

## **GRAMMER AG reports revenue growth and positive earnings in first nine months of 2022**

- *GRAMMER Group revenue growth of 13.4% to EUR 1,593.2 million driven by positive currency translation effects and general market recovery*
- *All regions contribute to revenue growth: EMEA (+6.2%), AMERICAS (+30.6%), and APAC (+5.0%)*
- *Turnaround in APAC revenue in the third quarter after COVID-19 lockdowns in the first half of the year*
- *Both divisions report double-digit revenue growth: Automotive +12.3% to EUR 1,020.2 million; Commercial Vehicles +15.5% to EUR 573.0 million*
- *Operating EBIT in positive territory at EUR 1.9 million after first nine months thanks to good Q3 performance (EUR +14.2 million)*
- *Outlook for 2022 confirmed, albeit subject to sustained high level of risk due to geopolitical crises and further customer compensation, especially in EMEA and AMERICAS*
- *P2P project in AMERICAS: Measures to secure financial stability show first positive effects; critical phase for success in Q4*
- *New operating management body established in the form of an Executive Committee to support the two Executive Board members*

**Ursensollen, October 27, 2022** – The GRAMMER Group today presented its business figures for the first nine months of 2022. Despite the sustained macroeconomic difficulties, GRAMMER AG increased its consolidated revenue by 13.4% to EUR 1,593.2 million. Adjusted for currency effects, revenue rose by 8.4% year-on-year. The positive revenue performance was driven by all three regions and both divisions. The Automotive Division reported revenue growth of 12.3% to EUR 1,020.2 million. Revenue in the Commercial Vehicles Division increased substantially by 15.5% to EUR 573.0 million. EMEA remained the strongest region in terms of revenue at EUR 849.4 million (+6.2%).

Group earnings before interest and taxes (EBIT) amounted to EUR 2.5 million in the first nine months of 2022 after EUR 26.4 million in the same period of the previous year. GRAMMER Group operating EBIT amounted to EUR 1.9 million

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(01–09 2021: EUR 30.7 million), corresponding to an operating EBIT margin of 0.1%. Although earnings were down significantly on the previous year, the third quarter of 2022 saw a return to a clearly positive trend. Operating EBIT in the third quarter of 2022 amounted to EUR 14.2 million (Q3 2021: EUR –1.7 million). The main reasons for the positive performance in the third quarter were the revenue turnaround in the high-margin APAC region, increased compensation for inflation-related cost increases, and the initial positive impact of the P2P restructuring project in the AMERICAS region. The year-on-year downturn in earnings in the first nine months was attributable to the consistently high level of material, logistics, energy and personnel costs, sustained bottlenecks on the procurement markets, and the COVID-19 lockdowns in China in the first half of the year. This situation was exacerbated by non-recurring expenses at two GRAMMER plants in the AMERICAS region totaling around EUR 11 million and a compensation payment of EUR 2.1 million. In addition to directly attributable costs for coronavirus-related protection and response measures in the amount of EUR 2.1 million, operating EBIT was adjusted for positive currency translation effects of EUR 2.7 million.

**All regions contribute to revenue growth, AMERICAS with highest growth rate**

The **EMEA region** reported revenue growth of 6.2% to EUR 849.4 million in the first nine months of 2022. Adjusted for currency effects, revenue increased by 7.7% to EUR 861.7 million. Both divisions contributed to the positive revenue development, albeit to a differing extent. While the Commercial Vehicles Division recorded substantial revenue growth of 12.4% to EUR 415.5 million (01–09 2021: EUR 369.5 million), revenue in the Automotive Division increased only slightly by 0.8% to EUR 433.9 million (01–09 2021: EUR 430.4 million). Nevertheless, the Automotive Division's strongest revenue region saw a slight positive turnaround for the first time in the third quarter of 2022.

Operating EBIT in EMEA declined to EUR 38.2 million in the reporting period (01–09 2021: EUR 41.7 million) as material and energy price rises were only partially compensated by customers.

The **AMERICAS region** achieved substantial revenue growth of 30.6% to EUR 492.4 million in the first nine months of 2022. Adjusted for currency effects, revenue increased by 15.7% to EUR 436.3 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 27.8% to EUR 393.2 million, while revenue in the Commercial Vehicles Division rose by 43.1% to EUR 99.2 million. Operating EBIT declined to EUR –51.3 million in the first nine months of 2022 (01–09 2021: EUR –40.1 million). The main negative factors were high inflation and the sharp rise in personnel and freight costs. This was exacerbated by non-recurring expenses, in particular for special freight, at a plant in Mexico and a plant in the USA totaling around EUR 11 million.

However, the GRAMMER Group is confident that the various measures to secure financial stability that have been taken as part of the P2P restructuring project are starting to have the desired effect in this region. Here GRAMMER is currently in a phase that will be critical to its success in terms of customer negotiations.

The **APAC region** reported revenue growth of 5.0% to EUR 305.8 million in the first nine months; currency-adjusted revenue fell by 3.5% to EUR 281.2 million. The Automotive Division saw an increase in revenue of 9.5% to EUR 204.2 million (01–09 2021: EUR 186.5 million). This was due among other things to the turnaround in the third quarter, after the first half of 2022 was still dominated by COVID-19 lockdowns in China. The Commercial Vehicles Division also developed positively in the third quarter following a downward trend in the first half of the year. Here, the first two quarters of the year were characterized by falling sales figures as a result of the introduction of a more stringent emission standard, which led to a slump in new truck orders. This anticipatory effect, which resulted in high orders in the first half of 2021, largely expired in the third quarter. Accordingly, revenue in the Commercial Vehicles Division declined only slightly year-on-year by 3.1% to EUR 101.6 million (01–09 2021: EUR 104.8 million).



**Jurate Keblyte, CFO of Grammer AG:** “We can look back on a positive third quarter of 2022 in which the turnaround in sales in China, our operational improvements, and gradually successes in compensating for inflation-related cost increases began to make an impact. With this in mind, we remain cautiously optimistic about achieving our full-year revenue and earnings targets for 2022 despite the continued geopolitical uncertainty.”

### **Full-year guidance for 2022 confirmed**

Overall, GRAMMER anticipates a slight increase in revenue to approximately EUR 2.0 billion in 2022 (2021: EUR 1.9 billion). Based on the forecast for the three regions that are relevant to the Group's business performance, operating EBIT is expected to improve significantly to between EUR 35 million and EUR 40 million in 2022 (2021: EUR 22.8 million). With GRAMMER having already concluded agreements with customers on passing on the significant cost increases due to inflation, this forecast depends on agreements being reached with further OEMs in the fourth quarter, especially in the AMERICAS and the EMEA regions. Furthermore, 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.

### **New management structure established**

Following the changes in the Executive Board, GRAMMER has developed a modified, future-oriented operational management structure in the form of an Executive Committee in recent months in order to successfully implement its corporate strategy: In the future, the two Executive Board members Jens Öhlenschläger, Chief Executive Officer (CEO), and Jurate Keblyte, Chief Financial Officer (CFO) and Labor Director, will be supported by the five presidents of the divisions and regions, with Chief Operating Officer (COO) Guoqiang Li and Chief Technology Officer (CTO) Dr. Andreas Diehl in particular providing support for Jens Öhlenschläger.

Dr. Martin Kleinschmitt, Chairman of the Supervisory Board of GRAMMER AG: "We are confident that our experienced Executive Board duo and the establishment of a broad-based Executive Committee represent a highly effective management solution for mastering the challenges arising from the transformation of the GRAMMER Group."

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

**GRAMMER Group key figures**

<b>in EUR m</b>	<b>9M 2022</b>	<b>9M 2021</b>	<b>Q3 2022</b>	<b>Q3 2021</b>
Group revenue	1,593.2	1,404.7	558.6	432.2
Revenue EMEA	849.4	799.9	272.4	237.9
Revenue AMERICAS	492.4	377.0	174.4	129.8
Revenue APAC	305.8	291.3	128.6	84.8
<b>Earnings KPIs</b>				
EBIT	2.5	26.4	15.0	-1.4
EBIT margin (%)	0.2	1.9	2.7	-0.3
Operating EBIT	1.9	30.7	14.2	-1.7
Operating EBIT margin (%)	0.1	2.2	2.5	-0.4
Earnings before taxes	-0.3	17.2	16.0	-5.6
Net profit/loss	-15.7	13.1	9.8	-5.0
<b>Other KPIs</b>				
Equity (as at 30 September)	395.5	345.1		
Net debt (as at 30 September)	490.4	437.0		
<b>Capital expenditure (without financial assets)</b>				
Capital expenditure (without financial assets)	60.4	60.8	27.0	30.1
Depreciation and amortization	66.3	62.3	22.9	21.1
Free cash flow	-40.8	-49.0	4.4	5.4
Employees (number, average)	14,008	14,031		

*GRAMMER's key performance indicator "operating EBIT" is described on page 21 of the 2021 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 areas 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.