

## **GRAMMER AG: Significant Increase in Revenue and Earnings in First Half of 2023**

- *GRAMMER Group revenue grows 13.3% to EUR 1,172.6 million*
- *APAC region posts highest increase in revenue (+38.8%); EMEA generates revenue growth of 10.9%*
- *Both divisions report double-digit revenue growth: Automotive +14.6% to EUR 751.7 million; Commercial Vehicles +11.1% to EUR 420.9 million*
- *Operating EBIT improves significantly to EUR 26.9 million after EUR –12.3 million in the previous year*
- *Further improvement in earnings anticipated in second half of year, particularly due to strong Q4; guidance confirmed subject to agreements with customers to pass on cost increases*

**Ursensollen, August 14, 2023** – The GRAMMER Group today presented its business figures for the first half of 2023. These showed that revenue increased significantly by 13.3% to EUR 1,172.6 million in the reporting period (01–06 2022: EUR 1,034.6 million). Both divisions contributed to the increase in revenue with double-digit growth rates. The Automotive Division posted growth of 14.6% to EUR 751.7 million, while the Commercial Vehicles Division increased its revenue by 11.1% to EUR 420.9 million. The positive revenue development in both divisions was mainly driven by the APAC and EMEA regions. In APAC, this was due in particular to the weaker prior-year period on account of COVID-19 lockdowns in China as well as the strong performance of Chinese OEMs.

GRAMMER also achieved a significant increase in earnings before interest and taxes (EBIT) to EUR 18.5 million in the first half of 2023 (01–06 2022: EUR –12.5 million). Operating EBIT – adjusted for expenses of EUR 3.0 million for restructuring measures in the AMERICAS and negative currency effects of EUR 5.4 million – also improved significantly to EUR 26.9 million (01–06 2022: EUR –12.3 million), resulting in an operating EBIT margin of 2.3% (01–06 2022: –1.2%). All regions contributed to the improvement in earnings. The biggest impact came from the improved situation in the APAC region, where COVID-19 lockdowns in China, high freight costs in Japan and ramp-up costs for new plants had still had a considerable negative impact in the first six months of the previous year.

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**APAC and EMEA with significant revenue growth; operating earnings improve for all regions**

GRAMMER generated revenue of EUR 639.8 million in the EMEA region in the first half of 2023 (01–06 2022: EUR 577.0 million) – a year-on-year increase of 10.9%. The biggest contribution came from the Automotive Division, which saw revenue growth of 14.4% to EUR 334.8 million (01–06 2022: EUR 292.7 million). In the same period, revenue in the Commercial Vehicles Division rose by 7.3% to EUR 305.0 million (01–06 2022: EUR 284.3 million). Operating EBIT in the EMEA region increased to EUR 35.0 million (01–06 2022: EUR 23.6 million). Accordingly, the operating EBIT margin climbed to 5.5% (01–06 2022: 4.1%). Operating EBIT was adjusted for negative currency effects of EUR 2.9 million. Overall, GRAMMER improved its operating performance in the region in the first half of the year and successfully reached further agreements with customers to pass on inflation-driven cost increases.

Revenue in the AMERICAS region was around the previous year's level at EUR 317.9 million in the first half of 2023 (01–06 2022: EUR 318.0 million). Revenue in the Automotive Division decreased slightly by 0.1% to EUR 255.6 million (01–06 2022: EUR 255.8 million). In the previous year, there had been catch-up effects here due to the semiconductor shortage in 2021. Revenue in the Commercial Vehicles Division increased slightly by 0.2% to EUR 62.3 million (01–06 2022: EUR 62.2 million). Operating EBIT remained significantly negative at EUR –23.0 million in the first six months of 2023 (01–06 2022: EUR –36.0 million). This was due to high inflation, the continued sharp rise in personnel costs, weaknesses in operating performance, and costs in connection with a plant closure. In addition, the ramp-up of series production in Mexico had a negative impact on the result.

The operating EBIT margin thus amounted to –7.2%, representing a year-on-year improvement of 4.1 percentage points (01–06 2022: –11.3%). Overall, however, progress on restructuring measures fell short of expectations in the second quarter.

In the first half of 2022, non-recurring expenses of approximately EUR 4 million were incurred for special freight at a plant in Mexico. Operating EBIT was adjusted for expenses for restructuring measures of EUR 3.0 million and negative currency effects of EUR 1.4 million.

Revenue in the APAC region rose by 38.8% to EUR 246.0 million in the first half of 2023 (01–06 2022: EUR 177.2 million). This was primarily due to the

commissioning of the new plant in Hefei in September 2022 and the base effect of the lower figures in the previous year, when the COVID-19 lockdowns in China and global supply bottlenecks for semiconductors led to considerably lower customer call-offs. In the Automotive Division, revenue rose by 48.1% year-on-year to EUR 169.6 million (01–06 2022: EUR 114.5 million). Revenue with Chinese OEMs increased at an above-average rate and already exceeded the entire previous year's revenue with these customers in the first half of the year. The Commercial Vehicles Division saw an increase in revenue of 21.9% to EUR 76.4 million (01–06 2022: EUR 62.7 million). This was primarily due to the introduction of a stricter emission standard, which negatively impacted new truck orders in the first half of 2022.

Operating EBIT more than doubled to EUR 29.2 million (01–06 2022: EUR 14.2 million). The operating EBIT margin climbed by 3.9 percentage points to 11.9% (01–06 2022: 8.0%). This positive development was attributable to cost reduction measures and efficiency improvements as well as the non-recurrence of negative effects that had impacted the same period of the previous year. In particular, these included the lower revenue level on the Chinese market as a result of the COVID-19 lockdowns, high freight costs in Japan, ramp-up costs for the new plants in China, and new product start-ups.



**Jurate Keblyte, CFO of GRAMMER AG:** “We achieved positive development in the first half of 2023 as compared to the same period of the previous year. Operating EBIT improved significantly thanks to the strong development of earnings in the APAC region, the improvement in operating performance in EMEA, and progress on restructuring measures in the AMERICAS, which did, however, not reach our expectations in the first half of the year. The second half of the year will thus remain challenging, including

in view of the continuing macroeconomic and industry-specific uncertainties. We nonetheless expect to achieve our targets for this year and are anticipating a strong fourth quarter once again.”

**Guidance for 2023 as a whole confirmed**

The GRAMMER Group is confirming its previous guidance for the current financial year. Due to the continuing macroeconomic and industry-specific uncertainties, the management anticipates revenue at the previous year's level of around EUR 2.2 billion. GRAMMER expects operating EBIT to double to around EUR 70 million.

The report on the first half of 2023 can be found online at

<https://www.grammer.com/en/investor-relations/financial-publications-presentations/quarterly-reports/>

**GRAMMER Group key performance indicators**

<b>EUR m</b>	<b>H1 2023</b>	<b>H1 2022</b>	<b>Q2 2023</b>	<b>Q2 2022</b>
Group revenue	1,172.6	1,034.6	583.5	519.6
Revenue EMEA	639.8	577.0	311.3	287.3
Revenue AMERICAS	317.9	318.0	158.4	163.9
Revenue APAC	246.0	177.2	128.6	88.1
<b>Earnings KPIs</b>				
EBIT	18.5	-12.5	6.8	-11.3
EBIT margin (%)	1.6	-1.2	1.2	-2.2
Operating EBIT	26.9	-12.3	13.0	-9.8
Operating EBIT margin (%)	2.3	-1.2	2.2	-1.9
Earnings before taxes	5.0	-16.2	1.1	-14.1
Net profit/loss	-0.3	-25.5	-3.2	-17.5
<b>Other KPIs</b>				
Equity (as at June 30)	289.1	374.9		
Net debt (as at June 30)	446.3	481.6		
Capital expenditure (without financial assets)				
	34.2	33.4	19.8	19.1
Depreciation and amortization	41.1	43.4	20.7	21.9
Free cash flow	-2.3	-45.2	-11.0	-33.2
Employees (average number for the period)				
	14,423	14,003		

*GRAMMER's key performance indicator, "operating EBIT", is discussed on page 15 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 14,500 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.