

Press Release

Company purchase agreement signed for automotive supplier

5 June 2023 · Lotte/Münster · Business Area: Insolvency Administration

Insolvency administrator Mr Stefan Meyer, a managing partner of PLUTA Rechtsanwalts GmbH, made a decisive step towards achieving an M&A solution for FRIMO Group on 2 June 2023, in cooperation with FRIMO staff and his own team. A comprehensive company purchase agreement was notarised in Düsseldorf last Friday with the buyer, FRIMO Innovative Technologies GmbH, and includes a number of closing conditions that the parties will work intensively on meeting over the coming weeks.

The central and decisive closing condition in this context is the success of negotiations with the FRIMO Group customers on the question of whether the company's orders received may be transferred to FRIMO Innovative Technologies GmbH. New terms and conditions will have to be agreed with the customers for the individual orders to be transferred so as to enable the buyer to complete the orders under financially acceptable conditions. This is the only way to implement a successful asset deal with the support of all parties involved and ultimately preserve FRIMO Group once restructured. Each of the two creditors' committees, one for FRIMO Group GmbH and the other for FRIMO GmbH, held a meeting in the afternoon of that same Friday, immediately after the purchase agreement had been notarised, and unanimously approved the agreement with FRIMO Innovative Technologies GmbH.

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About PLUTA

PLUTA helps companies in legally and economically difficult situations. Since the company was founded in 1982, PLUTA has constantly grown. Today PLUTA has a staff of about 500 employees in Germany, Spain and Italy including more than 290 graduates in business economics and business management, attorneys, business lawyers, tax consultants, public auditors, certified accountants, economists, bankers, bookkeepers, engineers and insolvency administration specialists. Many of them own multiple qualifications what ensures practicable and economically sensible solutions. In particular, PLUTA provides support in restructuring companies affected by a crisis or insolvency and in continuing business operations, if necessary by involving restructuring experts in a responsible role. PLUTA is one of the top enterprises specialising in restructuring and turning around companies, as demonstrated by rankings and awards from INDat, JUVE, The Legal 500, Who's Who Legal, brandeins, and Focus. Further information at www.pluta.net

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Now the outstanding closing conditions under the company purchase agreement will have to be jointly fulfilled over the coming weeks. Once this has been achieved, FRIMO Innovative Technologies GmbH will take over the holding company, FRIMO Group GmbH, and its subsidiaries, in particular the foreign companies in Hungary, Poland, the US, Canada, Mexico and China, as well as FRIMO GmbH (with its domestic locations in Lotte, Hamburg, Sontra and Freilassing) and B+R Elektrosteuerungstechnik GmbH, as was indicated by insolvency administrator Mr Meyer in an announcement. FRIMO Innovative Technologies GmbH's long-term strategic interest is reflected, among other things, in the fact that the company purchase agreement now notarised also provides for the acquisition of the group's own real estate property in Sontra and Freilassing.

The parties have agreed to maintain strict confidentiality about the transaction's business terms and conditions, especially the purchase price. 1 July 2023 is the economic effective date of the acquisition. It is envisaged that all (closing) conditions required for the transaction will have been met in late August or early September 2023, with the transaction likely to become effective by the end of September 2023.

Mr Hans-Günter Bayer, managing director and shareholder of the new FRIMO Group, has many years of experience in the automotive sector. He knows the company better than anybody else, having worked for it for 33 years, 25 of those (until 2018) at the helm of the FRIMO Group as CEO and Chairman of the Board. FRIMO Group is a leading provider



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of technologically advanced tools, equipment and turnkey production systems for automotive customers on an international scale. The technology group filed for insolvency in February 2023 with the aim of restructuring itself with the means afforded by insolvency proceedings. Following this, the Local Court of Münster appointed Mr Stefan Meyer, a restructuring expert from PLUTA Rechtsanwalts GmbH, as provisional administrator. On 1 May 2023, the insolvency proceedings were opened for the group's three companies and attorney Mr Meyer was appointed insolvency administrator.

Intention to save as many jobs as possible

The three companies involved are based in Lotte, near Osnabrück. FRIMO GmbH has subsidiaries and production facilities in Freilassing, Hamburg and Sontra. All locations are to be maintained by the buyer. It is currently still unclear how many staff will be employed by the transfer company, FRIMO Innovative Technologies GmbH, in Germany when it will start operating in early July 2023. This will be largely dependent on the outcome of the negotiations with customers. FRIMO Group has a staff of around 1,200 people worldwide, of which approximately 450 are employed at the German sites affected by insolvency. The bigger the volume of existing orders that customers will allow to be transferred to FRIMO Innovative Technologies GmbH, the more jobs may be saved by the transfer company on a sustained basis in Germany. For the time being, the staff of the subsidiaries abroad (in Hungary, Poland, the US, Mexico and Shanghai) are not affected by any personnel cutbacks. While it has been possible to spare these companies from the direct effects of the

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insolvency proceedings conducted in Germany, some indirect effects have been unavoidable. However, the outcome now achieved should also help to improve the stability of the foreign companies.

Insolvency administrator Mr Meyer and his PLUTA team have been able to stabilise operations at all locations during the proceedings and keep the business operational to date. Production has been closely coordinated with customers and fully maintained during the restructuring process.

Insolvency administrator Mr Stefan Meyer, a PLUTA partner, said, "The entire FRIMO team has shown great commitment and excellence in working with us over the past few months, thus making an M&A solution a possibility in the first place. To the extent possible under insolvency proceedings, FRIMO has carried out customer orders reliably and with the high level of quality for which it is known. The service, repair and customer support business has also been maintained without restriction. With the company purchase agreement now concluded, we have been able to achieve the best possible solution for the FRIMO Group, which has been prepared during the M&A process and made possible in long and intensive negotiations. Even though there may be job cuts in Germany, which will hopefully be very moderate, the group will remain a powerful and reliable partner to the automotive industry worldwide with its current workforce of around 1,200 staff."

Re-establishing FRIMO Group's competitiveness

The investor, Mr Hans-Günter Bayer, said, "Technologically,

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FRIMO remains a top-class company in its market and still holds a leading position worldwide in some areas. We also see many opportunities for FRIMO to win orders outside of the traditional automotive business. We intend to put the group back on a competitive footing and continue to offer innovative and reliable solutions for our customers in the future. At the same time, we will take care to re-establish FRIMO's profitability on a sustained basis and keep it in the market in the long term."

The FRIMO Group is an international market and technology leader in its market segment. It designs and builds equipment and tools for a wide range of technologies, specialising in equipment for the production of plastics and composite material in large quantities for both automotive interiors and exteriors, such as interior panels, roof/floor modules and bumpers. This equipment is supplied to all leading car manufacturers (OEMs) in Germany and worldwide. In addition to internal reasons, the insolvency is the result of supply problems in the automotive industry, far-reaching global and geopolitical crises and drastically increased energy and raw material costs.

Once the proceedings had been opened, the PLUTA team immediately launched a structured M&A process for FRIMO on an international scale. Insolvency administrator Mr Meyer said, "We have held good discussions with the investor, Mr Bayer, over recent weeks. I am very confident that the group will be able to embark on a new future with him. Together with the FRIMO employees and Mr Bayer, we will continue to work hard towards our goal of achieving a

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stable solution for FRIMO's future success." In addition to Mr Stefan Meyer, the PLUTA restructuring team includes attorneys Dr Ria Brüninghoff, Mr Christoph Chrobok, Mr Philip Konen, Ms Nadja Neuber, Ms Aina Karlström and Ms Stefanie Breitenströter-Brüggemann as well as business management expert Mr Christian Plückebaum and business lawyer Mr Tim Austmeyer.

The sale process has been supported by the M&A experts (Automotive and Distressed M&A) at international accounting firm PwC. Over recent months, an international market approach has been successfully conducted by a team led by PwC partners Mr Timo Klees and Mr Martin Schwarzer.

A team headed by Ms Marlies Raschke, a partner of international law firm Noerr, has advised FRIMO Group on the execution of the transaction.

FRIMO Innovative Technologies GmbH has been advised by a team under Dr Michael Löser, a partner of law firm Aderhold (in Düsseldorf), and Mr Christian Krause, managing partner of management consultancy Aderhold Unternehmensberatung GmbH. They have been supported by Dr Susanne Szameitat and Mr Maximilian Michelsen (both from law firm Aderhold Rechtsanwalts-gesellschaft) as well as Mr Marius Kettler (from management consultancy Aderhold Unternehmensberatung).

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