Interim Management Statement January to September 2023

SOLUTIONS FOR A WORLD ON THE MOVE

GRAMMER

Revenue
1,734.5 EUR m

Operating EBIT
38.4 EUR m

Operating EBIT margin
2.2%

Equity ratio
20.2%

Net profit
1.4 EUR m

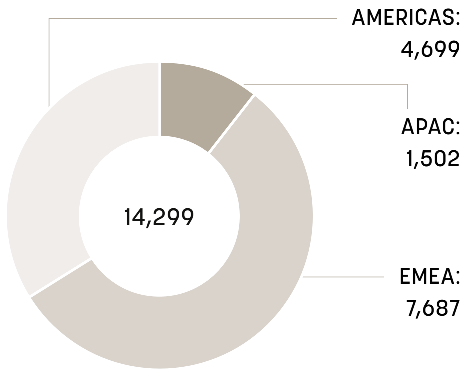
Free cash flow
44.3 EUR m

EBIT
30.5
EUR m

Capital expenditure
58.6
EUR m

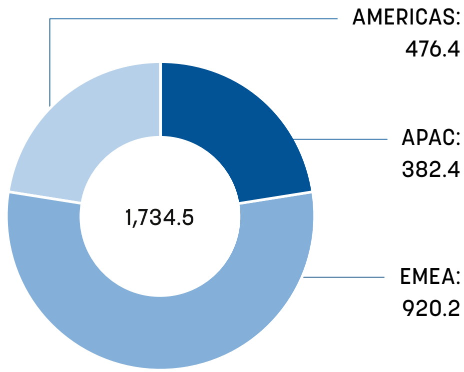
Company profile
GRAMMER AG, which has its head office in Ursensollen, operates in two business segments: GRAMMER develops and produces high-quality interior and operating systems and innovative thermoplastic components for the global automotive industry. GRAMMER is a full service provider of driver and passenger seats for trucks, buses, trains and offroad vehicles. At present, GRAMMER AG has about 14,300 employees in 19 countries around the world. Its revenue in 2022 was about EUR 2.2 billion. GRAMMER shares are listed in the Prime Standard and traded on the Munich and Frankfurt stock exchanges as well as via the Xetra electronic trading platform.

Employees by region [1]
Annual average:



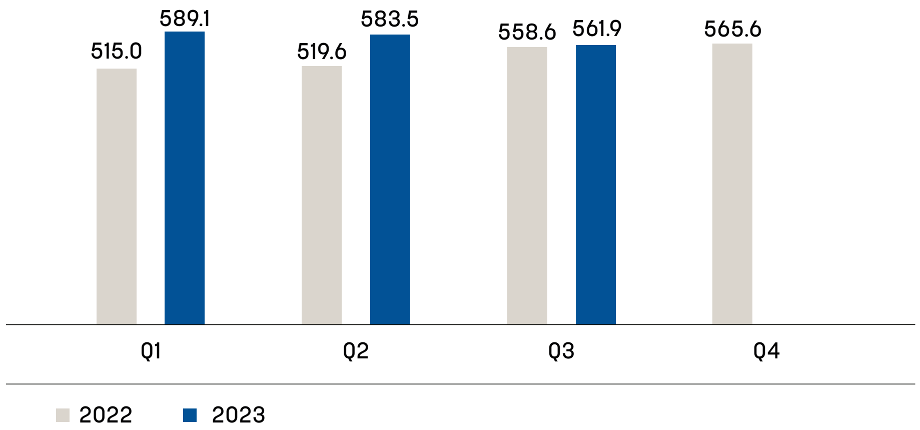
[1] On average, 411 people were employed in Central Services.

Revenue by region [2]
EUR m



[2] The consolidation effect of revenue between the regions amounts to EUR 44.5 million.

Revenue by quarter
EUR m



Operating EBIT by region

AMERICAS
–34.2
EUR m

EMEA
49.5
EUR m

APAC
43.2
EUR m

Overview of business performance

- Despite falling inflation and – in view of global crises – surprisingly resilient economic development, worldwide growth remains below average; while the North American region is convincing, weaker growth is forecast for Europe and Asia

- GRAMMER AG posted an earnings performance well above the previous year's level in the first nine months of 2023, with all three regions improving their earnings

- EBIT rose significantly to EUR 30.5 million in the first nine months of 2023 (01–09 2022: EUR 2.5 million). GRAMMER also posted a significant increase in operating EBIT to EUR 38.4 million (01–09 2022: EUR 1.9 million) with an operating EBIT margin of 2.2% (01–09 2022: 0.1%)

- GRAMMER Group revenue also developed positively in the reporting period, increasing by 8.9% to EUR 1,734.5 million (01–09 2022: EUR 1,593.2 million). Both the Automotive Division and the Commercial Vehicles Division posted significant revenue growth at 10.5% and 5.9% respectively

- Looking at the different regions, earnings improved in APAC in particular after the region had been heavily impacted in the previous year by COVID-19 lockdowns in China, high freight costs in Japan, and ramp-up costs for new plants. Revenue here increased by 25.0% to EUR 382.4 million in the reporting period (01–09 2022: EUR 305.8 million), while operating EBIT was up 27.1% at EUR 43.2 million (01–09 2022: EUR 34.0 million)

- The EMEA region also developed positively, posting revenue growth of 8.3% to EUR 920.2 million in the first nine months of 2023 (01–09 2022: EUR 849.4 million), while operating EBIT improved at a higher rate of 29.6% to EUR 49.5 million (01–09 2022: EUR 38.2 million)

- The AMERICAS region achieved revenue of EUR 476.4 million, slightly below the previous year's level (01–09 2022: EUR 492.4 million). Although operating EBIT improved to EUR –34.2 million (01–09 2022: EUR –51.3 million), it still fell short of the planned recovery, partly due to lower than expected customer call-offs

- Outlook for 2023 confirmed: Due to the continuing macroeconomic and industry-specific uncertainties, the GRAMMER Group anticipates revenue at the previous year's level of around EUR 2.2 billion and expects operating EBIT to double year-on-year to around EUR 70 million in the current financial year despite the results in the AMERICAS region that have so far fallen short of expectations

- As in the previous year, a strong fourth quarter is expected again in the current year, partly due to customer compensation agreed for the persistently high energy and material costs

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1. Economic conditions

Global economy

In its latest forecast issued in October 2023, the International Monetary Fund (IMF) anticipates very modest growth in the global economy in 2023, particularly in view of the continuing war in Ukraine, persistently high inflation, and the consequences of the COVID-19 pandemic. Although the experts at the IMF believe that the global economy has considerable resilience – despite the above challenges, there is no global recession – growth remains weak and uneven, with growing differences across the world. And even though overall inflation and core inflation (adjusted in particular for volatile energy and food prices) were gradually brought under control in the first nine months of 2023, a full recovery to the level of growth seen before the COVID-19 pandemic increasingly seems out of reach, particularly in emerging and developing markets. For 2023, global growth of 3.0% is expected.

In the EMEA region, the IMF expects to see far weaker growth of 0.7% in the eurozone – a decrease of 0.2 percentage points compared to the July forecast. In Germany, the current forecast anticipates a 0.5% decline in Gross Domestic Product (GDP), compared to July 2023 when the IMF expected economic output to decline by 0.3%.

In the AMERICAS region, by contrast, economic output is expected to increase by 2.1% (+0.3 percentage points compared to July) in the US and by 3.2% (+0.6 percentage points) in Mexico. In the USA, the turbulence in the banking sector at the beginning of the current year had a negative impact on the economy and led to more restrictive lending. However, this was contained over the course of the year. There were also positive surprises in the form of stable consumer spending and robust capital expenditure.

For China, the biggest market in the APAC region, the IMF forecasts growth of 5.0% in 2023. This represents a slight negative adjustment of 0.2 percentage points as compared to July. After the Chinese economy made a positive contribution to global economic growth following the U-turn on zero-COVID policy, the real estate crisis there is increasingly creating a headwind and leading to weaker growth.

Conditions in the automotive industry

According to the market data published by S&P Global Mobility, 7.8% more vehicles were manufactured worldwide in the first nine months of 2023 than in the same period of the previous year. In absolute terms, global growth in the first three quarters of 2023 amounted to approximately 4.7 million units. This positive development was mainly attributable to more stable supply chains, meaning that the order backlog can now gradually be worked off. In addition, positive export figures were reported from China. However, there was also a significant base effect from the same period of the previous year, which had been particularly heavily impacted by the effects of Russia's invasion of Ukraine and by production stoppages in China due to COVID-19.

At 36.2 million units, the majority of the units manufactured in the reporting period were attributable to the APAC region, representing growth of 5.5% compared to the first nine months of 2022. Growth in China came to 1.6% or 0.3 million units, bringing the total number of units manufactured to 19.3 million. The extension of tax cuts for "new energy vehicles" along with generally strong export figures had a positive impact on production in China. However, there are fears that the risk of an economic slowdown, depreciation of the Chinese renminbi, and weaker private consumer spending could put pressure on production figures in the future.

Production in the EMEA region increased by 12.5% or 1.7 million units in the first nine months of the year. Sales and production volumes in the region were still higher than originally expected, partly due to more stable supply chains. For example, the semiconductor supply improved further over the course of the year and boosted production growth against the backdrop of strong demand.

According to the S&P Global Mobility data, the AMERICAS region saw year-on-year growth of 8.9% or 1.1 million units in the first nine months of 2023. This was also largely attributable to improvements in supply chains, particularly at Japanese manufacturers in the region. In addition, fears of recession have subsided – despite rising interest rates and more restrictive lending conditions – in view of the robust US demand that is bolstering production.

Conditions in the commercial vehicles industry

In the commercial vehicle sector, S&P Global Mobility estimates a 12.9% increase in global production volume in the first nine months of 2023. As on the passenger car market, the recovery of the recently strained supply chains in particular encouraged growth in truck production. One effect of this development is that – in contrast to the sharp rise in prices in 2022 – supply and demand are becoming more balanced in the current year as against the previous year and consumer price inflation is consequently becoming less pronounced, which has a positive impact on industrial material prices.

Compared to the other regions, production in the AMERICAS region increased only slightly by 3.9% or 0.02 million units year-on-year in the first nine months of 2023. While production in South America declined by 27.5% in the reporting period due to uncertainties in connection with political instabilities and lower economic growth, North America performed considerably better with a 14.7% increase in production. Here, fears of recessions gradually subsided and strong incoming orders led to robust demand.

In the APAC region, the increase in production in the first nine months of 2023 came to 17.6%. The number of units manufactured thus rose by around 0.22 million year-on-year. This growth was driven in particular by China, where around 0.15 million units were manufactured – an increase of 22.1%. This was still due in particular to the recovery following the discontinuation of the zero-COVID policy. In addition, robust export figures and strong demand for trucks with alternative drive systems boosted demand in China. Overall, production in the APAC region is supported by strong domestic demand and economic and structural reforms.

In the EMEA region, S&P Global Mobility reported an increase in production figures of 11.7% in the first nine months of the current year. Although prices for raw materials were still at a high level here overall in the first nine months, they had fallen below the highs from 2022 again. In addition, demand proved unexpectedly strong.

2. GRAMMER Group key figures

Key figures in accordance with IFRS GRAMMER Group

EUR m

	01–09 2023	01–09 2022	01–12 2022
Group revenue	**1,734.5**	**1,593.2**	**2,158.8**
Revenue EMEA	920.2	849.4	1,131.4
Revenue AMERICAS	476.4	492.4	672.5
Revenue APAC	382.4	305.8	426.7
Income Statement			
EBITDA	91.7	68.8	117.4
EBITDA margin (%)	5.3	4.3	5.4
EBIT	30.5	2.5	–45.0
EBIT margin (%)	1.8	0.2	–2.1
Operating EBIT	38.4	1.9	35.5
Operating EBIT margin (%)	2.2	0.1	1.6
Earnings before taxes	8.2	–0.3	–62.8
Net profit/loss	1.4	–15.7	–78.6

EUR m

	September 30, 2023	September 30, 2022	December 31, 2022
Consolidated Statement of Financial Position			
Total assets	1,497.5	1,565.3	1,444.6
Equity	302.5	395.5	301.1
Equity ratio (%)	20.2	25.3	20.8
Net debt	406.4	490.4	429.3
Gearing (%)	134.3	124.0	142.6

	01–09 2023	01–09 2022	01–12 2022
Statement of Cash Flows			
Capital expenditure (without financial assets)	58.6	60.4	91.0
Depreciation and amortization	61.2	66.3	162.4
Free cash flow	44.3	–40.8	31.3
Employees (number, average)	14,299	14,008	14,044

	September 30, 2023	September 30, 2022	December 31, 2022
Share data			
Prices (Xetra closing price in EUR)	12.20	8.00	10.55
Market capitalization (EUR m)	185.9	121.9	160.8
Earnings per share (basic/diluted, EUR)	0.04	–1.03	–5.26

3. Business performance in the first nine months of 2023

GRAMMER Group revenue amounted to EUR 1,734.5 million in the first nine months of 2023, up 8.9% or EUR 141.3 million on the same period of the previous year (01–09 2022: EUR 1,593.2 million). FX-adjusted revenue increased by 11.9% year-on-year. This positive development was in particular due to revenue growth of 25.0% to EUR 382.4 million in the APAC region (01–09 2022: EUR 305.8 million), to which series start-ups and ramp-ups with Chinese OEMs contributed in particular. However, the region was still significantly affected by COVID 19-related lockdowns in the previous year. The EMEA region also developed positively, generating revenue of EUR 920.2 million (01–09 2022: EUR 849.4 million), corresponding to growth of 8.3%. In the AMERICAS region, revenue amounted to EUR 476.4 million in the first nine months of 2023 (01–09 2022: EUR 492.4 million) and was thus slightly below the previous year's level.

In terms of quarterly performance, GRAMMER Group revenue amounted to EUR 561.9 million in the third quarter, slightly below the level of the first two quarters of 2023 but on a par with the same period of the previous year (Q3 2022: EUR 558.6 million). Adjusted for negative currency effects, revenue increased by 6.5% to EUR 594.7 million.

GRAMMER Group earnings before interest and taxes (EBIT) increased significantly to EUR 30.5 million in the first nine months of 2023 (01–09 2022: EUR 2.5 million). GRAMMER Group's operating EBIT also rose even more significantly to EUR 38.4 million (01–09 2022: EUR 1.9 million), resulting in an operating EBIT margin of 2.2% (01–09 2022: 0.1%). The year-on-year increase in earnings is attributable in particular to the more stable business development in the APAC region. The EMEA region also developed positively, as expected. Earnings in the AMERICA region also improved, but fell short of expectations again in the reporting period. The expected volume growth at GRAMMER's customers failed to materialise. In addition, one-off effects from plant closures, followed by expensive machine transfers, product ramp-ups and the start-up of a new paint line in Mexico weighed on earnings. Strikes at the plants of several US automotive groups had only minor effects. In addition to expenses for restructuring measures in the AMERICAS in the amount of EUR 3.4 million, operating EBIT was also adjusted for negative currency effects of EUR 4.5 million.

The passing on of the substantial inflation-related cost increases (material, energy, transport and wage costs) that had already been agreed with customers in 2022 had a positive effect on earnings. Further compensation agreements are expected for the fourth quarter. In addition, the company continues to work intensively to achieve the turnaround in AMERICAS in the course of 2024.

On a quarterly basis, GRAMMER posted an earnings performance below the previous year's level in the third quarter. Both the EBIT of EUR 12.0 million (Q3 2022: EUR 15.0 million) with an EBIT margin of 2.1% and the operating EBIT of EUR 11.5 million (Q3 2022: EUR 14.2 million) with an operating EBIT margin of 2.0% were thus down year-on-year. The result in the third quarter of the previous year included some catch-up effects from completed inflation compensation agreements with customers, which already had a positive impact on the result in the first half of this year.

Looking ahead to the remaining fourth quarter, the GRAMMER Group anticipates a significant positive performance, as in the previous year.

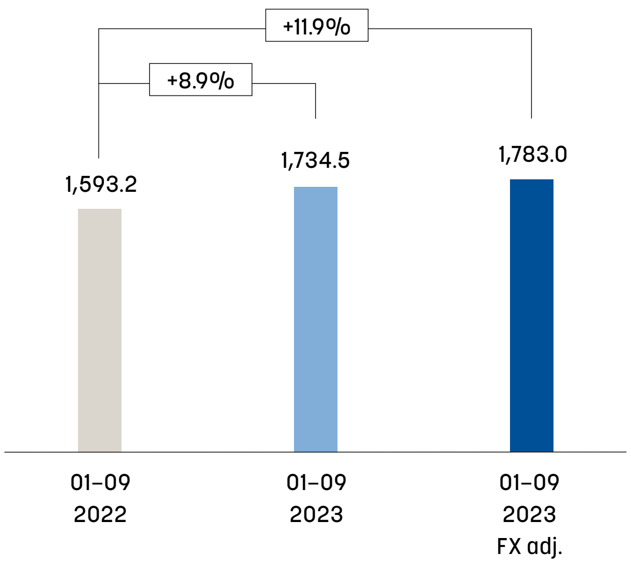
4. GRAMMER Group results of operations

GRAMMER Group revenue

In the first nine months of 2023, GRAMMER Group revenue amounted to EUR 1,734.5 million (01–09 2022: EUR 1,593.2 million). This represents an increase of 8.9% compared with the previous year's figure. This revenue development was particularly due to growth of 8.3% to EUR 920.2 million (01–09 2022: EUR 849.4 million) in the EMEA region and growth of 25.0% to EUR 382.4 million (01–09 2022: EUR 305.8 million) in the APAC region, where revenue had still been significantly impacted by COVID-19 lockdowns in the previous year. In the AMERICAS region, revenue was slightly lower than in the previous year at EUR 476.4 million (01–09 2022: EUR 492.4 million).

Both divisions also contributed to the revenue growth. The Automotive Division increased revenues by 10.5% to EUR 1,127.7 million, with the Commercial Vehicle Division picking up by 5.9% to EUR 606.8 million.

GRAMMER Group revenue (incl. FX-adjustment)
EUR m



GRAMMER Group earnings

GRAMMER Group EBIT amounted to EUR 30.5 million in the first nine months of 2023 (01–09 2022: EUR 2.5 million). Earnings increased year-on-year in all three regions, with EBIT in the first nine months amounting to EUR 42.9 million in the APAC region (01–09 2022: EUR 32.6 million) and EUR 46.2 million in EMEA (01–09 2022: EUR 39.3 million). In the AMERICAS, EBIT came to EUR –38.7 million after EUR –51.2 million in the first three quarters of 2022. In APAC in particular, stable earnings were thus generated again in the first nine months of 2023, after the region had still been heavily impacted by COVID-19 lockdowns in China, high freight costs in Japan, and ramp-up costs for new plants in the previous year.

Group operating EBIT and the operating EBIT margin also increased considerably year-on-year to EUR 38.4 million and 2.2% respectively (01–09 2022: EUR 1.9 million and 0.1%). Operating EBIT was adjusted for restructuring expenses in the AMERICAS in the amount of EUR 3.4 million and for negative currency effects of EUR 4.5 million.

At EUR –22.3 million (01–09 2022: EUR –2.8 million), the GRAMMER Group's financial result is influenced mainly by higher financial expenses, particularly as a result of increased interest rates. In addition, fluctuations in the exchange rate of the Czech koruna, the Brazilian real, the Japanese yen and the US dollar resulted in lower foreign exchange gains in the first three quarters of 2023 than in the same period of the previous year.

In the reporting period, tax expense of EUR 6.8 million (01–09 2022: tax expense of EUR 15.4 million) was reported with earnings before taxes of EUR 8.2 million (01–09 2022: EUR –0.3 million). This was due primarily to the non-recognition of deferred tax assets on loss carryforwards for the tax group in the USA.

The net profit thus amounted to EUR 1.4 million in the first nine months of 2023 (01–09 2022: EUR –15.7 million).

Revenue performance by region and division

EUR m

	GRAMMER Gruppe			EMEA			AMERICAS			APAC		
	01–09 2023	01–09 2022	Change	01–09 2023	01–09 2022	Change	01–09 2023	01–09 2022	Change	01–09 2023	01–09 2022	Change
Automotive	1,127.7	1,020.2	10.5%	486.5	433.9	12.1%	384.0	393.2	–2.3%	269.5	204.2	32.0%
Commercial Vehicles	606.8	573.0	5.9%	433.7	415.5	4.4%	92.4	99.2	–6.9%	112.9	101.6	11.1%
Revenue	**1,734.5**	**1,593.2**	**8.9%**	**920.2**	**849.4**	**8.3%**	**476.4**	**492.4**	**–3.2%**	**382.4**	**305.8**	**25.0%**

GRAMMER Group Condensed Statement of Income

EUR k

	01–09 2023	01–09 2022	Change
Revenue	1,734,496	1,593,200	141,296
Cost of sales	–1,552,621	–1,475,621	–77,000
Gross profit	**181,875**	**117,579**	**64,296**
Selling expenses	–23,869	–22,029	–1,840
Administrative expenses	–140,555	–118,775	–21,780
Other operating income	13,065	25,729	–12,664
Earnings before interests and taxes (EBIT)	**30,516**	**2,504**	**28,012**
Financial result	–22,289	–2,759	–19,530
Earnings before taxes	**8,227**	**–255**	**8,482**
Income taxes	–6,792	–15,445	8,653
Net profit/loss	**1,435**	**–15,700**	**17,135**

Derivation of Operating EBIT

EUR m

	01–09 2023	01–09 2022	Change
EBIT	**30.5**	**2.5**	**28.0**
Currency translation effects	4.5	–2.7	7.2
Costs for coronavirus-related protection and response measures	0.0	2.1	–2.1
Costs for restructuring measures	3.4	0.0	3.4
Operating EBIT	**38.4**	**1.9**	**36.5**

5. Performance by region

EMEA

GRAMMER generated revenue of EUR 920.2 million in the EMEA region in the first nine months of 2023 (01–09 2022: EUR 849.4 million) – a year-on-year increase of 8.3%. After a strong first half of the year, there was a slight decline at quarterly level to EUR 280.4 million (Q3 2022: EUR 272.4 million), compared to EUR 328.5 million in Q1 2023 and EUR 311.3 million in Q2 2023, as a result of seasonal factors and supply chain issues, including flooding in Slovenia. Revenue in the Commercial Vehicles Division contributed to this with growth of 4.4% to EUR 433.7 million (01–09 2022: EUR 415.5 million). In the same period, the Automotive Division grew by 12.1% to EUR 486.5 million (01–09 2022: EUR 433.9 million).

EBIT in the EMEA region increased to EUR 46.2 million in the first nine months of 2023 (01–09 2022: EUR 39.3 million). The EBIT margin was 5.0% (01–09 2022: 4.6%). In the first three quarters, volume effects and the agreements already reached with customers in the previous year to pass on inflation-related cost increases made a significant contribution to the development of results. At the same time, challenging new launches and the supply chain disruptions already mentioned in the communication weighed on operating performance.

Operating EBIT also increased to EUR 49.5 million (01–09 2022: EUR 38.2 million). Accordingly, the operating EBIT margin rose to 5.4% (01–09 2022: 4.5%). Operating EBIT was adjusted by negative currency effects in the amount of EUR 3.3 million.

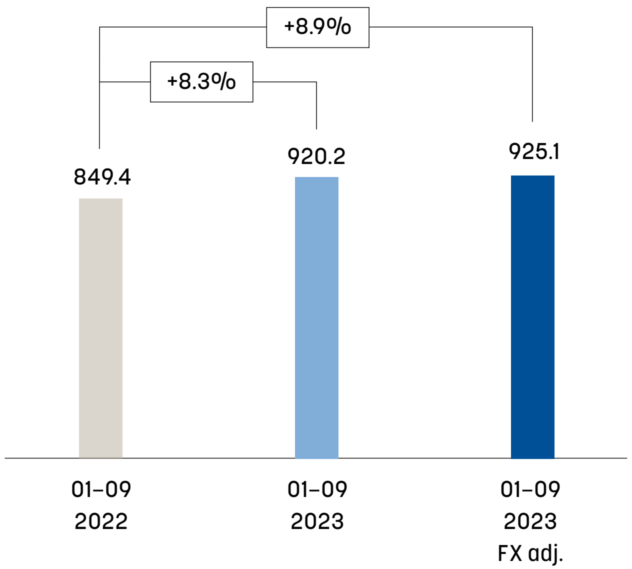
EMEA region key figures

EUR m

	01–09 2023	01–09 2022	Change
Revenue	920.2	849.4	70.8
EBIT	46.2	39.3	6.9
EBI margin (%)	5.0	4.6	0.4 %-points
Operating EBIT	49.5	38.2	11.3
Operating EBIT margin (%)	5.4	4.5	0.9 %-points
Capital expenditure (without financial assets)	23.6	20.9	2.7
Employees (number average)	7,687	7,387	300

EMEA revenue (incl. FX-adjustment)

EUR m



AMERICAS

Revenue in the AMERICAS region decreased slightly by 3.2% to EUR 476.4 million in the first nine months of 2023 (01–09 2022: EUR 492.4 million). This EUR 16 million decline in revenue was mainly due to lower demand in the Commercial Vehicles Division, with Brazil accounting for a large part of the decline in revenue. The Automotive Division posted revenue at a similar level to the same period of the previous year, with the strikes at several US carmakers in the third quarter of 2023 having only minor effects. Revenue fell by 2.3% to EUR 384.0 million (01–09 2022: EUR 393.2 million) in the Automotive Division and by 6.9% to EUR 92.4 million (01–09 2022: EUR 99.2 million) in the Commercial Vehicles Division. In terms of quarterly performance, revenue in the AMERICAS region decreased by 9.1% to EUR 158.5 million in the third quarter of 2023 (Q3 2022: EUR 174.4 million).

EBIT in the AMERICAS region improved and was EUR −38.7 million in the first nine months (01–09 2022: EUR −51.2 million), but again fell short of expectations in the reporting period. In addition to lower volumes and two plant closures, the result was negatively impacted by a relocation, the ramp-up of series production and the start-up of a new paint line in Mexico. Overall, the result was burdened by one-off expenses for restructuring measures amounting to EUR 3.4 million. The EBIT margin improved year-on-year to −8.1% (01–09 2022: −10.4%). Operating EBIT – adjusted for costs for restructuring measures and negative currency effects of EUR 1.1 million – amounted to EUR −34.2 million in the first three quarters of 2023 (01–09 2022: EUR −51.3 million). Accordingly, the operating EBIT margin amounted to −7.2% (01–09 2022: −10.4%).

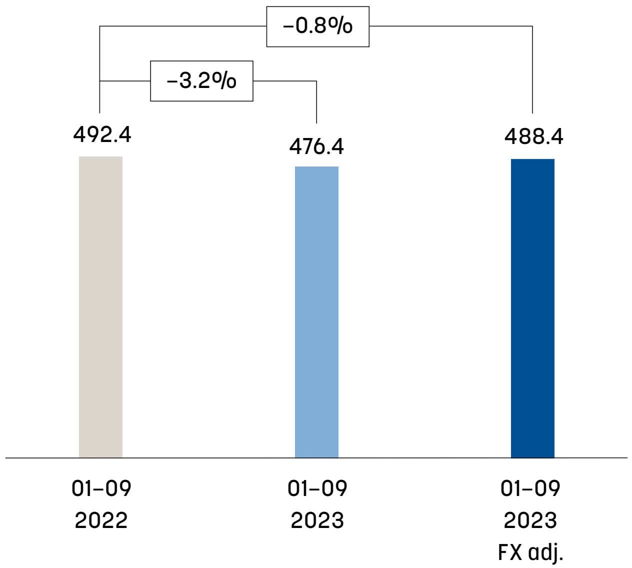
AMERICAS region key figures

EUR m

	01–09 2023	01–09 2022	Change
Revenue	476.4	492.4	−16.0
EBIT	−38.7	−51.2	12.5
EBIT margin (%)	−8.1	−10.4	2.3 %-points
Operating EBIT	−34.2	−51.3	17.1
Operating EBIT margin (%)	−7.2	−10.4	3.2 %-points
Capital expenditure (without financial assets)	10.4	16.5	−6.1
Employees (number, average)	4,699	4,726	−27

AMERICAS revenue (incl. FX-adjustment)

EUR m



APAC

In the APAC region, revenue increased sharply by 25.0% to EUR 382.4 million in the first nine months of 2023 (01–09 2022: EUR 305.8 million). Adjusted for negative currency effects, APAC posted even stronger revenue growth of 35.8%. In the Automotive Division, revenue rose by 32.0% year-on-year to EUR 269.5 million (01–09 2022: EUR 204.2 million). This was partly due to lower customer call-offs as a result of COVID-19 lockdowns in China and to global supply shortages for semiconductors in the previous year. The new plant in Hefei, which supplies one of the booming NEV automotive manufacturers, also contributed to strong revenue growth. In the APAC region, the Automotive Division now generates more than 40% of its revenue with Chinese OEMs. Revenue in the Commercial Vehicles Division rose by 11.1% to EUR 112.9 million (01–09 2022: EUR 101.6 million) but remained significantly behind expectations due to lower demand from major OEMs as a result of the general slowdown in the heavy-duty truck market. Looking at the third quarter in isolation, revenue in the APAC region rose by 6.1% to EUR 136.4 million (Q3 2022: EUR 128.6 million). This was due in part to the weak prior-year figure.

EBIT in the APAC region increased to EUR 42.9 million (01–09 2022: EUR 32.6 million). This was due chiefly to the increase in revenue. The EBIT margin improved by 0.5 percentage points to 11.2% (01-09 2022: 10.7%). Operating EBIT also rose to EUR 43.2 million (01-09 2022: EUR 34.0 million). The operating EBIT margin rose by 0.2 percentage points year-on-year to 11.3% (01-09 2022: 11.1%), primarily due to cost reduction measures.

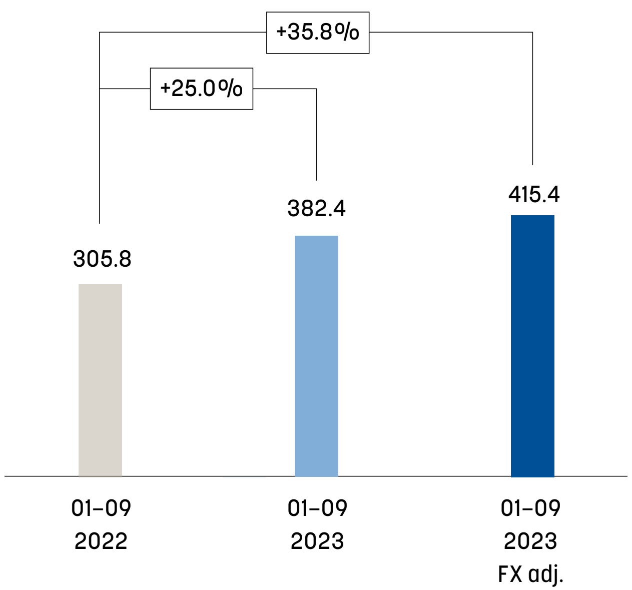
APAC region key figures

EUR m

	01–09 2023	01–09 2022	Change
Revenue	382.4	305.8	76.6
EBIT	42.9	32.6	10.3
EBIT margin (%)	11.2	10.7	0.5 %-points
Operating EBIT	43.2	34.0	9.2
Operating EBIT margin (%)	11.3	11.1	0.2 %-points
Capital expenditure (without financial assets)	16.6	14.1	2.5
Employees (number, average)	1,502	1,487	15

APAC revenue (incl. FX-adjustment)

EUR m



6. Net assets and financial position

GRAMMER Group Condensed Statement of Financial Position

EUR k

	September 30, 2023	December 31, 2022	Change
Non-current assets	769,302	768,076	1,226
Current assets	728,216	676,518	51,698
Assets	**1,497,518**	**1,444,594**	**52,924**
Equity	302,489	301,108	1,381
Non-current liabilities	357,584	366,408	–8,824
Current liabilities	837,445	777,078	60,367
Equity and liabilities	**1,497,518**	**1,444,594**	**52,924**

GRAMMER Group total assets increased slightly to EUR 1,497.5 million as at September 30, 2023 (December 31, 2022: EUR 1,444.6 million).

Non-current assets remained virtually unchanged at EUR 769.3 million (December 31, 2022: EUR 768.1 million). Property, plant and equipment in particular declined by 2.3% to EUR 466.4 million (December 31, 2022: EUR 477.3 million) as a result of scheduled depreciation and currency effects. By contrast, intangible assets increased by 0.8% to EUR 147.5 million (December 31, 2022: EUR 146.3 million) and contract assets by 18.7% to EUR 69.1 million (December 31, 2022: EUR 58.2 million).

Current assets increased by 7.6% or EUR 51.7 million to EUR 728.2 million (December 31, 2022: EUR 676.5 million). This development particularly includes the revenue-driven increase in current trade accounts receivable by 22.5% to EUR 314.4 million (December 31, 2022: EUR 256.7 million). On the other hand, cash and short-term deposits in particular decreased by 6.9% to EUR 101.1 million as at September 30, 2023 (December 31, 2022: EUR 108.6 million) due to the repayment of current financial liabilities and an increase in capital requirements. Inventories also decreased by EUR 4.2 million to EUR 193.2 million (December 31, 2022: EUR 197.4 million), a very positive development considering the increased business volume.

Equity increased by EUR 1.4 million or 0.5% to EUR 302.5 million as at September 30, 2023 (December 31, 2022: EUR 301.1 million) as a result of the positive earnings after taxes. Other comprehensive income amounted to EUR –7.6 million in the reporting period and mainly comprises effects from the currency translation of foreign subsidiaries amounting to EUR –8.9 million (01–09 2022: EUR 22.3 million), cash flow hedges of EUR –3.9 million, and the interest-related adjustment of retirement benefit provisions amounting to EUR 5.0 million. The equity ratio decreased slightly to 20.2% (December 31, 2022: 20.8%) as a result of the higher total assets.

Non-current liabilities were down EUR 8.8 million on the previous year's level at EUR 357.6 million (December 31, 2022: EUR 366.4 million). Among other items here, other financial liabilities decreased by EUR 7.9 million or 12.5% to EUR 55.3 million (December 31, 2022: EUR 63.2 million) due to the reclassification of non-current lease liabilities to current lease liabilities. Retirement benefits and similar obligations also decreased by EUR 6.2 million or 5.3% to EUR 111.0 million (December 31, 2022: EUR 117.2 million). This was due to the decrease in retirement benefit provisions as a result of a rise in the discount rate to 4.2% (December 31, 2022: 3.7%). By contrast, non-current financial liabilities increased by EUR 4.7 million or 3.0% to EUR 162.5 million (December 31, 2022: EUR 157.8 million) due to the utilization of tranche D of the syndicated loan agreement with a term until 2025.

Current liabilities rose by EUR 60.3 million or 7.8% to EUR 837.4 million (December 31, 2022: EUR 777.1 million). This was chiefly due to the increase in current trade accounts payable by EUR 80.4 million or 26.3% to EUR 386.5 million (December 31, 2022: EUR 306.1 million) due to the higher volume of business. By contrast, current financial liabilities decreased by EUR 34.3 million or 11.5% to EUR 263.9 million (December 31, 2022: EUR 298.2 million) as a result of lower utilization of overdrafts and credit facilities. Of the increase in other current liabilities by EUR 11.5 million or 10.6% to EUR 119.7 million (December 31, 2022: EUR 108.2 million), EUR 6.3 million is attributable to liabilities to employees due to the build-up of accruals for bonus payments, Christmas and holiday bonuses as well as accruals for holidays not yet taken and overtime.

7. Capital expenditure

In the first three quarters of 2023, GRAMMER Group capital expenditure fell short of the previous year's figure slightly by EUR 1.8 million. Total capital expenditure amounted to EUR 58.6 million after nine months (01–09 2022: EUR 60.4 million).

In the EMEA region, capital expenditure amounted to EUR 23.6 million, up 12.9% on the prior-year figure of EUR 20.9 million. Capital expenditure in this region was still focused on the ramp-up of new products in the Automotive Division and replacement investments in the Commercial Vehicles Division, such as plastic injection molding machinery including infrastructure measures.

Capital expenditure in AMERICAS decreased by 37.0% to EUR 10.4 million (01–09 2022: EUR 16.5 million) and related primarily to a new seat and foam line for the expansion of capacities in the Commercial Vehicles Division and to a press in the Automotive Division. In addition, in connection with the restructuring, investments were made for the relocation from Tupelo to Delphos.

In APAC, capital expenditure increased by 17.7% year-on-year to EUR 16.6 million in the period from January to September 2023 (01–09 2022: EUR 14.1 million). In particular, this involved investments for the plant in Hefei and a dedicated paint shop at the metal plant in Ningbo.

Capital expenditure in Central Services decreased by 10.1% year-on-year to EUR 8.0 million (01–09 2022: EUR 8.9 million). Of this figure, EUR 0.7 million (01–09 2022: EUR 1.6 million) was attributable to the continuation of the digitalization project "Management of product lifecycles" and EUR 5.0 million (01–09 2022: EUR 5.0 million) related to capitalized development costs. As in the previous years, this mainly relates to the longer-term development of new seat generations for the Commercial Vehicles Division.

Capital expenditure

EUR m

	01–09 2023	01–09 2022	Change
EMEA	23.6	20.9	2.7
AMERICAS	10.4	16.5	–6.1
APAC	16.6	14.1	2.5
Central Services	8.0	8.9	–0.9
GRAMMER Group	**58.6**	**60.4**	**–1.8**

8. Cash flow statement

In the period from January to September 2023, cash flow from operating activities improved by EUR 79.8 million to EUR 88.5 million (01–09 2022: EUR 8.7 million). This improvement was due chiefly to significantly improved earnings before taxes and much lower cash outflows from working capital compared with the same period of the previous year. In working capital, a lower increase in trade accounts receivable and other assets, a significant decrease in inventories, and an increase in accounts payable and other liabilities were responsible for the improved cash flow, compared to the same period of the previous year. The cash outflow from investing activities decreased by EUR 5.2 million to EUR −44.2 million in the first nine months of 2023 (01–09 2022: EUR −49.4 million) and could be fully covered by the cash flow from operating activities. In the first nine months of 2023, there were investments in leased assets in accordance with IFRS 16 amounting to EUR 6.1 million (01–09 2022: EUR 6.9 million), which do not affect cash.

Free cash flow improved by EUR 85.1 million compared with the same period of the previous year to EUR 44.3 million in the first nine months of 2023 (01–09 2022: EUR −40.8 million). Cash flow from financing activities stood at EUR −31.7 million (01–09 2022: EUR −12.7 million) and reflected the borrowing and repayment of liabilities to banks as well as the payment of interest and lease liabilities. This was significantly below the previous year's value, as financial debt was reduced overall in the first nine months of 2023, while it was built up in the same period of the previous year.

9. Employees

GRAMMER had an average of 14,299 employees globally in the first nine months of 2023 (01–09 2022: 14,008). This represents an increase of 2.1% compared with the previous year. The Group had an average of 1,502 employees in the APAC region (01–09 2022: 1,487), 7,687 employees in the EMEA region (01–09 2022: 7,387), and 4,699 employees in the AMERICAS region (01–09 2022: 4,726).

Average Number of Employees

	01–09 2023	01–09 2022	Change
EMEA	7,687	7,387	300
AMERICAS	4,699	4,726	−27
APAC	1,502	1,487	15
Central Services	411	408	3
GRAMMER Group	**14,299**	**14,008**	**291**

10. Opportunities and risks

The opportunities and risks listed and described in detail in the Management Report contained in the Annual Report for the year ended December 31, 2022 continue to apply. Locally operating teams are continuously analyzing the situation on the market and among customers and suppliers, and specific measures will be proposed to management whenever the need for action is identified. The development of (raw) material and energy prices as well as the global supply situation are also being observed in order to enable a timely response to any changes in conditions.

11. Outlook

GRAMMER published its guidance for the 2023 financial year on February 13, 2023. This guidance continues to apply.

The past months have confirmed the company's forecast that, after the enormously challenging 2022 financial year, the ongoing difficult macroeconomic conditions will also negatively impact the GRAMMER Group's business performance in 2023 as a whole. In line with the International Monetary Fund's forecast, GRAMMER expects the economic environment in the fourth quarter and beyond to be characterized by below-average economic growth, slightly eased but still persistently high price increases, and supply problems. In particular, the sharp rise in material, energy and wage costs combined with limited economic growth – especially in Germany – could continue to impact the Company's economic performance in 2024. On the other hand, risks in connection with the COVID-19 pandemic are lower than they were in the previous year. In addition, agreements were reached with customers in the first nine months on passing on the significant inflation-related cost increases, which will also be recognized in profit or loss in the fourth quarter of 2023.

Due to the above-mentioned macroeconomic and industry-specific uncertainties, GRAMMER anticipates revenue at the previous year's level of around EUR 2.2 billion overall in the current 2023 financial year. With regard to operating EBIT, GRAMMER expects a doubling to around EUR 70 million year-on-year despite the weaker results in the AMERICAS region to date. As in the previous year, GRAMMER expects a strong fourth quarter again in 2023. The significantly increased earnings forecast takes account of the measures already initiated in the P2P restructuring project in the AMERICAS region as well as further efficiency and cost reduction measures. The targeted margin increase puts GRAMMER on track for the medium-term outlook presented in April 2022 of achieving an operating EBIT margin of over 5% by 2025.

12. Forward-looking statements

This Interim Management Statement contains forward-looking statements based on current assumptions and estimates by GRAMMER management with regard to future trends. Such statements refer to periods in the future or are characterized by terms such as "expect", "predict", "intend", "forecast", "plan", "estimate", "anticipate", or similar terms. Such statements are subject to risks and uncertainties which GRAMMER can neither estimate nor influence with any precision, e.g. future market conditions and the macroeconomic environment, the behavior of other market participants, the successful integration of newly acquired companies, and the materialization of expected synergistic benefits and government actions. If any of these or other uncertainties or imponderables were to occur or if any of the assumptions on which these statements are based prove to be incorrect, the actual results could differ materially from the results expressed or implied in these statements. GRAMMER neither intends nor is under any obligation to update any forward-looking statements in the light of any changes occurring after the publication of this document.

B I Financial information
January to September 2023

Consolidated Statement of Income

January 1 - September 30 of the respective financial year

EUR k	01–09 2023	01–09 2022
Revenue	1,734,496	1,593,200
Cost of sales	–1,552,621	–1,475,621
Gross profit	**181,875**	**117,579**
Selling expenses	–23,869	–22,029
Administrative expenses	–140,555	–118,775
Other operating income	13,065	25,729
Earnings before interest and taxes (EBIT)	**30,516**	**2,504**
Financial income	3,807	2,073
Financial expenses	–31,982	–19,580
Other financial result	5,886	14,748
Earnings before taxes	**8,227**	**–255**
Income taxes	–6,792	–15,445
Net profit/loss	**1,435**	**–15,700**
Of which attributable to:		
Shareholders of the parent company	589	–15,312
Non-controlling interests	416	–891
Hybrid loan lender's compensation claims	430	503
Net profit/loss	**1,435**	**–15,700**
Earnings per share		
Basic/diluted earnings per share in EUR	0.04	–1.03

Consolidated Statement of Comprehensive Income

January 1 - September 30 of the respective financial year

EUR k	01–09 2023	01–09 2022
Net profit/loss	**1,435**	**–15,700**
Amounts that will not be reclassified to profit and loss in future periods		
Actuarial gains/losses (-) under defined benefit plans		
Gains/losses (-) arising in the current period	7,003	41,912
Tax expenses (-)/tax income	–2,007	–12,115
Actuarial gains/losses (-) under defined benefit plans (after tax)	**4,996**	**29,797**
Total amount that will not be reclassified to profit and loss in future periods	**4,996**	**29,797**
Amount that will be reclassified to profit and loss in future periods under certain conditions		
Gains/losses (-) from currency translation of foreign subsidiaries		
Gains/losses (-) arising in the current period	–8,874	22,274
Gains/losses (-) from currency translation of foreign subsidiaries (after tax)	**–8,874**	**22,274**

EUR k	01–09 2023	01–09 2022
Gains/losses (-) from cash flow hedges		
Gains/losses (-) arising in the current period	847	2,612
Plus/less (-) amounts reclassified to the income statement through profit and loss	–5,221	–1,192
Tax expenses (-)/tax income	481	–392
Gains/losses (-) from cash flow hedges (after tax)	**–3,893**	**1,028**
Gains/losses (-) from net investments in foreign operations		
Gains/losses (-) arising in the current period	235	13,956
Tax expenses (-)/tax income	–41	–910
Gains/losses (-) from net investments in foreign operations (after tax)	**194**	**13,046**
Total amounts that will be reclassified to profit and loss in future periods under certain conditions	**–12,573**	**36,348**
Other comprehensive income	**–7,577**	**66,145**
Total comprehensive income after taxes	**–6,142**	**50,445**
Of which attributable to:		
Shareholders of the parent company	–7,049	50,757
Non-controlling interests	477	–815
Hybrid loan lender’s compensation claims	430	503

Consolidated Statement of Financial Position

as of September 30, 2023 and December 31, 2022

Assets

EUR k

	September 30, 2023	December 31, 2022
Property, plant and equipment	466,398	477,327
Intangible assets	147,505	146,285
Investments measured at equity	891	1,158
Other financial assets	3,586	5,711
Deferred tax assets	41,688	41,805
Other assets	40,181	37,554
Contract assets	69,053	58,236
Non-current assets	**769,302**	**768,076**
Inventories	193,171	197,386
Current trade accounts receivable	314,392	256,712
Other current financial assets	5,493	6,731
Current income tax receivables	4,103	2,143
Cash and short-term deposits	101,133	108,587
Other current assets	50,569	48,842
Current contract assets	59,355	56,117
Current assets	**728,216**	**676,518**
Total assets	**1,497,518**	**1,444,594**

Consolidated Statement of Financial Position

as of September 30, 2023 and December 31, 2022

Equity and Liabilities

EUR k	September 30, 2023	December 31, 2022
Subscribed capital	39,009	39,009
Capital reserve	162,947	162,947
Own shares	–7,441	–7,441
Retained earnings	122,865	122,276
Cumulative other comprehensive income	–44,625	–36,987
Equity attributable to shareholders of the parent company	**272,755**	**279,804**
Hybrid loan	19,442	19,610
Non-controlling interests	10,292	1,694
Equity	**302,489**	**301,108**
Non-current financial liabilities	162,512	157,807
Trade accounts payable	1,557	1,801
Other financial liabilities	55,259	63,211
Other liabilities	408	408
Retirement benefits and similar obligations	110,969	117,165
Deferred tax liabilities	23,596	23,491
Contract liabilities	3,283	2,525
Non-current liabilities	**357,584**	**366,408**

EUR k	September 30, 2023	December 31, 2022
Current financial liabilities	263,871	298,160
Current trade accounts payable	386,453	306,087
Other current financial liabilities	25,847	18,671
Other current liabilities	119,674	108,207
Current income tax liabilities	5,339	8,950
Provisions	31,056	32,071
Current contract liabilities	5,205	4,932
Current liabilities	**837,445**	**777,078**
Total liabilities	**1,195,029**	**1,143,486**
Total equity and liabilities	**1,497,518**	**1,444,594**

Consolidated Statement of Cash Flows

January 1 - September 30 of the respective financial year

EUR k	01–09 2023	01–09 2022
1. Cash flow from operating activities		
Earnings before taxes	8,227	–255
Reconciliation of earnings before taxes with cash flow from operating activities		
Depreciation and impairment of property, plant and equipment	53,910	55,492
Amortization and impairment of intangible assets	7,329	10,823
Gains (-)/losses from the disposal of assets	768	343
Other non-cash changes	7,604	21,451
Financial result	22,288	2,759
Dividends received from investments measured at equity	544	359
Changes in operating assets and liabilities		
Decrease/increase (-) in trade accounts receivable and other assets	–77,610	–84,848
Decrease/increase (-) in inventories	4,215	–18,548
Decrease (-)/increase in provisions and retirement benefit provisions	–15,390	–25,351
Decrease (-)/increase in accounts payable and other liabilities	90,894	54,153
Income taxes paid	–14,278	–7,725
Cash flow from operating activities	**88,501**	**8,653**

EUR k	01–09 2023	01–09 2022
2. Cash flow from investing activities		
Purchases		
Purchase of property, plant and equipment	–47,274	–47,942
Purchase of intangible assets	–5,263	–5,562
Purchase of financial assets	–6	0
Disposals		
Disposal of property, plant and equipment	2,346	1,274
Disposal of intangible assets	0	151
Disposal of financial assets	2,165	580
Interest received	3,808	2,073
Government grants received	0	0
Cash flow from investing activities	**–44,224**	**–49,426**
3. Cash flow from financing activities		
Payment of the hybrid loan lender's compensation claims	–598	–648
Inflow from capital increase by minority shareholders	8,121	0
Change in financial liabilities	3,255	20,402
Payments made for the settlement of lease liabilities	–16,919	–16,900
Interest paid	–25,511	–15,510
Cash flow from financing activities	**–31,652**	**–12,656**
4. Cash and cash equivalents at the end of the period		
Changes in cash and cash equivalents recognized in the cash flow statement (sub-total of items 1 - 3)	12,625	–53,429
Effects of exchange rate differences of cash and cash equivalents	5,004	–914
Cash and cash equivalents as of January 1	35,549	44,357
Cash and cash equivalents as of September 30	**53,178**	**–9,986**
5. Cash and cash equivalents at the end of the period		
Cash and short-term deposits	101,133	70,608
Bank overdrafts (including current liabilities under factoring contracts)	–47,955	–80,594
Cash and cash equivalents as of September 30	**53,178**	**–9,986**

Financial Calendar 2024 [1]

Important dates for shareholders and analysts

28 March	Analyst and financial press conference
28 March	Publication of Annual Report 2023
29 April	Publication of Interim Report 1st Quarter 2024
14 August	Publication of Interim Report 1st Half Year 2024
29 October	Publication of Interim Report 3rd Quarter 2024

[1] All dates are tentative and subject to change.

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Masthead

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