

GRAMMER AG Publishes Figures for Q1 2022 and Outlook for 2025

- *Revenue and earnings development in the first quarter were impacted by rising inflation, renewed coronavirus lockdowns affecting the Chinese market, and sustained bottlenecks on the procurement markets*
- *Slight 2.2% increase in GRAMMER Group revenue to EUR 515.0 million, driven mainly by the Commercial Vehicles Division (up 13.9%) and positive currency effects*
- *APAC saw substantial decline (down 13.7%), AMERICAS region reported revenue growth of 17.5%*
- *Operating EBIT at EUR -2.5 million, down considerably year- on-year (Q1 2021: EUR 21.0 million)*
- *2022 outlook confirmed for the time being but risks arising from the war in Ukraine and the protracted coronavirus lockdowns in China could get worse and adversely affect the forecast, depending on their duration and how they progress*

Ursensollen, April 28, 2022 – The GRAMMER Group today presented its business figures for the first quarter of 2022. GRAMMER AG recorded a slight year-on-year increase in Group revenue of 2.2% to EUR 515.0 million (Q1 2021: EUR 503.7 million). Adjusted for currency effects, revenue was 0.6% lower than in the previous year at EUR 500.7 million. Overall, revenue developed in line with expectations.

Revenue in the APAC region declined by 13.7% year-on-year to EUR 89.1 million (Q1 2021: EUR 103.2 million). In the EMEA region, revenue fell slightly by 0.7% to EUR 289.7 million (Q1 2021: EUR 291.7 million). The AMERICAS region, where the prior-year quarter was impacted by the lower number of OEM call-offs in response to the global semiconductor supply bottleneck, was the only region to generate significant revenue growth of 17.5% to EUR 154.1 million in the first quarter (Q1 2021: EUR 131.2 million) (up 8.7% to EUR 142.6 million adjusted for currency effects).

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With regard to the divisions, the company saw revenue decline by 3.6% to EUR 324.2 million in the Automotive Division, whereas revenue in the Commercial Vehicles Division rose sharply by 13.9% to EUR 190.8 million. The EMEA and AMERICAS regions were the main drivers of the positive revenue performance here, while the APAC region saw a sharp downturn, especially in China. In the Automotive Division, the positive revenue development in the AMERICAS region was not sufficient to offset the downturns in EMEA and APAC.

Group earnings before interest and taxes (EBIT) declined significantly to EUR –1.2 million in the first quarter of 2022 (Q1 2021: EUR 22.6 million). Positive earnings contributions were delivered by the EMEA (EUR 12.3 million) and APAC (EUR 6.3 million) regions, while the AMERICAS region reported negative EBIT of EUR -16.4 million. GRAMMER Group operating EBIT came to EUR –2.5 million (Q1 2021: EUR 21.0 million), resulting in an operating EBIT margin of –0.5% (Q1 2021: 4.2%). As previously, the main reasons for this sharp downturn in earnings were the strong rise in material, logistics, energy and personnel costs, sustained bottlenecks on the procurement markets, and renewed coronavirus lockdowns affecting the Chinese market in particular. Non-recurring expenses and special freight at a GRAMMER plant in the AMERICAS region also depressed this figure by about EUR 4 million. Operating EBIT was adjusted for positive currency translation effects of EUR 1.8 million as well as directly attributable costs for coronavirus-related protection and response measures in the amount of EUR 0.5 million.

Revenue growth in AMERICAS, declining revenue in EMEA and APAC

The **EMEA region** generated revenue of EUR 289.7 million in the first quarter of 2022 (Q1 2021: EUR 291.7 million), representing a slight decline of 0.7%. Adjusted for currency effects, it increased by 1.1% to EUR 294.9 million. The Automotive and Commercial Vehicles Division saw contrasting performance. While the Commercial Vehicles Division recorded revenue growth of 12.8% to EUR 143.4 million (Q1 2021: EUR 127.1 million) (adjusted for currency effects: 18.2% to EUR 150.2 million), revenue in the Automotive Division fell by 11.1% to 146.3 million on account of the weak market environment (Q1 2021: EUR 164.6 million). Revenue fell by 12.1% to EUR 144.7 million adjusted for currency effects. The war in Ukraine prompted production interruptions at some GRAMMER customers, resulting in a downturn in call-offs.

Operating EBIT in EMEA fell sharply to EUR 12.2 million in the first quarter of 2022 (Q1 2021: EUR 18.8 million) in response to the ongoing substantial rise in material, logistics and energy costs as well as the sustained bottlenecks affecting the

procurement markets. These negative effects were further exacerbated by the outbreak of war in Ukraine.

The **AMERICAS region** reported substantial revenue growth of 17.5% to EUR 154.1 million across both divisions in the first quarter of 2022 (Q1 2021: EUR 131.2 million) (adjusted for currency effects: 8.7% to EUR 142.6 million). This development was due to the low number of OEM call-offs in the previous year period as a result of the global semiconductor supply bottleneck in the Automotive Division, as well as the high order volume in the Commercial Vehicles Division. Revenue in the Automotive Division rose by 10.5% to EUR 124.3 million (Q1 2021: EUR 112.5 million) (adjusted for currency effects: by 2.5% to EUR 115.3 million), while the Commercial Vehicles Division recorded high growth of 59.4% to EUR 29.8 million (Q1 2021: EUR 18.7 million) (adjusted for currency effects: 46.0% to EUR 27.3 million). Nonetheless, operating EBIT declined to EUR –16.9 million in the first quarter of 2022 (Q1 2021: EUR –8.5 million). The main negative factors were high inflation and the sharp rise in personnel costs in the US. This was exacerbated by non-recurring expenses of EUR 4 million for special freight at a plant in Mexico.

In the **APAC region**, revenue in both divisions declined significantly by 13.7% to EUR 89.1 million (Q1 2021: EUR 103.2 million) (adjusted for currency effects: by 20.6% to EUR 81.9 million). In the Automotive Division, revenue declined by 10.9% to EUR 57.2 million (Q1 2021: EUR 64.2 million) (adjusted for currency effects: by 19.3% to EUR 51.8 million) as renewed COVID-19 lockdowns in the Shanghai and Changchun regions led to reduced customer call-offs. The Commercial Vehicles Division saw a continuation of the downward trend from the second half of 2021. This was primarily due to the introduction of a more stringent emission standard in China in July 2021 and, in turn, significant anticipatory effects in truck production and very high truck stocks at present. Revenue in the Commercial Vehicles Division declined by 18.2% to EUR 31.9 million (Q1 2021: EUR 39.0 million) (adjusted for currency effects: by 22.8% to EUR 30.1 million). Operating EBIT in the APAC region decreased to EUR 6.6 million (Q1 2021: EUR 15.6 million), mainly on account of the lower level of revenue on the Chinese market, higher freight costs in Japan, and start-up costs for the three new plants in China.

2022 guidance confirmed for the time being

Despite a weaker first quarter than expected in 2022, the Executive Board is standing by the guidance for the year as a whole published in the 2021 Annual Report (revenue of around EUR 2.0 billion, operating EBIT between EUR 35 million and EUR 40 million). Depending on their duration and how they progress, the risks arising from the war in Ukraine and the protracted coronavirus lockdowns in China could have a more pronounced impact on GRAMMER Group revenue and earnings and adversely affect this forecast. In the short term, GRAMMER must pass the considerable increases in the costs of materials, energy, transport, wages and downtime on to its customers so that it can achieve the earnings target.

Medium-term guidance for 2025:

To provide stakeholders with a range for medium-term business performance despite the uncertainties experienced this year, the management today announced its strategic focus areas and the resulting medium-term targets for 2025.

GRAMMER Group revenue is expected to grow to EUR 2.5 billion by 2025, of which 60 % is to be generated in the Automotive division and 40 % in the Commercial Vehicles division. The Company is targeting an operating EBIT margin of > 5 % in 2025, and a margin target of > 4 % for net profit. Revenue growth will be fed from all regions, with the APAC region being expanded to become the central platform for growth for both divisions and AMERICAS being brought back on track for profitable growth.

One key component to achieving this target is the restructuring project “P2P - Path to Profitability”, which aims to achieve a sustainable turnaround in the AMERICAS region, currently the second-largest market, by 2024. GRAMMER AG will continue to systematically pursue the various measures to secure its financial stability and promote sustainable development in this region in the course of the current year.

The reduction of Group-wide CO₂ emissions by 25 % was adopted as a further key milestone in medium-term planning until 2025. In 2030, the target of a 50 % reduction in CO₂ emissions already published as part of the GRAMMER Green Company Initiative is to be achieved.

The full statement for the first quarter of 2022 can be found online at <https://www.grammer.com/en/investor-relations/financial-publications/quarterly-reports.html>

GRAMMER's key performance indicator, "operating EBIT", is discussed on page 21 of the Annual Report.

Company profile

GRAMMER AG, which has its head office in Ursensollen, specializes in the development and production of complex components and systems for automotive interiors as well as suspension driver and passenger seats for onroad and offroad vehicles. In the Automotive Division, the company supplies headrests, armrests, center console systems, high-quality interior components and operating systems and innovative thermoplastic components for the automotive industry to prominent car manufacturers and Tier 1 suppliers in the vehicle industry. The Commercial Vehicles Division comprises the business segments truck and offroad seats (tractors, construction machinery and forklifts) and train and bus seats. GRAMMER has about 14,000 employees and operates in 19 countries around the world. GRAMMER shares are listed in the Prime Standard and traded on the Munich and Frankfurt stock exchanges via the Xetra electronic trading platform.