

GRAMMER AG closes Financial Year 2021 with significantly higher revenue and earnings

- *11.2% increase in GRAMMER Group revenue to about EUR 1.9 billion, driven chiefly by the Commercial Vehicles Division (up 31.0%)*
- *Operating EBIT improved from EUR -11.7 million to EUR 22.8 million*
- *APAC enjoyed considerable growth (up 19.8%), AMERICAS region in need of restructuring*
- *Business performance in H2 2021 affected by reduced and volatile customer call-offs and sharp rise in cost of materials*
- *Guidance for 2022: Revenue of approximately EUR 2.0 billion and operating EBIT between EUR 35 million and EUR 40 million*
- *Medium-term guidance for 2025 announced at end of April*

Ursensollen, March 30, 2022 – The GRAMMER Group today presented its business figures and audited consolidated financial statements for the 2021 financial year. Revenue for the year as a whole came to EUR 1,903.0 million, exceeding the previous year by 11.2% (2020: EUR 1,710.7 million). The higher revenue stemmed from increased revenue in all three regions, EMEA, AMERICAS and APAC, with APAC reporting the greatest growth in percentage terms. Both divisions also contributed to the revenue growth. The Commercial Vehicles Division’s growth again outstripped the market, climbing by 31.0% to EUR 668.1 million. The Automotive Division increased revenue slightly by 2.9% to EUR 1,234.9 million. Reduced and volatile customer call-offs resulting from the shortage of semiconductors at automotive producers (OEMs) increasingly had an impact here. The GRAMMER Group made visible progress in 2021 in implementing its strategic initiatives, transforming GRAMMER into a Green Company, further expanding its presence in the APAC region, accelerating innovation such as the forward-thinking interior concept Ubility One for buses and trains and establishing a smart factory for “Seat Production 4.0” in the commercial vehicles sector at the Haselmühl site.

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Thorsten Seehars, Chief Executive Officer of GRAMMER AG: **“Despite the enormous challenges, we achieved solid business results overall in 2021. Our team has demonstrated its resilience and ability to deal with crisis situations in the last two years and so, despite the war in Ukraine, we are looking to the tasks and opportunities in 2022 and beyond with confidence. With its range of products, GRAMMER is well positioned for the transformation in the automotive and**

commercial vehicles sector and the key megatrends associated with this. Now, we have to continue our strategic initiatives, systematically address our restructuring work, especially in North America, and navigate GRAMMER safely through this harsh environment.”

Considerable earnings improvement despite difficulties in H2

Good revenue performance and the implementation of the efficiency-enhancement program led to a major turnaround for the GRAMMER Group’s earnings in financial year 2021. Group earnings before interest and taxes (EBIT) rose to EUR 18.9 million (2020: EUR -46.1 million). The full-year EBIT margin came to 1.0% (2020: -2.7%). Operating EBIT of EUR 22.8 million (2020: EUR -11.7 million) and the operating EBIT margin of 1.2% (2020: -0.7%) were significantly higher than in the previous year. Alongside adjustments for positive currency translation effects of EUR 3.3 million (2020: negative currency effects of EUR 9.3 million) attributable costs for pandemic-related protection and response measures of EUR 2.7 million (2020: EUR 4.5 million) there were also expenses of EUR 4.5 million from the sale of a subsidiary in Spain. Net profit picked up from EUR -64.7 million in 2020 to EUR 0.6 million in the reporting period. All in all, earnings performance over the year had its ups and its downs. While the first two quarters enjoyed very positive results, the reduction in customer call-offs among OEMs, often at short notice, the resulting underutilization of plants and sharp rise in the cost of materials took a toll on income in the second half of the year.

The cost of sales increased by EUR 142.3 million or 9.0% to EUR 1,727.7 million (2020: EUR 1,585.4 million). The gross margin improved to 9.2% (2020: 7.3%). Sales expenses moved down by EUR 4.4 million over the previous year to EUR 33.4 million (2020: EUR 37.8 million). Administrative expenses remained mostly stable

at EUR 149.8 million (2020: EUR 148.3 million). The personnel expense included in the above items moved up to around EUR 465.9 million (2020: EUR 444.1 million) for business-related reasons.

All regions see revenue growth, substantial revenue upturn and double-digit EBIT margin in APAC

Higher revenue at the GRAMMER Group was driven by increased revenue in all three regions, EMEA, AMERICAS and APAC.

The **EMEA region**, which includes the companies with the highest revenue, generated total revenue of EUR 1,061.5 million in 2021 (2020: EUR 965.8 million), representing an upturn of 9.9%. This rise was driven by higher revenue in the Commercial Vehicles Division, while the Automotive Division posted lower revenue than in the previous year. Operating EBIT strengthened significantly to EUR 47.2 million (2020: EUR -6.9 million).

The **AMERICAS region** generated revenue of EUR 517.7 million in 2021 (2020: EUR 476.6 million), representing an increase of 8.6%. This increase resulted primarily from the base effect compared to lower previous year revenue on account of the pandemic and high demand in the Commercial Vehicles sector. In terms of revenue, this more than compensated for reduced customer call-offs as a result of the semiconductor problem. Operating EBIT in the AMERICAS region declined to EUR -61.5 million (2020: EUR -30.0 million). As well as the very volatile call-offs of the Automotive customers, earnings were negatively impacted chiefly by higher commodity prices, an unfavorable product mix in the Automotive Division and a sharp rise in personnel costs in the US. Under the new regional management, as part of the P2P (Path to Profitability) restructuring program launched in the fourth quarter of 2021, the company is working hard to improve the financial situation of the region and, after restructuring, again ensure sustainable, profitable business performance in the long term. Current action areas here are customer compensation for inflation, reducing turnover, increasing production output and improving plant utilization levels.

The **APAC region** generated the highest revenue growth in percentage terms in fiscal year 2021, up 19.8% at EUR 406.3 million (2020: EUR 339.2 million). This upswing was driven primarily by the Commercial Vehicles Division, which improved by 33.5% to EUR 138.2 million. As well as the basis effect of the weaker previous year due to COVID-19-related production downtime in China, the main factors behind this good revenue performance were the expansion of market presence and production capacities.

Operating EBIT in the APAC region increased to EUR 52.8 million (2020: EUR 30.5 million). The operating EBIT margin picked up by 4 percentage points to 13.0% (2020: 9.0%).

Strategic initiatives on target

GRAMMER made further progress with its key strategic initiatives in 2021 and achieved crucial milestones. These include optimizing the location concepts and closing four production sites in EMEA and AMERICAS as part of the efficiency-enhancement program, as well as designing and approving investment in a smart factory as a blueprint for “Seat Production 4.0” in the commercial vehicles sector. In the APAC focus region, GRAMMER continued to drive its growth strategy by opening a new production plant in Shenyang and collaborating closely with the FAW Group, China’s largest commercial vehicle OEM. In addition, GRAMMER again demonstrated its innovative strength when it unveiled its forward-thinking interior concept Ubility One for urban buses and trains. Last but not least, GRAMMER also made considerable headway towards becoming a Green Company in 2021 and set the ambitious target of reducing CO₂ by 50% by 2030 across the Group. Action areas were defined in this context and GRAMMER regularly reports on their progress in its non-financial statement.

2022 guidance expects further revenue and earnings improvement; medium-term targets announced at end of April

In light of the ongoing uncertainties regarding global supply bottlenecks for semiconductors, especially at automotive producers, and continuing rises in the cost of materials and energy, the Group anticipates only a slight increase in revenue for fiscal year 2022 to around EUR 2.0 billion and operating EBIT in a range between EUR 35 million and EUR 40 million. The current war in Ukraine could pose risks to the GRAMMER Group’s revenue and earnings. This has so far been considered low but could increase depending on how the conflict unfolds.

To provide stakeholders with a range for medium-term business performance despite the uncertainties experienced this year, the management will announce its strategic focus areas and the resulting revenue and earnings targets until 2025 at the end of April.

The full 2021 Annual Report can be found online at <https://www.grammer.com/en/investor-relations/financial-publications/annual-financial-statements.html>. The non-financial statement will be published at the end of April 2022.

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, we supply 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.