

## Press Release

### Technology company presents financials for 2023

## Freudenberg achieves impressive business performance

- Operating profit reaches €1.1 billion, surpassing the 1 billion mark for the first time (up 15 percent).
- Record sales of €11.9 billion (up 1.3 percent) were achieved
- The equity capital ratio climbed to 56 percent (up 2 percentage points)
- Investments in research development grew to €604 million (up 4.6 percent)

**Weinheim, March 20, 2024.** During its 175th anniversary year, the technology company Freudenberg is reporting more solid growth. Operating profit, sales and investments in research and development reached their highest-ever levels during fiscal year 2023.

“Numerous records were set during fiscal year 2023. We achieved the highest figures ever for sales and operating profit. When we look back over the past 10 years, it becomes clear how impressive these figures are. Within a single decade, we have roughly doubled our sales and operating profit with an average annual growth rate of 6 and 7.7 percent, respectively. Our investments in research and development have grown with 9.4 percent annually even more strongly and almost tripling. I would like to thank all our employees worldwide. Their commitment enabled us to achieve these historic results,” said Dr. Mohsen Sohi, CEO of the Freudenberg Group as its financial figures were made public.

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### **The figures in detail**

During the fiscal year 2023, Freudenberg achieved sales of €11,902.8 million, up 1.3 percent over the previous year (€11,753.1 million). The company grew by about 3.5 percent organically, that is, by virtue of its own activities and resources. Exchange-rate effects totaling €316.0 million had a negative impact on sales, however. The effects were mainly shaped by the exchange-rate trends for the US dollar and the Chinese renminbi.

With a growth rate of about 15 percent, the operating profit of €1,081.6 million was significantly higher than the amount for the previous year, €941.8 million. The key success factors were innovative product lines, a customer focus and flexible problem-solving for a variety of industries, along with a structured expansion into attractive markets and strategic business fields. The profit margin improved to 9.1 percent (previous year 8.0 percent).

During the fiscal year 2023, cash flow from ongoing business activities totaled €1,403.7 million, an increase of €796.0 million over the previous year. This development mainly resulted from an increase in earnings before income taxes as well as a decline in working capital.

The already comfortable equity capital ratio increased once again. It now stands at 56 percent (previous year: 54 percent).

The ratings agency Moody's Deutschland GmbH, Frankfurt am Main, has given Freudenberg an "A3" rating with a stable outlook. The Freudenberg Group is considered extremely creditworthy, once again earning the excellent "Single-A Rating."

## **Research and development**

“Our business success made it possible for us to invest growing sums in our future viability – in research and development, plant facilities and technologies,” Sohi said. “We continued to make significant investments, increasing our spending on research and development by 4.6 percent.”

During fiscal year 2023, Freudenberg invested €603.6 million (previous year: €576.8 million) in research and development activities. This corresponds to 5.1 percent of sales (previous year: 4.9 percent). Freudenberg evaluates the effectiveness of its research and development activities based on the share of new products (those less than four years old) out of total sales. The share was 32.4 percent in 2023 (previous year: 31.6 percent).

## **Investments**

Adjusted for acquisitions, the investments in intangible and tangible assets as well as real estate held as financial investments totaled €452.7 million (previous year: €401.5 million).

The Freudenberg Group invests globally. The Freudenberg e-Power Systems Business Group expanded its manufacturing and assembly capacity for the production of battery systems in the US. Freudenberg Sealing Technologies has moved into a new plant in Parets del Vallès for the production of elastomer products for the auto industry. In Morinda, India, Freudenberg has invested in a new production facility for its Vibracoustic Business Group and its Freudenberg-NOK India joint venture.

Investments in Germany reached €174.1 million in 2023 (previous year: €144.3 million). Freudenberg Performance Materials launched a new factory to produce gas diffusion layers (key components in fuel cells) in Weinheim. In Wolfratshausen, EagleBurgmann began building a new research and development center and

continued projects to modernize, automate and digitalize the production of mechanical face seals and other products in Eurasburg. Freudenberg Medical invested in the construction of a new production facility for Hemoteq in Alsdorf.

## **Employees**

As of December 31, 2023, the Group employed 52,241 employees in 60 countries, coming from 148 different countries. The number was 12,875 in Germany (previous year: 12,413) and 14,981 in Europe, excluding those in Germany (previous year: 14,924). The total was 12,285 (previous year: 11,867) in North America, 10,527 in Asia (previous year: 10,711), 475 in Africa/Australia (previous year: 543) and 1,098 in South and Central America (previous year: 1,004).

## **CO<sub>2</sub>-neutral by 2045**

The Freudenberg Group is driving the energy transition – with its products and its ambition to become CO<sub>2</sub>-neutral by 2045. Sustainability is a priority for Freudenberg. For the company, this mainly involves efficiency in the use of its energy and material resources. Freudenberg wants to reduce its CO<sub>2</sub> emissions to zero by the year 2045 – mainly through energy conservation, electrification, purchasing and its own generation of green electricity.

Freudenberg has been sourcing green electricity from photovoltaic and wind power systems for years, in part from its own facilities. About 20 new (photovoltaic) systems have gone into operation worldwide, and about 60 are in various phases of planning and execution.

In 2023, Freudenberg increased its share of electricity from renewable sources from 30 to 36 percent of its total electrical consumption. To bring about the best possible integration of renewable energy systems, Freudenberg recently installed its first-ever microgrid in Berlin. This is a battery system that functions as a

virtual power plant. Freudenberg uses it to cover peak demand, help to stabilize the public grid, and reduce its cost of electricity.

### **Social commitment**

Freudenberg has been socially engaged since its founding. Its commitment to society extends beyond the value creation chain. It wants to be seen as a good neighbor to the communities around its facilities and supports a wide array of social projects – ranging from small local initiatives to complex international programs.

Freudenberg has been strengthening its social outreach with its education and environment program since 2015. The goal of the program is to give people access to education and jobs and promote environmental protection. The program supplements existing individual initiatives in line with a predetermined set of criteria and has been established on every continent. The total funding has now reached €21 million.

At the start of the year, the company donated €250,000 to aid earthquake victims in Turkey shortly after the catastrophe. The funds went to Aktion Deutschland Hilft e. V. and the Red Cross/Turkish Red Crescent. Various Business Groups made additional in-kind donations for the affected region.

### **Outlook**

We continue to expect economic and geopolitical uncertainties. Challenges have emerged, in part worsened by the wars in Ukraine and the Middle East. They include raw material bottlenecks, price increases, suppliers' delivery difficulties, labor shortages, and risks to energy supplies. To deal with these challenges, each of our facilities will continue to be agile and react quickly and flexibly to constantly changing requirements. We will always keep our focus on the customer. This principle applies to every industry and region. In line with this approach, we will continue to invest in long-term

projects. For us, the key strategic themes will continue to be the transition in mobility, digitalization and sustainable solutions.

**About the Freudenberg Group**

The Freudenberg Group is a global technology group that strengthens its customers and society long-term through forward-looking innovations. Together with its partners, customers, and research institutions, the Freudenberg Group develops leading-edge technologies and excellent products and services for about 40 markets and for thousands of applications: seals, vibration control components, technical textiles, filters, cleaning technologies and products, specialty chemicals, medical products, batteries and fuel cells.

Innovation strength, strong customer orientation, diversity, and team spirit are the cornerstones of the Group. The 175-year-old company lives by its core values: a commitment to excellence, reliability and proactive, responsible action. In 2023, the Freudenberg Group employed over 52,000 people in around 60 countries worldwide and generated sales of more than €11.9 billion For more information, please visit <https://www.freudenberg.com>