131,070
Current assets		
Raw materials and supplies	11,256	10,165
Work in progress	100	100
Inventories	11,357	10,266
Trade receivables	24,327	17,683
Contract assets	98,564	95,428
Other current assets	10,452	7,756
Trade receivables and other current assets	133,343	120,867
Cash in hand	21	31
Cash at banks	14,328	45,845
Cash in hand and at banks	14,349	45,876
	159,049	177,009
Total assets	296,818	308,079

IFRS consolidated statement of financial position	31 Mar 2023	31 Dec 2022
Equity and liabilities	unaudited	audited
	€k	€k
Equity		
Issued capital	20,000	20,000
Reserves	76,204	76,204
Retained earnings and other reserves	67,524	66,602
Non-controlling interests	398	374
	164,126	163,181
Non-current liabilities		
Liabilities to banks	12,314	12,912
Liabilities to non-controlling interests	6,856	6,820
Liabilities from participation rights	10,213	10,213
Lease liabilities	2,120	2,646
Pension provisions	1,991	1,991
Deferred tax liabilities	21,186	20,168
	54,680	54,751
Current liabilities		
Liabilities to banks	2,391	2,388
Contract liabilities	4,443	7,296
Trade payables	8,805	10,888
Liabilities to non-controlling interests	1,323	2,534
Other liabilities	27,096	22,757
Lease liabilities	3,003	3,247
Provisions with liability character	20,190	24,640
Tax provisions	7,240	11,697
Other provisions	3,521	4,700
	78,012	90,147
Total equity and liabilities	296,818	308,079

IFRS consolidated statement of cash flows

IFRS consolidated statement of cash flows (unaudited)	1 Jan – 31 Mar 2023 €k	1 Jan – 31 Mar 2022 €k
1. Cash flow from operating activities		
Earnings before interest and taxes (EBIT)	1,209	5,250
Depreciation and amortisation	4,364	3,825
Increase (+), decrease (-) in provisions	-1,179	-1,453
Losses (+), gains (-) from disposal of property, plant and equipment	-17	-64
Results from equity investments	-4,410	-4,920
Other non-cash expenses and income	25	-92
Adjustments for non-cash transactions	-1,217	-2,703
Increase (-), decrease (+) in inventories, trade receivables and other assets	-11,742	-20,684
Decrease (-), increase (+) in trade payables and other liabilities	-4,992	-10,279
Change in working capital	-16,734	-30,963
Income taxes paid	-5,149	-2,535
Interest received	115	6
Cash receipts from dividends paid by equity investments	1,141	455
Cash flow from operating activities	-20,635	-30,489
2. Cash flow from investing activities		
Investments (-), divestments (+) in intangible assets	-232	-4
Investments (-), divestments (+) in property, plant and equipment	-7,920	-6,067
Investments (-), divestments (+) in financial assets and securities	-4	-1,170
Cash flow from investing activities	-8,156	-7,241
3. Cash flow from financing activities		
Repayments of financial loans	-595	-3,970
Repayments of lease liabilities	-773	-1,021
Interest payments	-132	-270
Payments to non-controlling interests	-1,234	0
Cash flow from financing activities	-2,734	-5,261

IFRS consolidated statement of cash flows (unaudited)	1 Jan – 31 Mar 2023 €k	1 Jan – 31 Mar 2022 €k
Cash and cash equivalents at the end of the period		
Change in cash and cash equivalents (Subtotal 1-3)	-31,526	-42,991
Effects of changes in foreign exchange rates (non-cash)	-1	-2
Cash and cash equivalents at the beginning of the period	45,876	108,282
Cash and cash equivalents at the end of the period	14,349	65,289
Composition of cash and cash equivalents		
Cash in hand	21	83
Bank balances	14,328	65,207
Reconciliation to liquidity reserve on 31 Mar		
Cash and cash equivalents at the end of the period	14,349	65,289
Investment securities	2,733	4,217
Liquidity reserve on 31 Mar	17,082	69,506

Segment reporting

Segment reporting 1 Jan – 31 Mar 2023 (unaudited)	Natural Gas €k	Electricity €k	Clean Hydrogen €k	Adjacent Opp. €k	Reconcilia- tion €k	Group €k
Revenue from third parties	35,924	10,872	2,698	23,580	0	73,074
EBIT	2,615	-536	481	-1,282	-69	1,209
EBIT margin (in %)	7.3%	-4.9%	17.8%	-5.4%		1.7%
Revenue share	49.1%	14.9%	3.7%	32.3%		

Segment reporting 1 Jan – 31 Mar 2022 (unaudited)	Natural Gas €k	Electricity €k	Clean Hydrogen €k	Adjacent Opp. €k	Transition €k	Group €k
Revenue from third parties	32,425	10,365	1,336	14,260	0	58,386
EBIT	6,660	-251	302	-1,431	-30	5,250
EBIT margin (in %)	20.5%	-2.4%	22.6%	-10.0%		9.0%
Revenue share	55.5%	17.8%	2.3%	24.4%		

Financial calendar

Quarterly report Q1 2023

15 May 2023

Annual General Meeting

1 June 2023

Half-year financial report 2023

15 August 2023

Quarterly report Q3 2023

14 November 2023

End of financial year

31 December 2023

Conferences

Berenberg Conference USA

23 - 24 May 2023

German Equity Forum

27 - 29 November 2023

Please subscribe to our Newsletter at www.friedrich-vorwerk.de.

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