

GRAMMER AG Publishes Figures for First Half of 2022

- *GRAMMER Group revenue increases by 6.4% to EUR 1,034.6 million, driven mainly by the Commercial Vehicles Division and positive currency effects*
- *AMERICAS (+28.6%) and EMEA (+2.7%) regions record revenue growth, but substantial downturn in APAC (-14.2%) due to COVID-19 lockdowns in China*
- *Operating EBIT down considerably year-on-year at EUR -12.3 million (H1 2021: EUR 32.4 million)*
- *2022 outlook confirmed, albeit still subject to customer compensation and the sustained high level of risk resulting from the war in Ukraine and further COVID-19 lockdowns in China*

Ursensollen, August 11, 2022 – The GRAMMER Group today presented its business figures for the first half of 2022. GRAMMER AG recorded a year-on-year increase in Group revenue of 6.4% to EUR 1,034.6 million despite the increasingly complex macroeconomic and geopolitical challenges. Adjusted for currency effects, revenue was 2.5% higher than in the previous year. In the regions, the first half year was very mixed with regard to revenue. While revenue in the APAC region decreased significantly by 14.2% to EUR 177.2 million, revenue in the AMERICAS region increased by 28.6% to EUR 318.0 million and in EMEA by 2.7% to EUR 577.0 million. In terms of its divisions, the Automotive Division posted revenue growth of 3.4% to EUR 655.9 million. Revenue in the Commercial Vehicles Division increased significantly by 11.9% to EUR 378.7 million. Here, the EMEA and AMERICAS regions were the main drivers of the positive revenue performance, while the APAC region saw a sharp downturn, especially in China.

Group earnings before interest and taxes (EBIT) declined significantly to EUR -12.5 million in the first half of 2022, compared with EUR 27.8 million in the previous year. GRAMMER Group operating EBIT amounted to EUR -12.3 million (H1 2021: EUR 32.4 million), resulting in an operating EBIT margin of -1.2% (H1 2021: 3.3%). The main reasons for this dramatic downturn in earnings were further sharp increases in material, logistics, energy and personnel costs, sustained bottlenecks on the procurement markets, and new COVID-19 lockdowns that curbed the development of the Chinese market in particular.

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Non-recurring expenses and special freight at a GRAMMER plant in the AMERICAS region in the amount of about EUR 4 million as well as a severance payment of EUR 2.1 million also had an impact. In addition to directly attributable costs for COVID-related protection and response measures in the amount of EUR 2.0 million, operating EBIT was adjusted for positive currency translation effects of EUR 1.8 million.

Revenue growth in AMERICAS and EMEA, declining revenue in APAC

The **EMEA region** reported a slight increase in revenue of 2.7% to EUR 577.0 million in the first half of 2022. Adjusted for currency effects, revenue increased by 4.2% to EUR 585.4 million. While the Automotive Division saw revenue decline by 5.7% to EUR 292.7 million due to production interruptions by some customers, revenue in the Commercial Vehicles Division rose substantially by 13.0% to EUR 284.3 million. This meant the two divisions recorded almost equal revenue within the region for the first time.

Operating EBIT in EMEA again fell sharply to EUR 23.6 million in the first half of 2022 (H1 2021: EUR 34.7 million) in response to the ongoing substantial rise in material, logistics and energy costs as well as the sustained bottlenecks affecting the procurement markets.

The **AMERICAS region** reported strong revenue growth of 28.6% to EUR 318.0 million across both divisions in the first half of 2022. Adjusted for currency effects, revenue increased by 16.1% to EUR 287.1 million. This positive development was mainly attributable to higher demand in the Commercial Vehicles Division, as well as the lower prior-year figures in the Automotive Division due to the pronounced impact of the supply bottlenecks affecting semiconductors. Revenue in the Automotive Division increased by 25.4% to EUR 255.8 million, while revenue in the Commercial Vehicles Division rose by as much as 44.0% to EUR 62.2 million.

Despite this, operating EBIT declined to EUR -36.0 million in the first half of 2022 (H1 2021: EUR -23.7 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 across the two divisions declined significantly by 14.2% to EUR 177.2 million in the first half of the year, or by 21.1% to EUR 163.0 million after adjustment for currency effects. The downturn of 12.4% to EUR 114.5 million in the Automotive Division was due to lower customer call-offs as a result of renewed COVID-19 lockdowns in China, as well as the global supply bottleneck affecting semiconductors. The Commercial Vehicles Division saw a continuation of the downward trend recorded in the second half of 2021. This

was primarily due to the introduction of a more stringent emission standard, which led to a slump in new truck orders due to the anticipatory effect. The division also recorded lower call-offs as a result of the COVID-19 lockdown in Shanghai. Accordingly, revenue in the Commercial Vehicles Division fell by 17.3% to EUR 62.7 million.

Operating EBIT in the APAC region decreased to EUR 14.2 million (H1 2021: EUR 31.0 million), chiefly 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.

Jurate Keblyte, CFO of GRAMMER AG: "As already announced at the end of June, business development in the first half of the year continued to be impacted



by the various geopolitical and industry-specific crisis issues. Against this backdrop, we have reached an important milestone for the financial solidity of the Group with the successful extension of tranche C of our syndicated loan until February 2025. In the current second half of the year, our focus is primarily on the restructuring project in AMERICAS, with the aim of securing financial stability and promoting sustainable development in this region. Among other things, an intensive evaluation of production capacities is currently taking place."

Forecast for 2022 and medium-term guidance for 2025 confirmed

Although performance in the first half of 2022 was below expectations, the Executive Board is maintaining the full-year forecast it published in the 2021 Annual Report (revenue of around EUR 2.0 billion, operating EBIT between EUR 35 million and EUR 40 million). GRAMMER expects that, following the agreements already concluded with customers on passing on the significant inflation-related cost increases, agreements can also be reached with further OEMs in the second half of the year. However, the risks to GRAMMER Group revenue and earnings as a result of the war in Ukraine, the sharp rise in energy and material prices, and the prospect of renewed COVID-19 lockdowns in China and other countries could intensify and adversely affect this forecast depending on their duration and further development. The full-year forecast also largely depends on the extent to which GRAMMER is able to conclude further agreements with its customers enabling it to pass on cost increases.

The Executive Board is also reiterating the medium-term roadmap for 2025 that it published in late April: GRAMMER Group revenue is expected to grow to EUR 2.5 billion by 2025, with 60% of this figure 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, while the margin target for Group earnings after taxes is > 4%. Revenue growth will be driven by all regions, with the APAC region being expanded to become the central platform for growth in 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.

A reduction in Group-wide CO₂ emissions of 25% was adopted as a further key milestone of medium-term planning to 2025. The target of a CO₂ reduction of 50% as published in the GRAMMER Green Company Initiative will then be achieved by 2030. GRAMMER was awarded Silver status in the latest sustainability assessment by EcoVadis, the world’s largest provider of sustainability ratings for companies, which represents an improvement compared with the previous year (Bronze status).

The report for the first half 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 of 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.