



Interim Financial Report January to June 2023

# SOLUTIONS FOR A WORLD ON THE MOVE

Revenue  
**1,172.6** EUR m

Operating EBIT  
**26.9** EUR m

Operating EBIT margin  
**2.3**%

Equity ratio  
**20.0**%

Net loss  
**-0.3** EUR m

Free cash flow  
**-2.3** EUR m

EBIT  
**18.5** EUR m

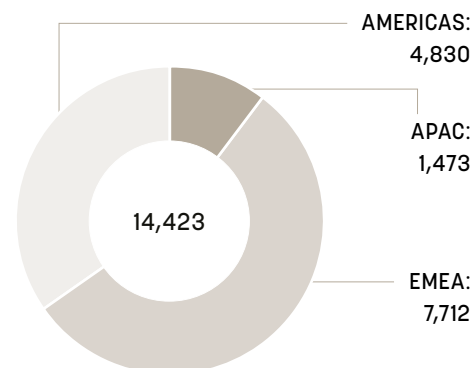
Capital expenditure  
**34.2** EUR m

#### Company profile

GRAMMER AG, which has its head office in Ursensollen, operates in two business segments: GRAMMER develops and produces high-quality interior and operating systems and innovative thermoplastic components for the global automotive industry. GRAMMER is a full service provider of driver and passenger seats for trucks, buses, trains and offroad vehicles. At present, GRAMMER AG has about 14,500 employees in 19 countries around the world. Its revenue in 2022 was about EUR 2.2 billion. GRAMMER shares are listed in the Prime Standard and traded on the Munich and Frankfurt stock exchanges as well as via the Xetra electronic trading platform.

#### Employees by region<sup>1</sup>

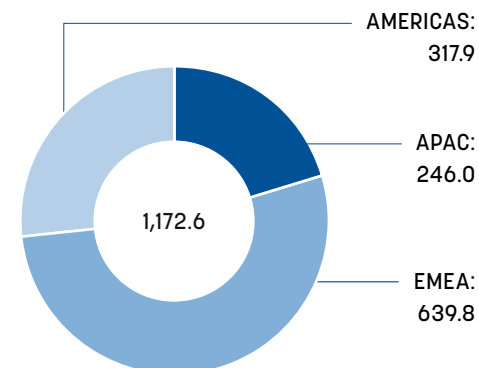
Annual average



<sup>1</sup> An average, 408 people were employed in Central Services.

#### Revenue by region<sup>2</sup>

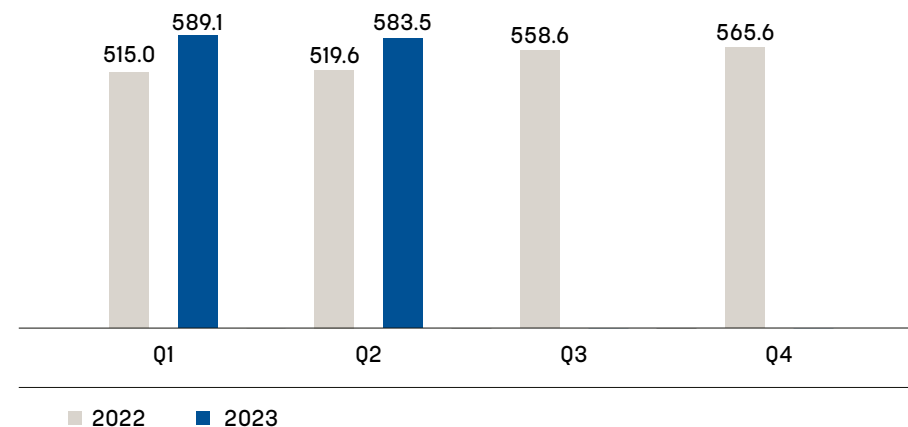
EUR m



<sup>2</sup> The consolidation effect of revenue between the regions amounts to EUR 31.1 million.

#### Revenue by quarter

EUR m



#### Operating EBIT by region



# Overview of business performance

- Continued challenging macroeconomic environment in first half of 2023; end of COVID-19 lockdowns in China leads to growth in first half of year, but this is less pronounced than originally expected
- GRAMMER AG posted an earnings performance well above the previous year's level in the first half of 2023, with all three regions improving their earnings
- EBIT rose significantly to EUR 18.5 million in the first half of 2023 (01-06 2022: EUR -12.5 million). GRAMMER also posted a significant increase in operating EBIT to EUR 26.9 million (01-06 2022: EUR -12.3 million) with an operating EBIT margin of 2.3% (01-06 2022: -1.2%)
- GRAMMER Group revenue also developed positively in the reporting period, increasing by 13.3% to EUR 1,172.6 million (01-06 2022: EUR 1,034.6 million). Both the Automotive Division and the Commercial Vehicles Division posted significant revenue growth at 14.6% and 11.1% respectively
- Looking at the different regions, earnings improved in APAC in particular after the region had been heavily impacted in the previous year by COVID-19 lockdowns in China, high freight costs in Japan, and ramp-up costs for new plants. Revenue here increased by 38.8% to EUR 246.0 million in the reporting period (01-06 2022: EUR 177.2 million), while operating EBIT was up 105.6% at EUR 29.2 million (01-06 2022: EUR 14.2 million)
- At EUR 317.9 million, the AMERICAS region recorded revenue at the previous year's level (01-06 2022: EUR 318.0 million). Operating EBIT improved to EUR -23.0 million (01-06 2022: EUR -36.0 million), but fell short of expectations
- The EMEA region also developed positively, posting revenue growth of 10.9% to EUR 639.8 million in the first half of 2023 (01-06 2022: EUR 577.0 million), while operating EBIT improved by 48.3% to EUR 35.0 million (01-06 2022: EUR 23.6 million)
- However, GRAMMER AG generally still expects that the enormously challenging 2022 financial year is likely to be followed by adverse effects in connection with the ongoing difficult macroeconomic environment in the 2023 financial year, particularly in view of the sharp rise in material, energy, and wage costs and the anticipated weak economic development in Germany
- Outlook for 2023 confirmed: Due to the continuing macroeconomic and industry-specific uncertainties, the GRAMMER Group anticipates revenue at the previous year's level of around EUR 2.2 billion and expects operating EBIT to double year-on-year to around EUR 70 million in the current financial year despite the results in the AMERICAS region that have so far fallen short of expectations
- Looking to the remainder of the year, the GRAMMER Group still anticipates a positive development, with the second half of the year – and particularly the fourth quarter – expected to be significantly stronger than the first again in 2023, as in the previous year

# Index

<b>Dashboard</b>	<b>2</b>	<b>B   Interim Consolidated Financial Statements for the first half of the year</b>	<b>16</b>
<b>Overview of business performance</b>	<b>3</b>	Consolidated Statement of Income	17
<b>A   Interim Group Management Report</b>	<b>5</b>	Consolidated Statement of Comprehensive Income	18
1. Economic conditions	6	Consolidated Statement of Financial Position	19
2. GRAMMER Group key figures	7	Consolidated Statement of Changes in Equity	21
3. Business performance in the first half of 2023	8	Consolidated Statement of Cash Flows	23
4. GRAMMER Group results of operations	8	<b>C   Notes to the Interim Consolidated Financial Statements for the first half of the year</b>	<b>25</b>
5. Performance by region	10	<b>D   Key figures in accordance with IFRS</b>	<b>36</b>
6. Net assets and financial position	12	<b>Financial Calendar 2023/2024 / Contact / Imprint</b>	<b>38</b>
7. Capital expenditure	13		
8. Cash flow statement	14		
9. Employees	14		
10. Opportunities and risks	15		
11. Outlook	15		
12. Forward-looking statements	15		
13. Responsibility statement	15		

# A | Interim Group Management Report

## 1. Economic conditions

### Global economy

In its latest forecast issued in July 2023, the IMF anticipates very modest growth in the global economy in 2023, particularly in view of the continuing war in Ukraine and its consequences. Although overall inflation decreased in the first half of the current year, mainly due to a drop in energy prices, core inflation (adjusted in particular for volatile energy and food prices) remained at a high level. On the other hand, the settlement of the dispute over the debt ceiling in the USA and the containment of turbulence in the banking sector led the IMF to raise its latest forecast slightly as compared to April 2023. For 2023, global growth of 3.0% is anticipated, representing an improvement of 0.2 percentage points compared to the forecast from April.

In the EMEA region, the IMF expects to see far weaker growth of 0.9% in the eurozone. In Germany, the current forecast anticipates a 0.3% decline in GDP, compared to April 2023 when the IMF expected economic output to decline by 0.1%.

In the AMERICAS region, economic output is expected to increase by 1.8% in the US and by 2.6% in Mexico. In the USA, the banking turbulence at the beginning of the current year had a negative impact on the economy and led to more restrictive lending. However, this was contained over the course of the year. Given the continued restrictive monetary policy, however, significantly curbed economic growth is still anticipated in the USA.

For China, the biggest market in the APAC region, the IMF forecasts growth of 5.2% in 2023. After the Chinese government's U-turn on its zero-COVID policy, the rebound in economic activity made a positive contribution to global economic growth. However, the effects of the re-opening are expected to lessen in the second half of the year.

### Conditions in the automotive industry

According to the market data published by S&P Global Mobility, 11.2% more vehicles were manufactured worldwide in the first half of 2023 than in the same period of the previous year. In absolute terms, global growth in the first six months of 2023 amounted to 4.4 million units. This positive development was mainly attributable to more stable supply chains, meaning that the high order backlog can now gradually be worked off. However, there was also a significant base effect from the same period of the previous year, which had been particularly heavily impacted by the effects of Russia's invasion of Ukraine and by production stoppages in China due to COVID-19.

At 2.1 million units, the majority of the units manufactured in the first half of 2023 were attributable to the APAC region, representing growth of 9.9% compared to the first half of 2022. Growth in China came to 7.0% or 0.8 million units. The geopolitical tensions around the Taiwan conflict, depreciation of the currency, and stagflation in the region all had a negative impact here. On the other hand, export business and the production of "new energy vehicles" were increased in China.

Production in the EMEA region increased by 13.7% or 1.2 million units in the first half of the year. The semiconductor supply improved further here in the first half of the year and boosted production growth against the backdrop of strong demand.

According to the S&P Global Mobility data, the AMERICAS region saw year-on-year growth of 11.9% in the first six months of 2023. Here, too, it was primarily improvements in the supply chains and the slight recovery on the semiconductor market that contributed to this growth.

### Conditions in the commercial vehicles industry

In the commercial vehicle sector, S&P Global Mobility estimates a 14.3% increase in global production volume in the first half of 2023. As on the passenger car market, the recovery of the recently strained supply chains in particular encouraged growth in truck production.

Production in the AMERICAS region increased by 11.0% or 0.04 million units year-on-year in the first half of 2023. Fears of recessions gradually subsided in the region, resulting in stronger demand than originally expected.

In the APAC region, the increase in production in the first half of 2023 came to 15.4%. The number of units manufactured thus rose by around 0.1 million year-on-year. In China alone, approximately 0.06 million units were manufactured – an increase of 18.8% compared to the first half of the previous year. This was still due in particular to the recovery following the discontinuation of the zero-COVID policy.

In the EMEA region, S&P Global Mobility reported an increase in production figures of 14.9% in the first six months of the current year. Although prices for raw materials were still at a high level here overall in the first half of the year, they had fallen below the highs from 2022 again.

## 2. GRAMMER Group key figures

### Key figures in accordance with IFRS GRAMMER Group

EUR m

	01-06 2023	01-06 2022	01-12 2022
<b>Group revenue</b>	<b>1,172.6</b>	<b>1,034.6</b>	<b>2.158,8</b>
Revenue EMEA	639.8	577.0	1,131.4
Revenue AMERICAS	317.9	318.0	672.5
Revenue APAC	246.0	177.2	426.7
<b>Income Statement</b>			
EBITDA	59.6	30.9	117.4
EBITDA margin (%)	5.1	3.0	5.4
EBIT	18.5	-12.5	-45.0
EBIT margin (%)	1.6	-1.2	-2.1
Operating EBIT	26.9	-12.3	35.5
Operating EBIT margin (%)	2.3	-1.2	1.6
Earnings before taxes	5.0	-16.2	-62.8
Net profit/loss	-0.3	-25.5	-78.6

EUR m

	June 30, 2023	June 30, 2022	December 31, 2022
<b>Consolidated Statement of Financial Position</b>			
Total assets	1,441.9	1,511.4	1,444.6
Equity	289.1	374.9	301.1
Equity ratio (%)	20.0	24.8	20.8
Net debt	446.3	481.6	429.3
Gearing (%)	154.4	128.5	142.6
	<b>01-06 2023</b>	<b>01-06 2022</b>	<b>01-12 2022</b>
<b>Statement of Cash Flows</b>			
Capital expenditure (without financial assets)	34.2	33.4	91.0
Depreciation and amortization	41.1	43.4	162.4
Free cash flow	-2.3	-45.2	31.3
<b>Employees (number, average)</b>	<b>14,423</b>	<b>14,003</b>	<b>14,044</b>

	June 30, 2023	June 30, 2022	December 31, 2022
<b>Share data</b>			
Prices (Xetra closing price in EUR)	12.70	13.35	10.55
Market capitalization (EUR m)	193.5	203.4	160.8
Earnings per share (basic/diluted, EUR)	-0.05	-1.67	-5.26

### 3. Business performance in the first half of 2023

GRAMMER Group revenue amounted to EUR 1,172.6 million in the first half of 2023, up 13.3% or EUR 138.0 million on the same period of the previous year (01-06 2022: EUR 1,034.6 million). FX-adjusted revenue increased by 14.9% year-on-year. This positive development was in particular due to revenue growth of 38.8% to EUR 246.0 million in the APAC region (01-06 2022: EUR 177.2 million), where above-average revenue was achieved with Chinese OEMs. However, the region was still significantly affected by COVID-19-related lockdowns in the previous year. The EMEA region generated revenue of EUR 639.8 million (01-06 2022: EUR 577.0 million), corresponding to growth of 10.9%. In the AMERICAS region, revenue amounted to EUR 317.9 million in the first six months of 2023 (01-06 2022: EUR 318.0 million) and was thus on a par with the previous year.

In terms of quarterly performance, GRAMMER Group revenue amounted to EUR 583.5 million in the second quarter (Q2 2022: EUR 519.6 million), thus remaining largely unchanged compared with the first quarter of 2023 (EUR 589.1 million) and increasing by 12.3% compared with the same period of the previous year. Adjusted for positive currency effects, revenue increased by 15.3% to EUR 599.0 million.

GRAMMER Group earnings before interest and taxes (EBIT) increased significantly to EUR 18.5 million in the first half of 2023 (01-06 2022: EUR -12.5 million). GRAMMER Group's operating EBIT also increased 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%). The year-on-year increase in earnings is attributable in particular to the more stable business development in the APAC region. The EMEA region also developed positively, as expected. Earnings in the AMERICA region also improved, but fell short of expectations in the first half of the year. Production start-ups in Mexico also had a negative impact on earnings. In addition to expenses for restructuring measures in the AMERICAS in the amount of EUR 3.0 million, operating EBIT was also adjusted for negative currency effects of EUR 5.4 million.

The passing on of the substantial inflation-related cost increases (material, energy, transport and wage costs), which were already agreed with customers in 2022, also had a positive effect on the result in the first half of 2023. Negotiations with OEMs are also planned for the following quarters in order to achieve compensation. In addition, the company aims to achieve a sustainable turnaround in AMERICAS, today's second largest market, by 2024.

With regard to the turnaround project "P2P – Path to Profitability" in this region, GRAMMER particularly reached key agreements with customers on significant price adjustments in the first half of the year. One plant was closed earlier than originally planned, which already led to an additional burden on earnings in the first quarter of 2023. However, the measures introduced to stabilise and improve operating performance slowed down in the second quarter of 2023. The positive effects from the restructuring thus fell short of expectations. The priority in this region is to consistently push ahead with the measures over the coming months and thus further improve the region's results.

Looking to the remainder of the year, the GRAMMER Group still anticipates a positive development, with the second half of the year – and particularly the fourth quarter – expected to be significantly stronger than the first again in 2023, as in the previous year.

### 4. GRAMMER Group results of operations

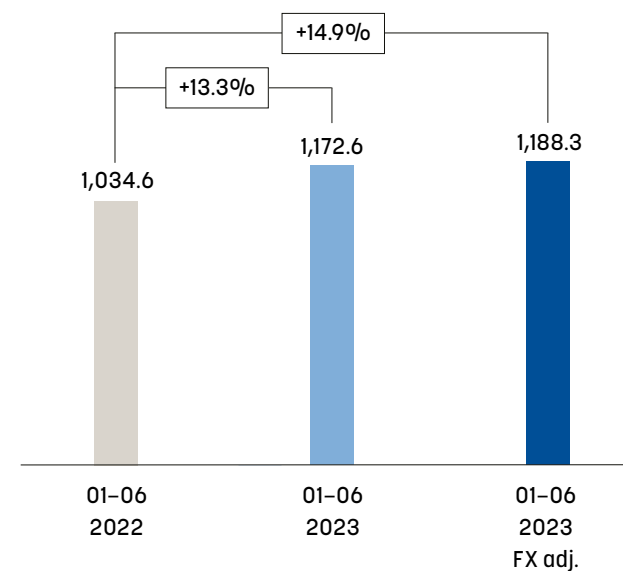
#### GRAMMER Group revenue

In the first half of 2023, GRAMMER Group revenue amounted to EUR 1,172.6 million (01-06 2022: EUR 1,034.6 million). This represents an increase of 13.3% compared with the previous year's figure. This revenue development was particularly due to growth of 10.9% to EUR 639.8 million (01-06 2022: EUR 577.0 million) in the EMEA region and growth of 38.8% to EUR 246.0 million (01-06 2022: EUR 177.2 million) in the APAC region, where revenue had still been significantly impacted by COVID-19 lockdowns in the previous year. In the AMERICAS region, revenue was unchanged year-on-year at EUR 317.9 million (01-06 2022: EUR 318.0 million).

Both divisions also contributed to the revenue growth. The Automotive Division increased revenues by 14.6% to EUR 751.7 million, with the Commercial Vehicle Division picking up by 11.1% to EUR 420.9 million.

#### GRAMMER Group revenue (incl. FX adjustment)

EUR m





### GRAMMER Group earnings

GRAMMER Group EBIT amounted to EUR 18.5 million in the first half of 2023 (01-06 2022: EUR -12.5 million). Earnings increased year-on-year in all three regions, with EBIT in the first half of the year amounting to EUR 28.6 million in the APAC region (01-06 2022: EUR 12.2 million) and EUR 32.1 million in EMEA (01-06 2022: EUR 25.0 million). In the AMERICAS, EBIT came to EUR -27.4 million after EUR -35.9 million in the first six months of 2022. In APAC in particular, stable earnings were thus generated again in the first half of 2023, after the region had still been heavily impacted by COVID-19 lockdowns in China, high freight costs in Japan, and ramp-up costs for new plants in the previous year.

Group operating EBIT and the operating EBIT margin also increased considerably year-on-year to EUR 26.9 million and 2.3% respectively (01-06 2022: EUR -12.3 million and -1.2%). Operating EBIT was adjusted for restructuring expenses in the AMERICAS in the amount of EUR 3.0 million and for negative currency effects of EUR 5.4 million.

At EUR -13.6 million (01-06 2022: EUR -3.7 million), the GRAMMER Group's financial result is influenced mainly by higher financial expenses. In addition, fluctuations in the exchange rate of the Czech koruna, the Brazilian real, the Japanese yen and the US dollar resulted in lower foreign exchange gains in the first half of 2023 than in the same period of the previous year.

In the first half of 2023, an income tax expense of EUR 5.3 million (01-06 2022: EUR 9.3 million) was reported with lower earnings before taxes of EUR 5.0 million (01-06 2022: EUR -16.2 million). This was due primarily to the non-recognition of deferred tax assets on loss carryforwards for the tax group in the USA.

The net loss thus amounted to EUR -0.3 million in the first half of 2023 (01-06 2022: EUR -25.5 million).

### Revenue performance by region and division

EUR m

	GRAMMER Group			EMEA			AMERICAS			APAC		
	01-06 2023	01-06 2022	Change	01-06 2023	01-06 2022	Change	01-06 2023	01-06 2022	Change	01-06 2023	01-06 2022	Change
Automotive	751.7	655.9	14.6%	334.8	292.7	14.4%	255.6	255.8	-0.1%	169.6	114.5	48.1%
Commercial Vehicles	420.9	378.7	11.1%	305.0	284.3	7.3%	62.3	62.2	0.2%	76.4	62.7	21.9%
<b>Revenue</b>	<b>1,172.6</b>	<b>1,034.6</b>	<b>13.3%</b>	<b>639.8</b>	<b>577.0</b>	<b>10.9%</b>	<b>317.9</b>	<b>318.0</b>	<b>0.0%</b>	<b>246.0</b>	<b>177.2</b>	<b>38.8%</b>

## GRAMMER Group Condensed Statement of Income

EUR k

	01-06 2023	01-06 2022	Change
Revenue	1,172,553	1,034,579	137,974
Cost of sales	-1,051,167	-968,770	-82,397
<b>Gross profit</b>	<b>121,386</b>	<b>65,809</b>	<b>55,577</b>
Selling expenses	-16,556	-14,563	-1,993
Administrative expenses	-94,762	-81,071	-13,691
Other operating income	8,475	17,277	-8,802
<b>Earnings before interests and taxes (EBIT)</b>	<b>18,543</b>	<b>-12,548</b>	<b>31,091</b>
Financial result	-13,579	-3,662	-9,917
<b>Earnings before taxes</b>	<b>4,964</b>	<b>-16,210</b>	<b>21,174</b>
Income taxes	-5,270	-9,322	4,052
<b>Net profit/loss</b>	<b>-306</b>	<b>-25,532</b>	<b>25,226</b>

## Derivation of Operating EBIT

EUR m

	01-06 2023	01-06 2022	Change
<b>EBIT</b>	<b>18.5</b>	<b>-12.5</b>	<b>31.0</b>
Currency translation effects	5.4	-1.8	7.2
Costs for coronavirus-related protection and response measures	0.0	2.0	-2.0
Costs for restructuring measures	3.0	0.0	3.0
<b>Operating EBIT</b>	<b>26.9</b>	<b>-12.3</b>	<b>39.2</b>

## 5. Performance by region

### EMEA

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%. Revenue in the Commercial Vehicles Division contributed to this with growth of 7.3% to EUR 305.0 million (01-06 2022: EUR 284.3 million). In the same period, the Automotive Division grew by 14.4% or EUR 42.1 million to EUR 334.8 million (01-06 2022: EUR 292.7 million).

EBIT in the EMEA region increased to EUR 32.1 million in the first half of 2023 (01-06 2022: EUR 25.0 million). The EBIT margin amounted to 5.0% (01-06 2022: 4.3%). In the first two quarters, operating performance in particular improved in this region, and the agreements reached with customers on passing on inflation-related cost increases also contributed significantly to the earnings performance.

Operating EBIT also increased to EUR 35.0 million (01-06 2022: EUR 23.6 million). Accordingly, the operating EBIT margin rose to 5.5% (01-06 2022: 4.1%). Operating EBIT was adjusted by negative currency effects in the amount of EUR 2.9 million.

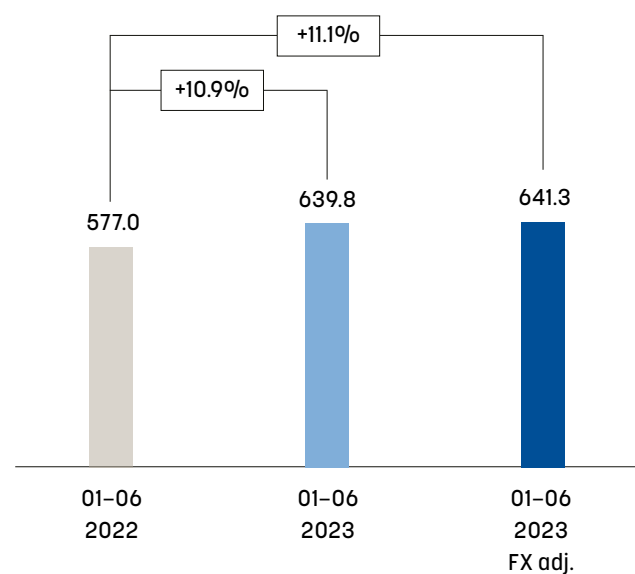
## EMEA region key figures

EUR m

	01-06 2023	01-06 2022	Change
Revenue	639.8	577.0	62.8
EBIT	32.1	25.0	7.1
EBIT margin (%)	5.0	4.3	0.7%-points
Operating EBIT	35.0	23.6	11.4
Operating EBIT margin (%)	5.5	4.1	1.4%-points
Capital expenditure (without financial assets)	11.5	11.3	0.2
Employees (number, average)	7,712	7,352	360

## EMEA revenue (incl. FX adjustment)

EUR m



## AMERICAS

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). FX-adjusted revenue was down slightly year-on-year at EUR 316.7 million. Revenue in the Automotive Division decreased slightly by 0.1% to EUR 255.6 million (01-06 2022: EUR 255.8 million). Adjusted for FX effects, the decrease came to 1.2%. In the previous year, there had been catch-up effects here due to the semiconductor shortage in 2021. In the Commercial Vehicles Division, revenue rose slightly by 0.2% to EUR 62.3 million (01-06 2022: EUR 62.2 million) and FX-adjusted revenue by 2.9%, although this was also attributable to inflation-related price increases.

Partly due to the high inflation, the continued sharp rise in personnel costs, weaknesses in operating performance, costs in connection with a plant closure and new ramp-ups in Mexico, EBIT in the AMERICAS region remained negative in the first half of 2023 at EUR -27.4 million (01-06 2022: EUR -35.9 million). Furthermore, the positive effects from the restructuring measures slowed down in the second quarter of 2023 and thus fell short of expectations. The prior-year figure had been negatively impacted by non-recurring expenses of around EUR 4 million, in particular for special freight at a plant in Mexico. The EBIT margin improved year-on-year to -8.6% (01-06 2022: -11.3%).

Operating EBIT amounted to EUR -23.0 million in the first six months of 2023 (01-06 2022: EUR -36.0 million). The operating EBIT margin thus came to -7.2%, representing a year-on-year improvement of 4.1 percentage points (01-06 2022: -11.3%). Operating EBIT was adjusted for expenses for restructuring measures of EUR 3.0 million and for negative currency effects of EUR 1.4 million.

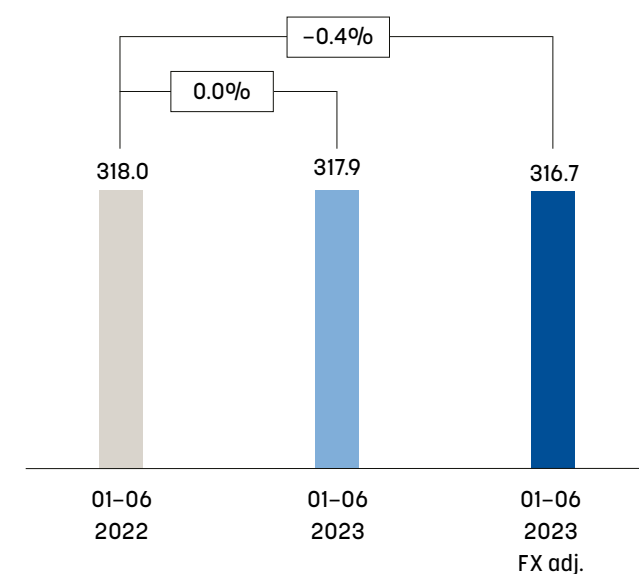
## AMERICAS region key figures

EUR m

	01-06 2023	01-06 2022	Change
Revenue	317.9	318.0	-0.1
EBIT	-27.4	-35.9	8.5
EBIT margin (%)	-8.6	-11.3	2.7%-points
Operating EBIT	-23.0	-36.0	13.0
Operating EBIT margin (%)	-7.2	-11.3	4.1%-points
Capital expenditure (without financial assets)	9.0	9.2	-0.2
Employees (number, average)	4,830	4,761	69

## AMERICAS revenue (incl. FX adjustment)

EUR m



## APAC

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 increase was due primarily to the commissioning of the new plant in Hefei in September 2022 and to the base effect of the lower figures for 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 exceeded the entire previous year's revenue with these customers in the first half of the reporting year. Revenue in the Commercial Vehicles Division also increased by 21.9% to EUR 76.4 million (01-06 2022: EUR 62.7 million). This increase was due primarily to the introduction of a stricter emission standard, which had led to a slump in new truck orders in the first half of 2022.

EBIT in the APAC region improved to EUR 28.6 million (01-06 2022: EUR 12.2 million). This positive development was attributable to cost reduction measures and efficiency improvements as well as negative effects that had impacted the same period of the previous year. These particularly 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. The EBIT margin climbed by 4.7 percentage points to 11.6% (01-06 2022: 6.9%). Operating EBIT amounted to EUR 29.2 million (01-06 2022: EUR 14.2 million) with an operating EBIT margin of 11.9% (01-06 2022: 8.0%).

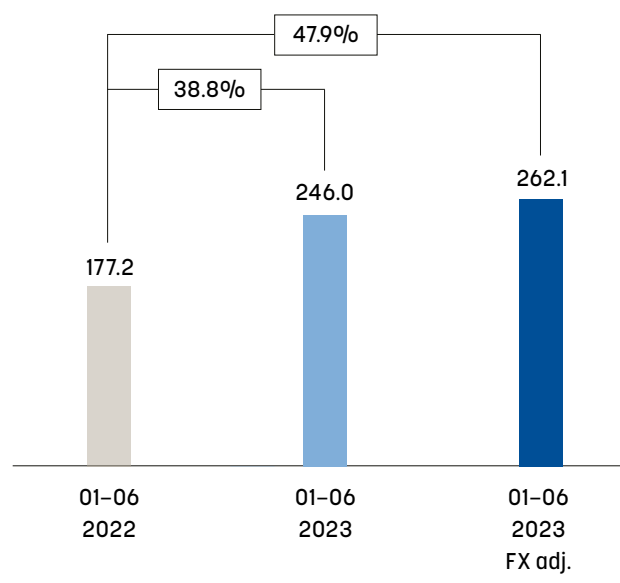
## APAC region key figures

EUR m

	01-06 2023	01-06 2022	Change
Revenue	246.0	177.2	68.8
EBIT	28.6	12.2	16.4
EBIT margin (%)	11.6	6.9	4.7%-points
Operating EBIT	29.2	14.2	15.0
Operating EBIT margin (%)	11.9	8.0	3.9%-points
Capital expenditure (without financial assets)	8.2	7.1	1.1
Employees (number, average)	1,473	1,483	-10

## APAC revenue (incl. FX adjustment)

EUR m



## 6. Net assets and financial position

### GRAMMER Group Condensed Statement of Financial Position

EUR k

	June 30, 2023	December 31, 2022	Change
Non-current assets	763,195	768,076	-4,881
Current assets	678,744	676,518	2,226
<b>Assets</b>	<b>1,441,939</b>	<b>1,444,594</b>	<b>-2,655</b>
Equity	289,066	301,108	-12,042
Non-current liabilities	367,841	366,408	1,433
Current liabilities	785,032	777,078	7,954
<b>Equity and liabilities</b>	<b>1,441,939</b>	<b>1,444,594</b>	<b>-2,655</b>

GRAMMER Group total assets remained nearly unchanged at EUR 1,441.9 million as at June 30, 2023 (December 31, 2022: EUR 1,444.6 million).

Non-current assets decreased slightly by 0.6% or EUR 4.9 million to EUR 763.2 million (December 31, 2022: EUR 768.1 million). Property, plant and equipment in particular declined by 3.5% to EUR 460.5 million (December 31, 2022: EUR 477.3 million) as a result of depreciation and currency effects. By contrast, intangible assets increased by 1.0% to EUR 147.7 million (December 31, 2022: EUR 146.3 million) and contract assets by 21.8% to EUR 70.9 million (December 31, 2022: EUR 58.2 million).

Current assets increased by 0.3% or EUR 2.2 million to EUR 678.7 million (December 31, 2022: EUR 676.5 million). This development includes, on the one hand, the revenue-driven increase in current trade accounts receivable by 18.9% to EUR 305.3 million (December 31, 2022: EUR 256.7 million). On the other hand, cash and short-term deposits in particular decreased by 30.0% to EUR 76.0 million as at June 30, 2023 (December 31, 2022: EUR 108.6 million) due to the repayment of current financial liabilities and an increase in capital requirements. The increase is due to both an increase in working capital and an increase in interest paid. Inventories also decreased by EUR 20.6 million to EUR 176.8 million (December 31, 2022: EUR 197.4 million).

Equity declined by EUR 12.0 million or 4.0% to EUR 289.1 million as at June 30, 2023 (December 31, 2022: EUR 301.1 million). This was due to the negative other comprehensive income of EUR -11.1 million (01-06 2022: EUR 55.4 million) and the net loss of EUR -0.3 million (01-06 2022: EUR -25.5 million). Other comprehensive income mainly comprises effects from the currency translation of foreign subsidiaries amounting to EUR -10.1 million (01-06 2022: EUR 15.3 million) and effects from the currency translation of net investments in foreign operations, taking into account current taxes, in the amount of EUR -0.5 million (01-06 2022: EUR 7.3 million). In the first half of 2023, there were no significant actuarial effects from the interest-related adjustment of retirement benefit provisions, taking into account deferred taxes, as the discount rate remained at the same level as in December 2022 (01-06 2022: EUR 32.2 million). The equity ratio therefore decreased by 0.8 percentage points to 20.0% (December 31, 2022: 20.8%).

Non-current liabilities posted a slight year-on-year increase of EUR 1.4 million to EUR 367.8 million (December 31, 2022: EUR 366.4 million). The increase in non-current financial liabilities of EUR 8.6 million or 5.4% to EUR 166.4 million (December 31, 2022: EUR 157.8 million) due to the utilization of tranche D of the syndicated loan agreement with a term until 2025 was countered by a decrease in other financial liabilities of EUR 6.6 million or 10.4% to EUR 56.6 million (December 31, 2022: EUR 63.2 million) due to the reclassification of non-current lease liabilities to current lease liabilities.

Current liabilities rose by EUR 7.9 million or 1.0% to EUR 785.0 million (December 31, 2022: EUR 777.1 million). This development mainly resulted from the decrease in non-current financial liabilities by EUR 15.5 million or 5.2% to EUR 282.7 million (December 31, 2022: EUR 298.2 million) due to the repayment of current financial liabilities and the long-term refinancing of current financial liabilities repaid on schedule. By contrast, current trade accounts payable increased by EUR 18.4 million or 6.0% to EUR 324.5 million (December 31, 2022: EUR 306.1 million) due to the higher volume of business. Of the increase in other current liabilities by EUR 10.3 million or 9.5% to EUR 118.5 million (December 31, 2022: EUR 108.2 million), EUR 10.2 million is attributable to liabilities to employees due to the build-up of accruals for bonus payments, Christmas and holiday bonuses as well as accruals for holidays not yet taken and overtime.

## 7. Capital expenditure

In the first half of 2023, GRAMMER Group capital expenditure exceeded the previous year's figure slightly by EUR 0.8 million. Total capital expenditure increased to EUR 34.2 million (01-06 2022: EUR 33.4 million).

In the EMEA region, capital expenditure amounted to EUR 11.5 million, up slightly on the figure for the first half of 2022 of EUR 11.3 million. Capital expenditure in this region was still focused on the ramp-up of new products in the Automotive Division and replacement investments in the Commercial Vehicles Division.

Capital expenditure in the AMERICAS region decreased slightly to EUR 9.0 million (01-06 2022: EUR 9.2 million) and related primarily to a new seat and foam line for the expansion of capacities in the Commercial Vehicles Division and to a press in the Automotive Division.

In the APAC region, capital expenditure increased by 15.5% year-on-year to EUR 8.2 million in the period from January to June 2023 (01-06 2022: EUR 7.1 million). It particularly related to investments for the new plant in Hefei and the plant in Ningbo.

Capital expenditure in Central Services decreased by EUR 0.3 million year-on-year to EUR 5.5 million (01-06 2022: EUR 5.8 million). Of this figure, EUR 0.5 million (01-06 2022: EUR 1.2 million) was attributable to the continuation of the digitalization project "Management of product lifecycles" and EUR 3.4 million (01-06 2022: EUR 3.3 million) related to capitalized development costs. As in the previous years, this mainly relates to the longer-term development of new seat generations for the Commercial Vehicles Division.

### Capital expenditure

EUR m

	01-06 2023	01-06 2022	Change
EMEA	11.5	11.3	0.2
AMERICAS	9.0	9.2	-0.2
APAC	8.2	7.1	1.1
Central Services	5.5	5.8	-0.3
<b>GRAMMER Group</b>	<b>34.2</b>	<b>33.4</b>	<b>0.8</b>

## 8. Cash flow statement

In the period from January to June 2023, cash flow from operating activities improved by EUR 38.2 million to EUR 21.1 million (01-06 2022: EUR -17.2 million). This improvement was due chiefly to increased earnings before taxes and significantly lower cash outflows from working capital compared with the same period of the previous year. In working capital, the increase in trade accounts receivable and other assets was considerably more than offset by the decrease of inventories and the increase in accounts payable and other liabilities. The cash outflow from investing activities decreased by EUR 4.7 million to EUR -23.3 million in the first half of 2023 (01-06 2022: EUR -28.0 million) and could not be fully covered by the cash flow from operating activities. In the first six months of 2023, there were investments in leased assets in accordance with IFRS 16 amounting to EUR 4.5 million (01-06 2022: EUR 2.4 million), which do not affect cash.

Free cash flow improved significantly compared with the same period of the previous year to EUR -2.3 million in the first half of 2023 (01-06 2022: EUR -45.2 million). Cash flow from financing activities stood at EUR -33.9 million (01-06 2022: EUR -4.3 million), reflecting the payment of interest and lease liabilities. This was significantly below the previous year's value, as financial debt was reduced overall in the first half of 2023, while it was built up in the same period of the previous year.

## 9. Employees

GRAMMER had an average of 14,423 employees globally in the first half of 2023 (01-06 2022: 14,003). This represents an increase of 3.0% compared with the previous year. The Group had an average of 1,473 employees in the APAC region (01-06 2022: 1,483), 7,712 employees in the EMEA region (01-06 2022: 7,352), and 4,830 employees in the AMERICAS region (01-06 2022: 4,761).

### Average Number of Employees

	01-06 2023	01-06 2022	Change
EMEA	7,712	7,352	360
AMERICAS	4,830	4,761	69
APAC	1,473	1,483	-10
Central Services	408	407	1
<b>GRAMMER Group</b>	<b>14,423</b>	<b>14,003</b>	<b>420</b>

## 10. Opportunities and risks

The opportunities and risks listed and described in detail in the Management Report contained in the Annual Report for the year ended December 31, 2022 continue to apply.

Locally operating teams are continuously analyzing the situation on the market and among customers and suppliers, and specific measures will be proposed to management whenever the need for action is identified. The development of (raw) material and energy prices as well as the global supply situation are also being observed in order to enable a timely response to any changes in conditions.

## 11. Outlook

GRAMMER published its guidance for the financial year of 2023 on February 13, 2023. This guidance continues to apply.

According to the guidance, GRAMMER AG expects the enormously challenging 2022 financial year to be followed by adverse effects in connection with the ongoing difficult macroeconomic environment in 2023 as a whole. In particular, the sharp rise in materials, energy and wage costs, limited economic growth – especially in Germany and Brazil – and further developments regarding semiconductor supply shortages could continue to impact the Company's economic performance in 2023. On the other hand, risks in connection with the COVID-19 pandemic are lower than they were in the previous year.

Due to the continuing macroeconomic and industry-specific uncertainties, the GRAMMER Group anticipates revenue at the previous year's level of around EUR 2.2 billion.

With regard to operating EBIT, GRAMMER expects a doubling to around EUR 70 million year-on-year despite the weaker results in the AMERICAS region to date. With the significantly increased earnings forecast, the Company is taking into account the measures already initiated under the P2P restructuring project in the AMERICAS region as well as further efficiency and cost-cutting measures, the positive effects of which, as in the previous year, are only expected to unfold successively over the course of the year.

Accordingly, a significantly stronger second half of the year is again expected especially in the fourth quarter of 2023 in AMERICAS. Nevertheless, the full-year forecast still depends significantly on the extent to which GRAMMER can again agree to pass on inflation-related cost increases with its customers. The targeted margin increase puts GRAMMER on track for the medium-term outlook presented in April 2022 of achieving an operating EBIT margin of over 5% by 2025.

## 12. Forward-looking statements

This report on the first half of the year contains forward-looking statements based on current assumptions and estimates by GRAMMER management with regard to future trends. Such statements refer to periods in the future or are characterized by terms such as "expect", "predict", "intend", "forecast", "plan", "estimate", "anticipate", or similar terms. Such statements are subject to risks and uncertainties which GRAMMER can neither estimate nor influence with any precision, e.g. future market conditions and the macroeconomic environment, the behavior of other market participants, the successful integration of newly acquired companies, and the materialization of expected synergistic benefits and government actions. If any of these or other uncertainties or imponderables were to occur or if any of the assumptions on which these statements are based prove

to be incorrect, the actual results could differ materially from the results expressed or implied in these statements. GRAMMER neither intends nor is under any obligation to update any forward-looking statements in the light of any changes occurring after the publication of this document.

## 13. Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the Consolidated Financial Statements/Interim Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, the management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

**B | Interim Consolidated Financial  
Statements for the first half of  
the year**



# Consolidated Statement of Income

January 1 – June 30 of the respective financial year

EUR k	01-06 2023	01-06 2022
Revenue	1,172,553	1,034,579
Cost of sales	-1,051,167	-968,770
<b>Gross profit</b>	<b>121,386</b>	<b>65,809</b>
Selling expenses	-16,556	-14,563
Administrative expenses	-94,762	-81,071
Other operating income	8,475	17,277
<b>Earnings before interest and taxes (EBIT)</b>	<b>18,543</b>	<b>-12,548</b>
Financial income	2,348	1,546
Financial expenses	-20,148	-13,550
Other financial result	4,221	8,342
<b>Earnings before taxes</b>	<b>4,964</b>	<b>-16,210</b>
Income taxes	-5,270	-9,322
<b>Net profit/loss</b>	<b>-306</b>	<b>-25,532</b>
Of which attributable to:		
Shareholders of the parent company	-738	-24,872
Non-controlling interests	151	-1,000
Hybrid loan lender's compensation claims	281	340
<b>Net profit/loss</b>	<b>-306</b>	<b>-25,532</b>
Earnings per share		
Basic/diluted earnings per share in EUR	-0.05	-1.67

# Consolidated Statement of Comprehensive Income

January 1 – June 30 of the respective financial year

EUR k	01-06 2023	01-06 2022	EUR k	01-06 2023	01-06 2022
<b>Net profit/loss</b>	<b>-306</b>	<b>-25,532</b>			
<b>Amounts that will not be reclassified to profit and loss in future periods</b>			<b>Gains/losses (-) from cash flow hedges</b>		
<b>Actuarial gains/losses (-) under defined benefit plans</b>			Gains/losses (-) arising in the current period	2,689	425
Gains/losses (-) arising in the current period	8	45,352	Plus/less (-) amounts reclassified to the income statement through profit and loss	-3,479	338
Tax expenses (-)/tax income	-2	-13,109	Tax expenses (-)/tax income	298	-198
<b>Actuarial gains/losses (-) under defined benefit plans (after tax)</b>	<b>6</b>	<b>32,243</b>	<b>Gains/losses (-) from cash flow hedges (after tax)</b>	<b>-492</b>	<b>565</b>
<b>Total amount that will not be reclassified to profit and loss in future periods</b>	<b>6</b>	<b>32,243</b>	<b>Gains/losses (-) from net investments in foreign operations</b>		
<b>Amount that will be reclassified to profit and loss in future periods under certain conditions</b>			Gains/losses (-) arising in the current period	-642	7,856
<b>Gains/losses (-) from currency translation of foreign subsidiaries</b>			Tax expenses (-)/tax income	113	-527
Gains/losses (-) arising in the current period	-10,123	15,276	<b>Gains/losses (-) from net investments in foreign operations (after tax)</b>	<b>-529</b>	<b>7,329</b>
<b>Gains/losses (-) from currency translation of foreign subsidiaries (after tax)</b>	<b>-10,123</b>	<b>15,276</b>	<b>Total amounts that will be reclassified to profit and loss in future periods under certain conditions</b>	<b>-11,144</b>	<b>23,170</b>
			<b>Other comprehensive income</b>	<b>-11,138</b>	<b>55,413</b>
			<b>Total comprehensive income after taxes</b>	<b>-11,444</b>	<b>29,881</b>
			Of which attributable to:		
			Shareholders of the parent company	-11,756	30,478
			Non-controlling interests	31	-937
			Hybrid loan lender's compensation claims	281	340

# Consolidated Statement of Financial Position

as of June 30, 2023 and December 31, 2022

## Assets

EUR k

	June 30, 2023	December 31, 2022
Property, plant and equipment	460,507	477,327
Intangible assets	147,714	146,285
Investments measured at equity	1,304	1,158
Other financial assets	4,202	5,711
Deferred tax assets	42,158	41,805
Other assets	36,381	37,554
Contract assets	70,929	58,236
<b>Non-current assets</b>	<b>763,195</b>	<b>768,076</b>
Inventories	176,823	197,386
Current trade accounts receivable	305,306	256,712
Other current financial assets	6,334	6,731
Current income tax receivables	2,433	2,143
Cash and short-term deposits	76,000	108,587
Other current assets	54,230	48,842
Current contract assets	57,618	56,117
<b>Current assets</b>	<b>678,744</b>	<b>676,518</b>
<b>Total assets</b>	<b>1,441,939</b>	<b>1,444,594</b>

# Consolidated Statement of Financial Position

as of June 30, 2023 and December 31, 2022

## Equity and liabilities

EUR k	June 30, 2023	December 31, 2022	EUR k	June 30, 2023	December 31, 2022
Subscribed capital	39,009	39,009	Current financial liabilities	282,657	298,160
Capital reserve	162,947	162,947	Current trade accounts payable	324,545	306,087
Own shares	-7,441	-7,441	Other current financial liabilities	16,647	18,671
Retained earnings	121,538	122,276	Other current liabilities	118,542	108,207
Cumulative other comprehensive income	-48,005	-36,987	Current income tax liabilities	6,518	8,950
<b>Equity attributable to shareholders of the parent company</b>	<b>268,048</b>	<b>279,804</b>	Provisions	32,852	32,071
Hybrid loan	19,293	19,610	Current contract liabilities	3,271	4,932
Non-controlling interests	1,725	1,694	<b>Current liabilities</b>	<b>785,032</b>	<b>777,078</b>
<b>Equity</b>	<b>289,066</b>	<b>301,108</b>			
			<b>Total liabilities</b>	<b>1,152,873</b>	<b>1,143,486</b>
Non-current financial liabilities	166,404	157,807	<b>Total equity and liabilities</b>	<b>1,441,939</b>	<b>1,444,594</b>
Trade accounts payable	1,640	1,801			
Other financial liabilities	56,611	63,211			
Other liabilities	408	408			
Retirement benefits and similar obligations	117,138	117,165			
Deferred tax liabilities	22,969	23,491			
Contract liabilities	2,671	2,525			
<b>Non-current liabilities</b>	<b>367,841</b>	<b>366,408</b>			

# Consolidated Statement of Changes in Equity

as of June 30, 2023

EUR k

	Cumulative other comprehensive income									Total	Hybrid loan	Non-controlling interests	Consolidated equity
	Subscribed capital	Capital reserve	Retained earnings	Own shares	Cash flow hedges	Foreign currency conversion	Net investments in foreign operations	Actuarial gains and losses from defined benefit plans					
<b>As of January 1, 2023</b>	<b>39,009</b>	<b>162,947</b>	<b>122,276</b>	<b>-7,441</b>	<b>2,438</b>	<b>6</b>	<b>-14,842</b>	<b>-24,589</b>	<b>279,804</b>	<b>19,610</b>	<b>1,694</b>	<b>301,108</b>	
Net profit/loss	0	0	-738	0	0	0	0	0	-738	281	151	-306	
Other comprehensive income	0	0	0	0	-492	-10,003	-529	6	-11,018	0	-120	-11,138	
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>-738</b>	<b>0</b>	<b>-492</b>	<b>-10,003</b>	<b>-529</b>	<b>6</b>	<b>-11,756</b>	<b>281</b>	<b>31</b>	<b>-11,444</b>	
Changes in scope of consolidation	0	0	0	0	0	0	0	0	0	0	0	0	
Distribution of hybrid loan lender's compensation claims	0	0	0	0	0	0	0	0	0	-598	0	-598	
<b>As of June 30, 2023</b>	<b>39,009</b>	<b>162,947</b>	<b>121,538</b>	<b>-7,441</b>	<b>1,946</b>	<b>-9,997</b>	<b>-15,371</b>	<b>-24,583</b>	<b>268,048</b>	<b>19,293</b>	<b>1,725</b>	<b>289,066</b>	

# Consolidated Statement of Changes in Equity

as of June 30, 2022

EUR k

	Cumulative other comprehensive income								Total	Hybrid loan	Non-controlling interests	Consolidated equity
	Subscribed capital	Capital reserve	Retained earnings	Own shares	Cash flow hedges	Foreign currency conversion	Net investments in foreign operations	Actuarial gains and losses from defined benefit plans				
<b>As of January 1, 2022</b>	<b>39,009</b>	<b>162,947</b>	<b>200,534</b>	<b>-7,441</b>	<b>660</b>	<b>-4,043</b>	<b>-21,020</b>	<b>-47,243</b>	<b>323,403</b>	<b>19,621</b>	<b>2,526</b>	<b>345,550</b>
Net profit/loss	0	0	-24,872	0	0	0	0	0	-24,872	340	-1,000	-25,532
Other comprehensive income	0	0	0	0	565	15,213	7,329	32,243	55,350	0	63	55,413
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>-24,872</b>	<b>0</b>	<b>565</b>	<b>15,213</b>	<b>7,329</b>	<b>32,243</b>	<b>30,478</b>	<b>340</b>	<b>-937</b>	<b>29,881</b>
Changes in scope of consolidation	0	0	147	0	0	0	0	0	147	0	0	147
Distribution of hybrid loan lender's compensation claims	0	0	0	0	0	0	0	0	0	-648	0	-648
<b>As of June 30, 2022</b>	<b>39,009</b>	<b>162,947</b>	<b>175,809</b>	<b>-7,441</b>	<b>1,225</b>	<b>11,170</b>	<b>-13,691</b>	<b>-15,000</b>	<b>354,028</b>	<b>19,313</b>	<b>1,589</b>	<b>374,930</b>

# Consolidated Statement of Cash Flows

January 1 – June 30 of the respective financial year

EUR k

	01-06 2023	01-06 2022
<b>1. Cash flow from operating activities</b>		
Earnings before taxes	4,964	-16,210
Reconciliation of earnings before taxes with cash flow from operating activities		
Depreciation and impairment of property, plant and equipment	36,228	36,423
Amortization and impairment of intangible assets	4,898	6,971
Gains (-)/losses from the disposal of assets	301	106
Other non-cash changes	3,175	14,604
Financial result	13,579	3,662
Dividends received from investments measured at equity	0	359
Changes in operating assets and liabilities		
Decrease/increase (-) in trade accounts receivable and other assets	-67,346	-64,593
Decrease/increase (-) in inventories	20,563	-15,492
Decrease (-)/increase in provisions and retirement benefit provisions	-10,964	-18,604
Decrease (-)/increase in accounts payable and other liabilities	25,379	40,499
Income taxes paid	-9,723	-4,885
<b>Cash flow from operating activities</b>	<b>21,054</b>	<b>-17,160</b>

EUR k

	01-06 2023	01-06 2022
<b>2. Cash flow from investing activities</b>		
Purchases		
Purchase of property, plant and equipment	-26,043	-27,570
Purchase of intangible assets	-3,609	-3,519
Disposals		
Disposal of property, plant and equipment	2,572	778
Disposal of intangible assets	0	145
Disposal of financial assets	1,401	603
Interest received	2,348	1,546
<b>Cash flow from investing activities</b>	<b>-23,331</b>	<b>-28,017</b>
<b>3. Cash flow from financing activities</b>		
Payment of the hybrid loan lender's compensation claims	-598	-648
Change in financial liabilities	-5,477	17,821
Payments made for the settlement of lease liabilities	-11,775	-10,200
Interest paid	-16,003	-11,318
<b>Cash flow from financing activities</b>	<b>-33,853</b>	<b>-4,345</b>
<b>4. Cash and cash equivalents at the end of the period</b>		
Changes in cash and cash equivalents recognized in the cash flow statement (sub-total of items 1–3)	-36,130	-49,522
Effects of exchange rate differences of cash and cash equivalents	4,974	-406
Cash and cash equivalents as of January 1	35,549	44,357
<b>Cash and cash equivalents as of June 30</b>	<b>4,393</b>	<b>-5,571</b>
<b>4. Cash and cash equivalents at the end of the period</b>		
Cash and short-term deposits	76,000	63,274
Bank overdrafts (including current liabilities under factoring contracts)	-71,607	-68,845
<b>Cash and cash equivalents as of June 30</b>	<b>4,393</b>	<b>-5,571</b>



**C | Notes to the Interim Consolidated  
Financial Statements for the first  
half of the year**

## General principles

GRAMMER AG prepared its consolidated financial statements for the 2022 financial year and these interim consolidated financial statements for the period ended June 30, 2023, in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB). In preparing the interim consolidated financial statements and the comparative figures for the previous year, the accounting and valuation methods and consolidation principles applied as at June 30, 2023, were the same as those applied in preparing the consolidated financial statements for the year ended December 31, 2022. These principles and policies are described in detail in the notes to the consolidated financial statements for 2022, which are published in full in the 2022 Annual Report and which should therefore be read in conjunction with the interim financial report. These interim consolidated financial statements have not been reviewed by an auditor. They contain all of the adjustments of a normal and recurring nature that are required to present a true and fair view of the company's business development in the reporting periods. The results achieved in the first six months/half-year of 2023 are not necessarily indicative of future business development. The interim consolidated financial statements were prepared in euros (EUR). Unless otherwise indicated, all values are rounded to the nearest thousand (EUR k). Individual amounts and percentages may not exactly equal the aggregated amounts due to rounding differences.

## Scope of consolidation

The consolidated financial statements include the following companies:

### 2023

	Germany	International	Total
Fully consolidated companies (including Grammer AG)	6	35	41
Companies accounted for at equity	0	2	2
<b>Companies</b>	<b>6</b>	<b>37</b>	<b>43</b>

In addition to GRAMMER AG, five domestic and 35 international companies that are directly or indirectly controlled by GRAMMER AG within the meaning of IFRS 10 are consolidated. There were no changes in the scope of consolidation in the first half of 2023. The companies accounted for at equity are the joint venture GRA-MAG Truck Interior Systems LLC, London, OH, United States (GRA-MAG), in which GRAMMER AG holds 50% of the voting rights, and the associate ALLYGRAM Systems and Technologies Private Limited, Pune, India (ALLYGRAM), in which GRAMMER AG holds 30% of the voting rights.

## Income taxes

In the first half of 2023, there was income tax expense of EUR 5.3 million (01–06 2022: EUR 9.3 million). The Group tax rate of 106.2% differs considerably from the German tax rate of 28.9%. This is primarily because the negative earnings before taxes at the US companies are not offset by deferred tax income, as no deferred tax assets were recognized for the new tax loss carryforwards because they are not expected to be utilized. In addition, the German tax group reported non-deductible withholding taxes on management fees charged to subsidiaries. The Group assumes that it will have sufficient taxable income to make use of existing unused tax losses for which deferred tax assets have been recognized. In the first half of 2023, deferred tax assets were not recognized for the tax group in the USA, a unit in Mexico, three units in China, and a company in Belgium, as it is considered unlikely that the corresponding tax losses will be utilized.

Deferred tax assets increased slightly by EUR 0.4 million to EUR 42.2 million. This was attributable primarily to the increase in temporary differences in Mexico as a result of measurement differences. In contrast, deferred tax assets on loss carryforwards decreased slightly, as some Group companies were able to use loss carryforwards on which deferred tax assets had been recognised in the previous year.

The EUR 0.5 million decrease in deferred tax liabilities to EUR 23.0 million is mainly attributable to the reduction in temporary differences on foreign-currency loans as a result of the lower US dollar exchange rate.

## Financial liabilities

### Non-current financial liabilities

Non-current financial liabilities break down as follows:

EUR k	June 30, 2023	December 31, 2022
Bonded loans	77,375	84,346
Loans	89,029	73,461
<b>Non-current financial liabilities</b>	<b>166,404</b>	<b>157,807</b>

Non-current financial liabilities increased due to the utilization of tranche D of the syndicated loan agreement with a term until 2025.

### Current financial liabilities

Current financial liabilities break down as follows:

EUR k	June 30, 2023	December 31, 2022
Bonded loans	8,956	2,176
Bank overdrafts (including liabilities under factoring contracts)	71,607	73,038
Loans	202,094	222,946
<b>Current financial liabilities</b>	<b>282,657</b>	<b>298,160</b>

Current financial liabilities totaled EUR 282.7 million, down significantly compared with the end of 2022 (previous year: EUR 298.2 million). This decrease resulted from repayments of current financial liabilities due to their scheduled maturities.

## Equity

The development of GRAMMER Group equity is shown in the statement of changes in equity on page 21. Subscribed capital and the capital reserve were unchanged compared with December 31, 2022. Retained earnings declined as a result of the net loss for the first half of 2023. Accumulated other comprehensive income includes gains/losses from currency translation of foreign subsidiaries, actuarial gains/losses from the measurement of defined benefit obligations, gains/losses from cash flow hedges, and gains/losses from net investments in foreign operations including related deferred and current taxes.

As of April 20, 2023, the compensation claims from the hybrid loan, comprising interest accrued for the period from March 30, 2022 to March 29, 2023 and equivalent to EUR 598 thousand, were paid to the hybrid loan lender, Ningbo Jifeng Auto Parts Co., Ltd., a member of the Ningbo Jifeng Group (the majority shareholder of GRAMMER AG). The hybrid loan of EUR 19,293 thousand reported in equity as at June 30, 2023 is composed of the hybrid loan in the amount of EUR 19,148 thousand and interest accrued since March 30, 2023 in the amount of EUR 145 thousand.

## Financial instruments

### Additional information on financial instruments

The following table shows the fair values and carrying amounts of financial assets and liabilities. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

EUR k

	Measurement category in accordance with IFRS 9	Carrying amount on June 30, 2023	Fair Value on June 30, 2023	Carrying amount on December 31, 2022	Fair Value on December 31, 2022
<b>Assets</b>					
Cash and short-term deposits	FAAC	76,000	76,000	108,587	108,587
Trade accounts receivable	FAAC	305,306	305,306	256,712	256,712
<b>Other financial assets</b>					
Loans and receivables	FAAC	7,960	7,960	9,123	9,123
Investments in associates	FVOCI	27	27	31	31
Financial assets held for trading	FVtPL	0	0	0	0
Derivatives with hedge relationship	n.a.	2,566	2,566	3,288	3,288
<b>Equity and liabilities</b>					
Trade accounts payable	FLAC	326,185	326,185	307,888	307,675
Current and non-current financial liabilities	FLAC	449,060	449,060	455,967	424,236
<b>Other financial liabilities</b>					
Other financial liabilities	FLAC	263	263	2,003	2,003
Lease liabilities	n.a.	72,995	72,995	79,879	79,879
Derivatives with no hedge relationship	FLtPL	0	0	0	0
Derivatives with hedge relationship	n.a.	18	18	0	0

EUR k

	Measurement category in accordance with IFRS 9	Carrying amount on June 30, 2023	Fair Value on June 30, 2023	Carrying amount on December 31, 2022	Fair Value on December 31, 2022
<b>Of which aggregated by category in accordance with IFRS 9</b>					
<b>Assets</b>					
Financial assets at amortized cost	FAAC	389,266	389,266	374,422	374,422
Financial assets at fair value through other comprehensive income	FVOCI	27	27	31	31
Financial assets at fair value through profit and loss	FVtPL	0	0	0	0
<b>Equity and Liabilities</b>					
Financial liabilities at amortized cost	FLAC	775,508	775,508	765,858	733,914
Financial liabilities at fair value through profit and loss	FLtPL	0	0	0	0

### Fair value measurement

The following table sets out the quantitative parameters for measuring the fair value of the assets and liabilities on the basis of the fair value hierarchy as at June 30, 2023:

EUR k

	Total	Level 1	Level 2	Level 3
<b>Assets recognized at fair value</b>				
Derivative financial assets				
Currency forwards	2,566	0	2,566	0
Interest rate swaps	0	0	0	0
<b>Liabilities recognized at fair value</b>				
Derivative financial liabilities				
Currency forwards	18	0	18	0
Interest rate swaps	0	0	0	0
<b>Liabilities for which a fair value is recognized</b>				
Interest-bearing liabilities				
Liabilities under hire purchase contracts	2,058	0	2,058	0
Current and non-current financial liabilities	449,060	0	449,060	0

The following table sets out the quantitative parameters for measuring the fair value of the assets and liabilities on the basis of the fair value hierarchy as at December 31, 2022:

EUR k

	Total	Level 1	Level 2	Level 3
<b>Assets recognized at fair value</b>				
Derivative financial assets				
Currency forwards	3,288	0	3,288	0
Interest rate swaps	0	0	0	0
<b>Liabilities recognized at fair value</b>				
Derivative financial liabilities				
Currency forwards	0	0	0	0
Interest rate swaps	0	0	0	0
<b>Liabilities for which a fair value is recognized</b>				
Interest-bearing liabilities				
Liabilities under hire purchase contracts	2,175	0	2,175	0
Current and non-current financial liabilities	424,236	0	424,236	0

The levels of the fair value hierarchy reflect the level of judgment involved in estimating fair values. The hierarchy is broken down into three levels as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Valuation of assets or liabilities is based on direct or indirect market observables, which are not quoted prices in accordance with Level 1.

Level 3: Valuation techniques are based upon inputs that are not observable in the market.

There were no reclassifications between Level 1 and Level 2 in the reporting period. No assets or liabilities were assigned to Level 3.

## Segment reporting

### Segment information

The segment information is shown for the EMEA, AMERICAS and APAC segments. Central items and eliminations of intragroup transactions are shown in the "Central Services" and "Eliminations" columns respectively. The corresponding notes on the business segments are also reported in the consolidated financial statements for the year ended December 31, 2022.

#### 01-06 2023

EUR k

	EMEA	AMERICAS	APAC	Central Services	Eliminations	GRAMMER Group
Revenue from sales to external customers	614,213	317,258	241,082	0	0	<b>1,172,553</b>
Inter-segment revenue	25,602	598	4,893	0	-31,093	<b>0</b>
<b>Revenue</b>	<b>639,815</b>	<b>317,856</b>	<b>245,975</b>	<b>0</b>	<b>-31,093</b>	<b>1,172,553</b>
<b>Segment earnings (EBIT)</b>	<b>32,077</b>	<b>-27,435</b>	<b>28,637</b>	<b>-14,940</b>	<b>204</b>	<b>18,543</b>

#### 01-06 2022

EUR k

	EMEA	AMERICAS	APAC	Central Services	Eliminations	GRAMMER Group
Revenue from sales to external customers	545,144	317,457	171,978	0	0	<b>1,034,579</b>
Inter-segment revenue	31,857	564	5,256	0	-37,677	<b>0</b>
<b>Revenue</b>	<b>577,001</b>	<b>318,021</b>	<b>177,234</b>	<b>0</b>	<b>-37,677</b>	<b>1,034,579</b>
<b>Segment earnings (EBIT)</b>	<b>25,025</b>	<b>-35,873</b>	<b>12,214</b>	<b>-13,359</b>	<b>-555</b>	<b>-12,548</b>



### Information on divisions

The following tables contain information on revenue from external customers of the Group's divisions:

#### 01-06 2023

EUR k

By division	Automotive	Commercial Vehicles	GRAMMER Group
Revenue EMEA	334,806	305,009	<b>639,815</b>
Revenue AMERICAS	255,545	62,311	<b>317,856</b>
Revenue APAC	169,571	76,404	<b>245,975</b>
Eliminations	-8,228	-22,865	<b>-31,093</b>
<b>Revenue</b>	<b>751,694</b>	<b>420,859</b>	<b>1,172,553</b>

#### 01-06 2022

EUR k

By division	Automotive	Commercial Vehicles	GRAMMER Group
Revenue EMEA	292,734	284,267	<b>577,001</b>
Revenue AMERICAS	255,849	62,172	<b>318,021</b>
Revenue APAC	114,476	62,758	<b>177,234</b>
Eliminations	-7,142	-30,535	<b>-37,677</b>
<b>Revenue</b>	<b>655,917</b>	<b>378,662</b>	<b>1,034,579</b>

In the Automotive Division, the GRAMMER Group operates as a supplier to the automotive industry, developing and producing headrests, armrests, center console systems, high-quality interior components and operating elements as well as innovative thermoplastic solutions. The Group sells these products to automotive OEMs and their system suppliers.

The Commercial Vehicles Division develops and produces driver and passenger seats for trucks, driver seats for offroad vehicles (tractors, construction machinery and forklifts), and seats and seating systems for trains and buses. In this division, GRAMMER is active as a supplier to the commercial vehicle industry, marketing driver and passenger seats to commercial vehicle OEMs or as an aftermarket supplier. It also markets driver and passenger seats to bus and rolling stock OEMs, as well as railway operators.

## Related parties disclosures

The following table shows transactions with related parties for the periods ended June 30, 2023, and June 30, 2022:

EUR k

Related parties		Sales to related Parties	Purchases from related parties	Receivables from related Parties	Liabilities from related Parties
GRA-MAG Truck Interior Systems LLC	2023	7,201	0	7,683	0
	2022	7,435	0	9,971	0
Ningbo Jifeng Auto Parts Co., Ltd.	2023	408	3,697	337	2,591
	2022	666	1,980	216	2,287
Jifeng Automotive Interior CZ s.r.o.	2023	1,479	71	452	1
	2022	733	14	225	0
Ningbo Jifeng Technology Co., Ltd.	2023	0	1,918	0	632
	2022	0	1,780	0	811
Ningbo Jiye Trading Co., Ltd.	2023	0	1,537	0	0
	2022	0	1,705	0	325
Tianjin Jifeng Auto Parts Co., Ltd.	2023	0	12	0	6
	2022	0	32	0	22
Jifeng Seating (Hefei) Co., Ltd. (formerly Hefei Jiye Auto Parts Co., Ltd.)	2023	151	302	10	33
	2022	2,054	0	462	0
Hefei Jifeng Auto Parts Co., Ltd.	2023	0	107	0	0
	2022	0	92	0	0
Shenyang Jifeng Auto Parts Co., Ltd.	2023	0	288	0	13
	2022	0	0	0	0
Jifeng Seating Shanghai Co., Ltd.	2023	24	0	0	0
	2022	0	0	0	0
Ningbo Jixin Automotive Technology Co., Ltd.	2023	13	0	1	0
	2022	0	0	0	0
ALLYGRAM Systems and Technologies Private Limited	2023	0	1,615	0	242
	2022	0	1,523	0	99

Like GRAMMER AG's direct parent company (Jiye Auto Parts GmbH), Jifeng Automotive Interior CZ s.r.o., Česká Lípa, Czech Republic, Ningbo Jifeng Technology Co., Ltd., Ningbo City, China, Ningbo Jiye Trading Co., Ltd., Ningbo City, China, Tianjin Jifeng Auto Parts Co., Ltd., Tianjin, China, Jifeng Seating (Hefei) Co., Ltd., Hefei, China, Hefei Jifeng Auto Parts Co., Ltd., Hefei, China, Shenyang Jifeng Auto Parts Co., Ltd., Shenyang, China, Jifeng Seating Shanghai Co., Ltd., Shanghai, China, and Ningbo Jixin Automotive Technology Co., Ltd., Ningbo City, China, are controlled by Ningbo Jifeng Auto Parts Co., Ltd. GRAMMER maintains direct relations for the delivery of goods and the provision of services with these companies.

## **Contingent liabilities**

Guarantees in the amount of EUR 652 thousand were issued as at June 30, 2023. These related primarily to guarantees against breaches of contract.

# D | Key figures in accordance with IFRS

GRAMMER GROUP – Quarterly overview

## Key figures in accordance with IFRS

EUR m

	Q2 2023	Q2 2022	01-06 2023	01-06 2022	01-12 2022
<b>Group revenue</b>	<b>583.5</b>	<b>519.6</b>	<b>1,172.6</b>	<b>1,034.6</b>	<b>2,158.8</b>
Revenue EMEA	311.3	287.3	639.8	577.0	1,131.4
Revenue AMERICAS	158.4	163.9	317.9	318.0	672.5
Revenue APAC	128.6	88.1	246.0	177.2	426.7
<b>Income Statement</b>					
EBITDA	27.5	10.6	59.6	30.9	117.4
EBITDA margin (%)	4.7	2.0	5.1	3.0	5.4
EBIT	6.8	-11.3	18.5	-12.5	-45.0
EBIT margin (%)	1.2	-2.2	1.6	-1.2	-2.1
Operating EBIT	13.0	-9.8	26.9	-12.3	35.5
Operating EBIT margin (%)	2.2	-1.9	2.3	-1.2	1.6
Earnings before taxes	1.1	-14.1	5.0	-16.2	-62.8
Net profit/loss	-3.2	-17.5	-0.3	-25.5	-78.6
<b>Statement of Financial Position</b>			<b>June 30, 2023</b>	<b>June 30, 2022</b>	<b>December 31, 2022</b>
Total assets			1,441.9	1,511.4	1,444.6
Equity			289.1	374.9	301.1
Equity ratio (%)			20.0	24.8	20.8
Net debt			446.3	481.6	429.3
Gearing (%)			154.4	128.5	142.6

EUR m

	Q2 2023	Q2 2022	01-06 2023	01-06 2022	01-12 2022
<b>Statement of Cash Flows</b>					
Capital expenditure (without financial assets)	19.8	19.1	34.2	33.4	91.0
Depreciation and amortization	20.7	21.9	41.1	43.4	162.4
Free cash flow	-11.0	-33.2	-2.3	-45.2	31.3
<b>Employees</b> (number, average)			14,423	14,003	14,044
<b>Share data</b>			<b>June 30, 2023</b>	<b>June 30, 2022</b>	<b>December 31, 2022</b>
Prices (Xetra closing price in EUR)			12.70	13.35	10.55
Market capitalization (EUR m)			193.5	203.4	160.8
Earnings per share (basic/diluted, EUR)			-0.05	-1.67	-5.26

# Financial Calendar <sup>1</sup>

## Important dates for shareholders and analysts

### 2023



Publication of  
Interim Report  
3rd Quarter 2023

### 2024



Analyst and financial  
press conference



Publication of  
Annual Report 2023



Publication of  
Interim Report  
1st Quarter 2024



Financial Report  
for the first half  
of the year



Publication of  
Interim Report  
3rd Quarter 2024

## Contact

### GRAMMER AG

Grammer-Allee 2  
92289 Ursensollen

P.O. Box 14 54  
92204 Amberg, Germany

Phone +49 (0)9621 66 0  
Fax +49 (0)9621 66 31000  
[www.grammer.com](http://www.grammer.com)

### Investor Relations

Tanja Bücherl  
Phone +49 (0) 9621 66 2113  
Fax +49 (0) 9621 66 32113  
E-mail [investor-relations@grammer.com](mailto:investor-relations@grammer.com)

## Masthead

### Published by

GRAMMER AG  
Grammer-Allee 2  
92289 Ursensollen, Germany

### Release date

August 14, 2023

### Concept, layout

IR.on AG, Köln  
<https://ir-on.com/>

### Image Credits

Adobe Stock

<sup>1</sup> All dates are tentative and subject to change.

**GRAMMER AG**

Grammer-Allee 2

92289 Ursensollen, Germany

Phone +49 (0) 96 21 66 0

[www.grammer.com](http://www.grammer.com)