Annual Report 2024

SHARPEN FOCUS, INCREASE RESULTS

GRAMMER

SHARPEN FOCUS
INCREASE RESULTS

Major progress in securing the future viability of the company

In 2024, GRAMMER implemented numerous measures to secure financial stability and sustainably increase profitability. Important milestones included the sale of the TMD Group in North America, the integration of the Jifeng Automotive Interior Group to strengthen the EMEA region, and the cost-cutting program in Europe. These initiatives sharpen the Group's focus on the core competencies that make GRAMMER strong and form the basis for the company's future viability. Even though 2024 was still characterized by far-reaching changes as well as industry and macroeconomic uncertainties, the implementation of these measures has set the initial course for a successful future. Further information can be found on the following pages of this Annual Report.

"With the implementation of our TOP 10 program in 2024 and the successful conclusion of our long-term refinancing, we have laid important foundations for the future of GRAMMER Group. The consistent focus on our core competencies will continue to form our strategic framework for action in the future, so we are cautiously optimistic about the current fiscal year."

Jens Öhlenschläger – Spokesman of the Executive Board (CEO)

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LETTER FROM THE EXECUTIVE BOARD

Dear Sir or Madam,

"Solutions for a world on the move": This is GRAMMER's vision and, above all, our promise to our customers in the automotive and commercial vehicle industry. And in 2024, which was once again characterized by global challenges, we kept this promise: with reliable delivery performance despite volatile call-offs and fragile supply chains as well as with new product ramp-ups on all three continents.

However, in a world full of economic and geopolitical uncertainty and an industry characterized by disruptive changes, our motto "on the move" also means continuously reviewing and adapting our business model and our activities. In 2024, GRAMMER set many things in motion to emerge from these turbulent times stronger than before. The focus was entirely on driving forward the "Top 10" program in order to achieve financial stability and return to sustainable profitability. In line with our strategy and taking market developments into account, this program comprises ten strategic measures aimed at ending loss-generating activities, making processes more cost-effective and efficient and leveraging synergies with our major shareholder Ningbo Jifeng.

We made great progress in implementing the program in 2024. Important milestones included the sale of TMD Group in North America, the integration of Jifeng Automotive Interior (JAI) Group into GRAMMER Group, the reduction of overcapacities in EMEA and the start of the relocation of administrative activities to Serbia. With the divestment of TMD and the integration of JAI, GRAMMER is once again focusing on its core competence in the Automotive product area – interior components – and is taking further steps to optimize the production network in EMEA. The adjustment of capacities in response to reduced customer requirements in the European plants and the establishment of a low-wage location (Serbia) for administrative activities create sustainable cost structures that strengthen GRAMMER's competitiveness. The financial benefits of the program are not yet fully visible in 2024, but they will set the course for the Group's future. We are therefore looking ahead with confidence.

Weak economic demand in the commercial vehicle business and major upheavals in the automotive industry

Contrary to expectations, the market environment in the sectors relevant to GRAMMER did not recover over the course of the year. The commercial vehicle seat business saw an expected "normalization" in some areas after the record years of 2022 and 2023, but was particularly hard hit by the economic downturn in demand in Europe and, with revenues of EUR 652 million, was almost 16% below the previous year.

Revenue in the Automotive business remained at the previous year's level at EUR 1,269.5 million (–0.8%), although this was significantly below expectations and was characterized by major upheavals. However, this was partially offset by the strong order intake of previous years in the Automotive product area, from which GRAMMER realised around 150 million in 2024. While AMERICAS remained at the previous year's level and EMEA fell by 6%, APAC (China) recorded growth of just under 7%. However, this growth was clearly below expectations and we recorded strong volume movements from global to local (Chinese) OEMs in this region.

In total, GRAMMER recorded a year-on-year decline in revenue from continuing operations of 6.5% to EUR 1,921.7 million (2023: EUR 2,055.0 million). The divested TMD Group was classified as a "discontinued operation" and the financial reporting for 2024 and the comparative figures for the previous year were adjusted accordingly.

The decline in revenue, a delayed reduction in capacity as well as operational challenges, particularly in the USA, led to a significant decrease in operating EBIT from continuing operations to EUR 41.6 million (2023: EUR 83.0 million). The operating EBIT margin was 2.2% (2023: 4.0%).

Successful restructuring measures in EMEA and AMERICAS; China and Central Services "on the move"

In EMEA, GRAMMER recorded a significant decline in revenue of 13.8% to EUR 1,044.3 million. Both product areas suffered from a sharp downturn in demand due to economic conditions. Operating EBIT in EMEA, adjusted for currency effects and restructuring measures, amounted to EUR 25.2 million (2023: EUR 64.2 million).

Two main restructuring measures in the region were the reduction of excess capacity and the integration of Jifeng-Automotive Interior Group (JAI) into GRAMMER Group, which was completed successfully at the end of the year. The acquisition of the wholly-owned subsidiary of our majority shareholder (NBJF) with sites in Eastern Europe expands the customer and product portfolio and enables the consolidation of production sites. There are also cost benefits from joint production planning, synergy effects in administration and research and development. In addition, the number of employees at the European plants was reduced by around 1,100 over the course of the year in order to adjust installed capacities to lower customer requirements.

In AMERICAS, the sale of the TMD Group was a decisive step towards a sustainable consolidation and a focus on GRAMMER's core business. Revenue from continuing operations increased by 5.2% to EUR 391.7 million, although this was mainly due to a balance sheet adjustment. Automotive revenue remained largely stable. The result in AMERICAS was affected by a large number of difficult new product launches and therefore barely improved from EUR –16.4 million to EUR –15.8 million.

In APAC, revenue grew slightly by 0.8% to EUR 536.6 million (2023: EUR 532.3 million). The increase was primarily driven by the Automotive product area, which increased its revenue by 6.8%, while revenue in the Commercial Vehicles area fell due to the market-related decline in demand. Operating EBIT in APAC fell to EUR 46.5 million (2023: EUR 62.5 million). This was due to the decline in revenue in the Commercial Vehicles area and a shift in volume in the Automotive area from global OEMs to less profitable local OEMs, which have now gained substantial market shares. Revenue from local OEMs now accounts for around half of Automotive revenue in China and GRAMMER feels very well positioned for further growth.

Other significant restructuring measures related to Central Services and administrative areas in EMEA, which are bundled at GRAMMER's headquarters in Ursensollen. As part of the Satellite project, we are pursuing the goal of making administrative processes more cost-effective and efficient. To this end, processes and activities were identified that can be relocated to our new, more cost-effective location for shared services in Serbia. This location commenced operations in the fourth quarter of the year and is growing into an important satellite of the headquarters with a focus on further digitalization and increasing the efficiency of end-to-end processes.

GRAMMER continues to push forward with sustainability goals

GRAMMER worked intensively in the 2024 reporting year to further advance its sustainability efforts. Further progress was made in reducing CO_2 emissions. Compared to the previous year, there was already a 67.7% reduction in 2024. Scope 1 and 2 emissions are to be reduced by 100% by 2040. A reduction of 20% by 2030 has been defined for Scope 3 emissions from upstream supply chains. At the same time, GRAMMER was able to improve its EcoVadis score from 58 to 71 points and recorded further successes in the area of working conditions by reducing the lost time injury frequency rate (LTIFR) to 1.80 in 2024. In addition, the company will continue to focus on identifying and using more sustainable materials in 2025 with the aim of achieving a nearly fully circular economy by 2040.

Successful refinancing, outlook for 2025 and thanks to employees and business partners

At the end of the year, the long-term financing of GRAMMER Group was successfully secured with two new syndicated loans totaling EUR 260 million. Despite a challenging industry environment, we were also able to gain access to the Chinese financing market. The scheduled refinancing and expansion of the credit line enable us to implement our planned business strategy, improve the maturity profile and also offer us attractive conditions. Overall, we are cautiously optimistic about the new financial year, in which revenue is expected to be at the previous year's level and operating EBIT is expected to improve.

We are aware that this positive outlook is primarily due to the great commitment of the GRAMMER team. In light of the profound transformation that the automotive industry is undergoing, the past few years have been characterized by sometimes painful cuts and restructuring measures. We would like to thank all employees for their great commitment and support in line with our WoW corporate culture. Thanks to measures taken at an early stage, we have sharpened our focus and set many things in motion together to lay the foundations for a stable future. We would also like to take this opportunity to thank our customers and suppliers as well as all our business partners for their loyalty and often very constructive cooperation. We are convinced that GRAMMER will continue to sharpen its focus on "solutions for a world on the move" and successfully master the future with the latest changes to the Executive Board and the handover of the finance department from Jurate Keblyte to Thomas Strobl. Thank you for your trust!

Best regards

Jens Öhlenschläger   Jurate Keblyte   Guoqiang Li

The Executive Board of GRAMMER Aktiengesellschaft

Revenue
1,921.7 EUR m

Operating EBIT
41.6 EUR m

Operating EBIT margin
2.2%

Equity ratio
15.7%

Net profit
–48.0 EUR m

Free cash flow
–24.5 EUR m

All key figures reflect the results from continuing operations.

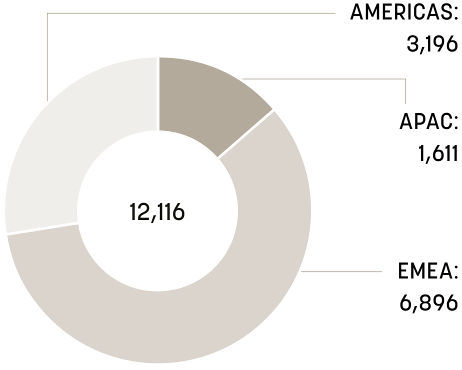
EBIT
8.1
EUR m

Capital expenditure
96.3
EUR m

Company profile

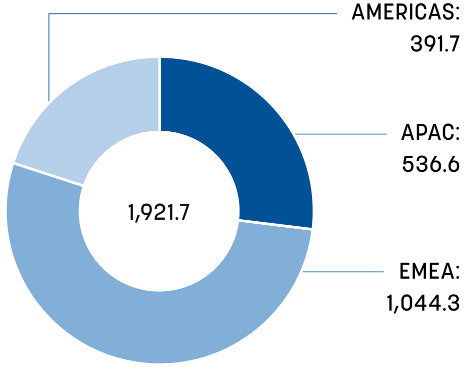
GRAMMER AG, which has its head office in Ursensollen, operates in two business segments: GRAMMER develops and produces high-quality interior and operating systems for the global automotive industry. GRAMMER is a full service provider of driver and passenger seats for trucks, buses, trains and offroad vehicles. At present, GRAMMER AG has about 12,100 employees in 20 countries around the world. Its revenue in 2024 was about EUR 1.9 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[1]
Annual average



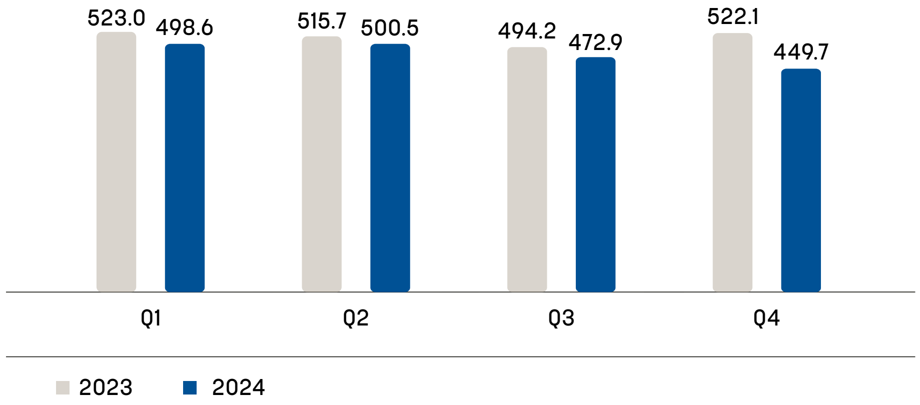
[1] On average, 413 people were employed in Central Services.

Revenue by region[2]
EUR m



[2] The consolidation effect of revenue between the regions amounts to EUR 50.9 million.

Revenue by quarter
EUR m



Operating EBIT by region

AMERICAS
–15.8
EUR m

EMEA
25.2
EUR m

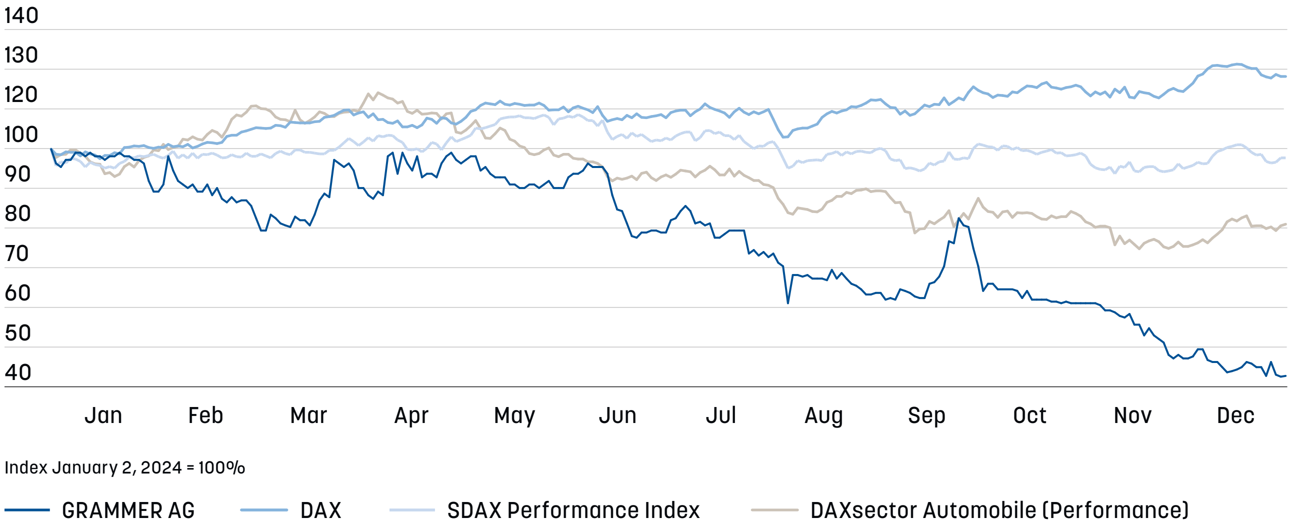
APAC
46.5
EUR m

GRAMMER share

Heterogeneous development on the German stock markets, Automotive industry struggles with global challenges
After a previous year characterized by declining inflation and expectations of interest rate cuts, the leading German index opened trading on January 2, 2024 at 16,828 points. The prospect of a foreseeable turnaround in monetary policy and the influence of positive sentiment in the US as a result of a boom in the technology sector provided momentum on the stock markets at the start of the year and pushed the DAX up to 18,492 points by the end of March. However, the first half of the year as a whole continued to be dominated by geopolitical conflicts and the ongoing weak economic development in many areas. Until the end of July, the German benchmark index was unable to gain any further momentum. At the beginning of August, the DAX even slipped well below the 18,000-point mark again due to concerns about a further escalation of the conflict in the Middle East and a temporarily weakening US economy. However, the introduction of the interest rate turnaround by the US Federal Reserve led to a significant upward trend on the stock markets soon afterwards. As a result, the DAX also rose above the 19,000-point mark for the first time in September. A further decline in inflation and further interest rate cuts by the ECB and the US Federal Reserve heralded the end-of-year rally from November. The DAX rose to its high for the year of 20,523 points on December 13, 2024. The leading German index closed the year at 19,909 points on December 30, 2024, which corresponds to an increase of 18.3% compared to the opening price.

In terms of sectors, however, the German stock markets recorded a highly mixed performance in 2024. While the technology, healthcare and renewable energy sectors recorded very positive developments, the automotive, construction and retail sectors suffered negative losses. Overall, 2024 was characterized by challenges for the automotive industry worldwide due to economic, regulatory and geopolitical factors. While production in Asia and China in particular remained stable, Europe and North America recorded declines. In addition to the volume declines in European and North American markets, German manufacturers lost market share in China. These developments have left a significant mark on the profitability of car manufacturers worldwide and had a corresponding impact on share prices; the DAXsector Automobile index fell by 18.9% over the course of the year.

Share price development 2024 – GRAMMER vs German share indices
in %



Index January 2, 2024 = 100%

GRAMMER share price performance influenced by weak macroeconomic development and the crisis in the automotive industry
The performance of the GRAMMER share in 2024 was particularly affected by the crisis in large parts of the automotive and supplier industry. The share closed at EUR 10.90 on December 29, 2023. On January 2, it opened trading at a price of EUR 11.20 and fluctuated in a range between EUR 10.00 and EUR 11.00 with moderate trading volumes until the end of the first quarter. As the situation on the German automotive and supplier market deteriorated and impacted GRAMMER's business performance, the share price fell below the EUR 9.00 mark for the first time at the end of June. As the year progressed, GRAMMER AG reduced its forecast for the year, initially for operating result and, in November, also for revenue, in light of business performance and the sale of the TMD Group in North America. The share's downward trend continued in the second half of the year and reached its annual low of EUR 4.78 on December 27, 2024. The GRAMMER share closed at EUR 4.80 on December 30, 2024, down 57.1% on the opening price. The benchmark index SDAX fell by 2.2% in the same period, while the sector index DAXsector Automobile fell by 18.9%.

Key figures for the GRAMMER share 2020 to 2024

	2020	2021	2022	2023	2024
Earnings per share (in EUR)	–5.10	0.08	–5.26	1.55[2]	–3.33[2]
Year-end share price (Xetra, in EUR)	19.90	17.95	10.55	10.90	4.80
High for the year (in EUR)	33.30	27.80	19.45	17.60	11.30
Low for the year (in EUR)	12.60	17.20	7.92	10.15	4.50
Dividend (in EUR)	0.00	0.00	0.00	0.00	0.00[1]
Number of shares	12,607,121	15,237,922	15,237,922	15,237,922	15,237,922
Market capitalization (in EUR m)	303.2	273.5	160.8	166.1	73.1

[1] For the new syndicated loan agreement concluded in the 2024 financial year, the suspension of dividends over the contractual term was agreed.
[2] Earnings per share from continuing operations

GRAMMER basic share data

GRAMMER AG's share capital totaled EUR 39,009,080.32 as of December 31, 2024, divided into 15,237,922 bearer shares with a notional value of EUR 2.56 per share. The company holds 330,050 of these shares. GRAMMER's shares are traded on the Frankfurt and Munich stock exchanges, on the Xetra electronic trading system and in over-the-counter trading at the Stuttgart, Berlin and Hamburg stock exchanges.

GRAMMER continues to suspend dividend

GRAMMER AG successfully secured its long-term Group financing with two new syndicated loans totaling EUR 260 million in December 2024. Despite a challenging industry environment, the company was also able to gain access to the Chinese financing market. The scheduled refinancing and expansion of the credit line enables the implementation of the planned business strategy, improves the maturity profile and offers the company attractive conditions.

The new financing structure consists of a syndicated loan from five banks in China and a syndicated revolving working capital credit facility from five banks in Germany. The syndicated loan tranche C with the participation of KFW in the amount of EUR 235 million was already refinanced in spring with a bilateral credit line of EUR 200 million with a term of three years from China. In addition, GRAMMER received subordinated loans from majority shareholder Ningbo Jifeng totaling EUR 130 million. The terms of the new financing structure are between 2.5 and 3 years. As part of the KfW program conditions, the existing dividend suspension, which was originally valid until February 10, 2025, was continued and will now be extended in accordance with the new syndicated loan agreements. The accumulated loss in the 2024 financial year also means that no dividend can be distributed for the 2024 financial year.

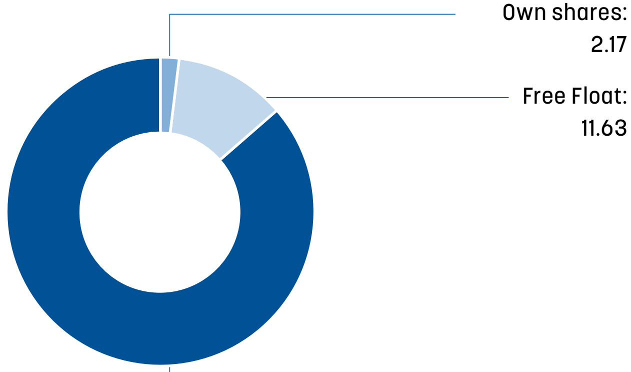
Financial communication and Annual General Meeting

As a company listed in the Prime Standard of the German Stock Exchange, GRAMMER AG is subject to extensive transparency and disclosure requirements. The aim of investor relations work is to process and present current and future developments at the GRAMMER Group transparently for all stakeholders. In 2024, GRAMMER AG's Executive Board and IR team continued to maintain a dialog with the capital market, providing regular and comprehensive information on the company's current business performance. As usual, telephone conferences were held each quarter at the same time as the publication of annual and quarterly figures. Detailed information on GRAMMER's shares is available at https://www.grammer.com/en/investor-relations/ where recent financial news and reports as well as presentations and recordings of the conference calls are also published. The 2024 Annual General Meeting was held as a virtual event. In addition to the main shareholder, other shareholders and shareholder representatives were present at the Annual General Meeting on June 4, 2024, representing more than 86% of the share capital with voting rights. All items of the agenda were approved with large majorities.

Shareholder structure

There were no changes to shareholder structure in 2024 compared to the previous year. With a shareholding of 86.20%, Jiye Auto Parts GmbH is still the main shareholder of GRAMMER AG. The diagram below only shows shareholders who hold more than 3% of GRAMMER shares. It also indicates the number of treasury shares held. The current shareholder structure and voting rights announcements are also disclosed in the Investor Relations section of GRAMMER AG's website.

Shareholder structure
in %
as of December 31, 2024



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Combined Management Report

Combined management report for the financial year from January 1 – December, 31 2024

Combined management report

In the 2024 Annual Report, the management report for the GRAMMER Group and the management report for GRAMMER AG will be presented in a combined format for the first time, in accordance with section 315 (5) in conjunction with section 298 (2) HGB, insofar as possible and unless otherwise stated. The annual report is published exclusively in digital form. It is available in PDF format on the GRAMMER website.

The figures of the GRAMMER Group have been retrospectively adjusted to exclude the discontinued activities of the TMD Group following the sale and deconsolidation of the TMD Group in September 2024. For better comparability, the previous year's figures have been adjusted accordingly. Effective December 31, 2024, the GRAMMER Group has taken over the European business of the Ningbo-Jifeng Group. The initial accounting assessment for the business merger was made based on the purchase price allocation as of December 31, 2024. There may be changes in the accounting treatment of the business merger due to purchase price mechanisms such as attributable liquid funds or changes in working capital. According to IFRS 3, corrections can be made within one year of the initial accounting.

Forward-looking statements

This combined management report contains forward-looking statements that are based on current assumptions and estimates by GRAMMER management regarding future developments. 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 that GRAMMER cannot control or accurately assess, such as the future market environment and economic conditions, the behavior of other market participants, the successful integration of acquisitions and the realization of expected synergy effects, as well as measures taken by government agencies. If any of these or other uncertainties or unknowns 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. It is neither intended by GRAMMER nor does GRAMMER assume a separate obligation to update forward-looking statements in order to adapt them to events after the publication of this document.

Rounding differences in the consolidated and annual financial statements are possible.

Combined non-financial report

The combined separate non-financial report was prepared in accordance with the disclosures required in sections 315b and 315c in conjunction with sections 289c to 289e of the German Commercial Code (HGB) for the financial year 2024 and is publicly available in the "Combined Separate non-financial report" chapter of the annual report and on the GRAMMER AG website (https://www.grammer.com/en/company/sustainability-social-responsibility/).

Corporate Governance declaration

The corporate governance declaration pursuant to sections 289f and 315d of the German Commercial Code (HGB) is publicly available in the "Corporate Governance" chapter of the annual report and on the GRAMMER AG website (https://www.grammer.com/en/investor-relations/corporate-governance/).

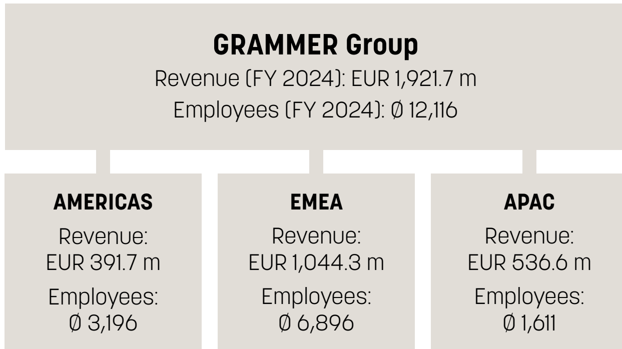
Remuneration Report

The remuneration report was prepared jointly by the Executive Board and Supervisory Board of GRAMMER AG in accordance with section 162 of the German Stock Corporation Act (AktG) and describes the basic principles of the remuneration system for both the Executive Board and the Supervisory Board. The remuneration report is publicly available in the "Corporate Governance – Remuneration Report" chapter of the annual report and on the GRAMMER AG website (https://www.grammer.com/en/investor-relations/corporate-governance/).

1. Basis of the Group

1.1 Business model

The GRAMMER Group is a global company active in two product areas in the three regions AMERICAS (North, Central and South America), APAC (Asia-Pacific), and EMEA (Europe, Middle East, Africa). GRAMMER is a full-service provider of driver and passenger seats for trucks, trains, buses, and off-road vehicles (construction machinery, forklifts, and tractors). The Group develops driver and passenger seats for trucks and driver seats for offroad vehicles and supplies these directly to commercial vehicle OEMs and to spare-parts business as part of aftersales. The Group also develops and manufactures driver and passenger seats for bus and railway vehicle OEMs. GRAMMER develops and produces interior and operating systems, as well as head restraints, armrests, and center consoles for the automotive industry. GRAMMER's customers are automotive manufacturers and their Tier 1 suppliers.



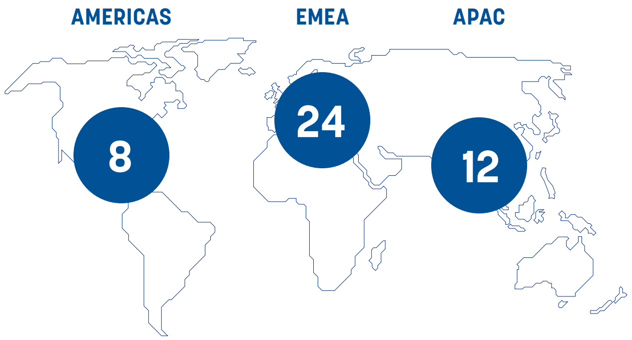
The consolidation effect of the revenue generated internally within the Group between the regions amounted to EUR 50.9 million in the reporting year. On average, in 2024, 413 employees were employed in the Central Services department.

1.2 Corporate structure

GRAMMER Aktiengesellschaft (short: GRAMMER AG), based in Ursensollen, is the parent company of the GRAMMER Group. It acts as a holding company and is responsible for managing the group's business activities. This includes all cross-group functions directly managed by the Executive Board, such as finance, accounting and controlling, investor relations and ESG, legal and compliance, internal audit, IT, human resources, and corporate communications. In addition, GRAMMER AG houses other central services such as Group R&D, Quality, Supplier Management and Sales for both product areas, as well as the core functions of EMEA operational management. Responsibility for the operational business lies decentrally with the three regions EMEA (Europe, Middle East, and Africa), AMERICAS (North, South, and Central America) and APAC (Asia-Pacific), which also bear responsibility for the respective income statements, balance sheets, and cash flows and represent the reportable operating segments of the GRAMMER Group. The two product areas, Automotive and Commercial Vehicles, primarily consist of sales functions and are responsible for the further development and implementation of the global market, customer, and product strategy. Together with the Executive Board, the heads of the regions and the key group functions form the Executive Committee, the Group's management body.

GRAMMER has 44 (2023: 44) production and logistics sites that manufacture and sell products for the automotive industry with varying levels of value creation: 24 (2023: 21) are located in EMEA, 12 (2023: 11) in APAC, and 8 (2023: 12) sites are located in AMERICAS.

Production and logistics sites



In addition to the parent company, GRAMMER AG, the consolidated financial statements include 39 fully consolidated companies (2023: 41) as well as two (2023: 2) at equity companies. GRAMMER is represented in 20 countries (2023: 19 countries) worldwide. The changes have occurred due to the initial consolidation of the European business of the Ningbo-Jifeng Group and the deconsolidation of the TMD Group.

The Company's shares have been traded on the stock exchange (Frankfurt am Main and Munich stock exchanges) and via the electronic trading system Xetra since 1996. GRAMMER AG is listed in the Prime Standard on the Frankfurt Stock Exchange. As of December 31, 2024, the share capital of GRAMMER AG amounted to approximately EUR 39.0 million, divided into 15,237,922 bearer shares. The Company holds 330,050 of these. Own shares account for 2.17%. The majority of the shares issued (86.20%) are held by Jiye Auto Parts GmbH, Frankfurt am Main. The free float currently stands at around 11.63%. Effective October 8, 2019, the majority shareholder Jiye Auto Parts GmbH became an indirect subsidiary of Ningbo Jifeng Auto Parts Co. Ltd., Ningbo-City, China, following a change in its parent company's shareholder structure. Accordingly, the GRAMMER Group has been fully consolidated within the Ningbo Jifeng Group since that date.

1.3 Corporate strategy and management

Electric vehicles and digitalization, a growing global population and increasing urbanization, sustainability, and climate change – current megatrends are changing people's lives more rapidly and fundamentally than ever before. GRAMMER's strategy is characterized by the vision of supporting vehicle manufacturers and mobility providers around the world in this transformation and successfully mastering the associated challenges: Solutions for a world on the move. The mission and ambition of the Company is to be the world's leading provider of seating solutions for commercial vehicles and interior solutions for the automotive industry. GRAMMER strives to operate sustainably and to develop and manufacture products that set standards in ergonomics, comfort, and safety. Customers and partners in the original equipment and spare parts business should perceive GRAMMER as an innovation and quality leader.

The strategic objectives of the two product areas, Automotive and Commercial Vehicles, follow a clear direction. In the Automotive area, the priorities can be summarised under the guiding principles 'Extend', 'Sharpen' and 'Reshape'. With 'Extend', GRAMMER is pursuing the expansion of its centre console and interior components business, among other things through the modularisation of products, system integration and the expansion of cooperation with OEMs in product design. Under the 'Sharpen' banner, the optimisation of seat components (especially headrests) is being driven forward, while 'Reshape' stands for the restructuring of the functional components business.

The Commercial Vehicles area continues to focus on its core competence of 'seats' for the offroad and rail & road markets. The 'Prioritize' measures are designed to help the product area win market share in the mid-size segment, expand its market share in the truck segments, and further develop the so-called 'Schienenperle'. The Commercial Vehicles area's 'Reshape' measures are aimed at strengthening the aftermarket business and expanding the business with multifunctional armrests in China.

Adjustment of the medium-term plan 2025

The medium-term planning, derived from the corporate strategy in 2022, foresees achieving a revenue of EUR 2.5 billion and an operating EBIT margin of over 5% by 2025. These financial targets are not achievable due to the current global economic situation, the crisis in the automotive industry, and the sale of the TMD Group. With the sale of the TMD Group in September 2024, however, an important step was taken in line with the 'Reshape' strategy for the functional components business, thereby reaching an important milestone for a sustainable turnaround of the GRAMMER Group. The company plans to publish an updated medium-term plan in the current 2025 fiscal year.

Despite the financial constraints caused by the global economy and the crisis in the automotive industry, GRAMMER was able to make further progress in the focus areas of customer focus, innovation and digitalization, sustainability, and positioning as an employer of choice:

- In the area of 'customer focus', product quality and delivery reliability have improved continuously; the error rates (PPM) have fallen from 16 in 2022 to 14 in the reporting year (figures including TMD).
- With regard to innovation and digitalisation in production, investments were made in automation (e.g. driverless transport systems) and an 800-tonne press as part of the Mayflower project, which should help the Haselmühl plant to become the world's leading manufacturer of complete seats for commercial vehicles.
- The new PLM (Product Lifecycle Management) platform has been rolled out in version 3.1 and is now being used for around 60 and thus almost all P1 (development projects) customer projects.
- In terms of R&D revenue conversion (ratio of revenue from new products to the proportion of R&D expenditures) has achieved its goal of maintaining a value consistently >5 on a rolling three-year average.
- In the focus area of sustainability, GRAMMER has already achieved the goal of reducing its CO_2 emissions in scope 1 and scope 2 by 25% by 2025.
- Due to the crisis and tough personnel measures, the score of the WoW Pulse Survey could not be improved as desired, but a good level was maintained (Level 70.57 compared to 70.6 at the beginning of the measurement); in addition, GRAMMER received the „Top Employer Germany" award for the third time in a row.

Management process system

The GRAMMER Group's internal value-oriented management system is essentially based on the key performance indicators of revenue and operating earnings before interest and taxes (operating EBIT). Since financial year 2020, both key figures have been defined as the most important control variables and remained relevant in the financial year 2024. The operating EBIT is defined as the consolidated profit or loss before interest and taxes, i.e. without taking income taxes and the financial result into account, and adjusted for currency effects and special influences (e.g. restructuring expenses, expenses arising from change-of-control regulations, transaction costs from company acquisitions and sales, and special expenses related to shareholder issues). The operating EBIT is not a metric defined according to the International Financial Reporting Standards (IFRS) as applicable in the EU. The GRAMMER Group uses the operating EBIT for management purposes, however, as it provides a more transparent picture of the Group's earnings situation, independent of special influences that can affect the assessment of the company's performance, and is better comparable over time.

In addition, the company monitors and analyzes financial key figures such as EBIT, employees (annual average), capital expenditures, working capital, free cash flow, net financial liabilities, equity, and gearing ratio.

1.4 Employees

In total, the GRAMMER Group employed an average of 12,116 employees in continuing operations in the financial year 2024 (2023: 12,778), which corresponds to a decrease of 5.2%.

The decline in the number of employees is due to the decline in revenue (–6.5%) of the GRAMMER Group in the financial year 2024. The personnel cost ratio was 24.6% and includes restructuring expenses (2023: 21.3%). Excluding expenses for restructuring, the personnel cost ratio is 23.0% of revenue.

In the AMERICAS, GRAMMER employed an average of 3,196 (2023: 3,189) employees in its continuing operations – a slight increase of 0.2% compared to the previous year.

In EMEA, there was an average of 6,896 employees (2023: 7,641) in 2024. Here, the reduction in the workforce was 9.8%. The adjustment was made due to the decline in revenue in both product areas.

In APAC, GRAMMER employed an average of 1,611 (2023: 1,535) employees. Due to orders and the construction of factories, the number of employees increased by 5.0% compared to the previous year.

In the Central Services department, the number of employees remained at the previous year's level, with an average of 413 employees.

In financial year 2024, GRAMMER AG employed an average of 759 employees (2023: 762), of which an average of 350 were in EMEA and 409 in Group Functions.

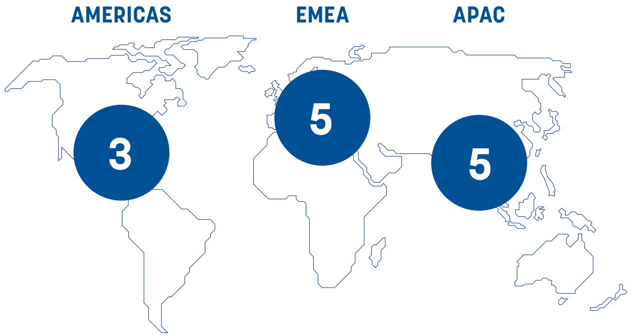
1.5 Research and Development

The research and development (R&D) division is a central component of the Company's strategy and forms an important foundation for increasing the competitiveness of GRAMMER. The strategy process results in specific product strategies for the product areas with different requirements and focus points in the various regions. The R&D strategy is designed to develop products that consistently align with the needs of customers and end users in terms of reliability, performance, and sustainability. In this context, GRAMMER aims to be the preferred development partner of its international customers in the most important markets, with appropriate R&D resources on-site.

GRAMMER relies on a competitive central core structure in EMEA and APAC in the field of global engineering. In the global network, topics such as product strategy, central services, sustainability, and technology management are bundled in a central department for global tasks. Following the sale of the TMD Group, the R&D structures in North America have been adapted to meet regional needs and will now act as an interface organization for local customers and plants. The development of products that are industrialized in North America, on the other hand, will now take place in EMEA and APAC.

In financial year 2024, GRAMMER had 13 (2023: 14) R&D sites, of which 5 (2023: 5) were in EMEA, 3 (2023: 4) in AMERICAS, and 5 (2023: 5) in APAC. Around 543 (2023: 600) engineers and R&D employees work there to continuously improve the sustainability, ergonomics, safety, functionality, quality, and aesthetics of GRAMMER products. With its local presence in the Chinese market, GRAMMER aims to achieve closely coordinated, regional cooperation with its globally operating customers – from the initial development stages to the final product – taking into account the country-specific market needs. This should enable GRAMMER to strengthen its market position, particularly among leading local Chinese OEMs.

Research and development centers



In financial year 2024, the non-capitalized research and development expenses amounted to EUR 72.8 million (2023: EUR 71.3 million) and thus represented 3.8% of total revenue (2023: 3.5%). In addition, development costs amounting to EUR 7.4 million (2023: EUR 7.1 million) were capitalized in the fixed assets.

In the past financial year, GRAMMER recorded successful series launches of numerous development projects and brought innovative products to market maturity. The number of protective rights (patents, designs, and utility models) registered and granted across the Group amounted to 2,004 (2023: 1,977).

2. Economic Report

2.1 General economic conditions

2.1.1 Macroeconomic environment

The global economy was able to recover in certain areas in 2024, but overall remained marked by structural challenges and geopolitical uncertainties. The economic development was uneven across regions: While the economy, particularly in the USA, continued to recover, many emerging and developing countries continued to struggle with the consequences of persistent inflation and high financing costs. In the Eurozone, the economy continued to develop in a subdued manner due to the decline in industrial production – particularly in Germany. The gradual easing of monetary policy, declining commodity prices, and the stabilization of supply chains supported global development, while geopolitical tensions, for example in Ukraine and the Middle East, caused uncertainty. Against this backdrop, the International Monetary Fund (IMF) expects the global economy to continue to grow moderately by 3.2% in 2024. In the previous year, growth was 3.3%. According to the IMF, the gross domestic product (GDP) in the industrialized countries rose by 1.7% in 2024 and by 4.2% in the emerging and developing countries.

According to the IMF's assessment, the AMERICAS region continued to develop in a stable manner. In particular, in the USA, economic performance increased by 2.8% in 2024 against the backdrop of gradual interest rate reductions. Growth was also driven by private consumption and a robust labor market. In Brazil and Mexico, GDP rose by 3.7% and 1.8%.

According to the IMF, in 2024, economic development in EMEA was mainly determined by factors such as the ongoing weakness of the manufacturing industry. Thus, the increase in GDP within the

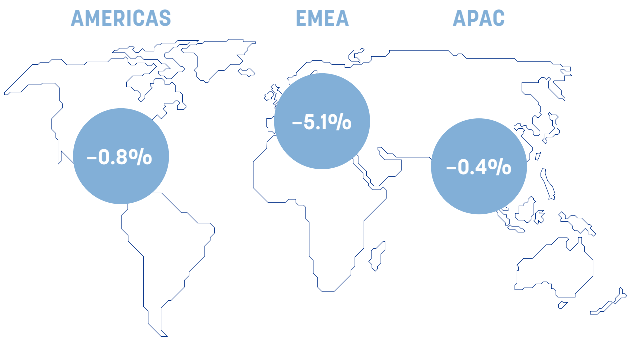
Eurozone amounted to only 0.8%, which illustrates the declining economic momentum. The ongoing weakness in industrial production was particularly evident, contributing to a decline in economic output of 0.2% in markets important to GRAMMER such as Germany. In addition to weak production, high energy costs and restrained investing activities were the main factors weighing on the economy here. Geopolitical uncertainties and weak export demand also negatively impacted economic activity.

In APAC, economic growth in China fell short of expectations with an increase of 4.8% according to the IMF. This was primarily due to a slowdown in consumption caused by the delayed stabilization of the real estate market and the persistently low consumer confidence. In Japan, the GDP fell by 0.2%.

2.1.2 Sector environment

Global production decline – European industry is under pressure in particular

Automotive production in 2024 compared with the previous year



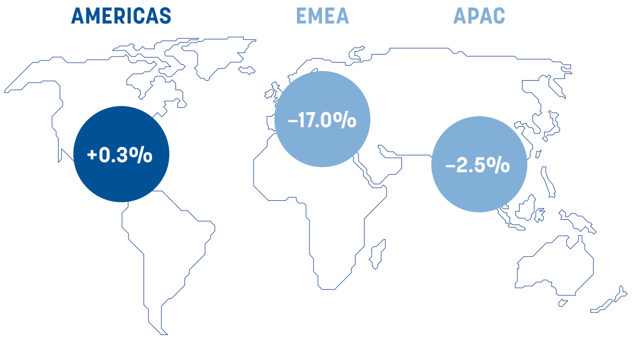
In the automotive industry, the challenging factors dominated in 2024. According to data from S&P Global Mobility, global production volume fell overall by 1.6% during the reporting period. Overall, the production volume in the 2024 financial year decreased by around 1.4 million units. This development is primarily due to high interest rates and the great economic uncertainty, which reduced consumer confidence and demand. The slower-than-expected adoption of electric vehicles, driven by reduced government subsidies and concerns about affordability, has forced automakers to adjust their strategies. In addition, aggressive price competition and excess inventory weighed on production and market growth.

Against this backdrop, the European automotive industry in particular has seen a significant decline in production figures. Overall, around 1.0 million fewer units were produced in the EMEA region than in the previous year – a decrease of 5.1%. A slight decrease in production of 0.4%, or 0.2 million units, was also recorded in APAC. The decline in production was mainly due to the markets in Japan and South Korea, where higher energy prices, a devaluation of the local currency, and weak public capital expenditures had a negative impact. In China, however, production increased by 3.0% and 0.9 million units, respectively, as a result of the introduction of scrappage premiums and the associated higher sales of new cars.

For AMERICAS, the data from S&P Global Mobility in the reporting period shows a slight decline of 0.8%, or 0.1 million units, compared to the same period last year. The decline in production in North America (–1.2% or –0.2 million units) was the main factor driving the development. There, vehicle demand was dampened due to high interest rates, weakening consumer confidence, and ongoing inflation. In particular, in the USA, the automobile manufacturers also had to contend with high inventory levels, which led to production cuts in order to align supply with the lower retail sales. In South America, on the other hand, production growth (+1.6%, or 0.05 million units) was driven by the stabilization of economies, increased consumer confidence, and government incentives to support local production, particularly in Brazil and Argentina, where demand for affordable vehicles remained strong despite global economic challenges.

Commercial vehicle market affected by overall economic development

Commercial vehicle production (trucks and buses) in 2024 compared with the previous year



In the commercial vehicle sector, S&P Global Mobility predicts a decline in global production volumes in 2024 of 5.0% (–0.18 million units). The commercial vehicle market, like the passenger car market, was affected by the continued subdued global economic conditions and, in particular, weak demand in Europe.

In EMEA, the decline in production amounted to 17.0% and 0.13 million units, respectively. Here, production was primarily burdened by the combination of low economic growth, still-high interest rates, and below-average development in many markets that are important for the industry.

APAC saw a decline in production in 2024 by 2.5%. As a result, production fell by around 0.05 million units compared to the previous year. In many regions in APAC, weak domestic demand and the slowdown in government spending had a negative impact on production. China, on the other hand, was able to record a 1.6% increase in production. Here, policy measures and advance shipments contributed to the recovery in the face of increasing trade tensions.

In AMERICAS, production figures in 2024 were only slightly above the previous year's level, with an increase of 0.3% compared to the same period last year. The growth rate in the region slowed down due to inventory adjustments, declining consumer spending, and persistent overcapacity. While North America recorded a decrease of 6.3%, or 0.04 million units, the result was offset by the strong increase in truck production in South America, which rose by 33.6%, or 0.04 million units.

Agricultural machinery

The agricultural machinery industry recorded a global production decline of 12.1% in 2024. Here, the weakening of consumer confidence as a result of the tense economic situation led to a decrease in incoming orders. The decline was particularly strong in the EMEA region, with a decrease of –29.5%, including a minus of 28% in Germany.

Construction machinery sector

According to PSR OE Link, production in the global construction machinery sector also declined significantly, by 16.7%. The main reason here is also the ongoing weakness in a difficult economic environment, which has resulted in a decline in investment and infrastructure spending. The construction industry is generally sensitive to economic cycles and is highly dependent on public capital expenditures in infrastructure as well as on private capital expenditures.

Material handling

The material handling industry, on the other hand, developed positively again last year, according to PSR OE Link, with a production increase of 2.0% – albeit with lower growth rates than in previous years. This was primarily due to the continued growth in automation within the logistics industry, particularly in Europe and the USA. On the other hand, in Europe, lower capital expenditures in e-commerce infrastructure had a negative impact compared to the previous year.

Railway industry

PSR OE Link expects the global rail production to grow by an average of 5.8% by 2028. The market is dominated by China, with a market share of 60%, where an average growth rate of 4.1% is forecast. The rail industry market generally follows the usual cyclical replacement rates, with an increasing emphasis on alternative propulsion technologies.

2.2 Significant events

New COO at GRAMMER

On April 1, 2024, Guoqiang Li, Chief Operating Officer (COO), was appointed to the Executive Board of the Company. Mr. Li has been working for GRAMMER since January 2020, initially as President APAC. Since October 2022, he has been part of the Executive Committee as COO and thus of the highest operational management body of GRAMMER AG. In October 2023, Mr. Li also took on the role of President AMERICAS.

Sale of the TMD Group

GRAMMER sold the TMD Group on September 20, 2024. The buyer is the American company APC Parent LLC. The sale was made in particular against the background of GRAMMER's focus on its core competencies.

JAI-Integration

In collaboration with Jifeng Automotive Interior (JAI), a wholly-owned subsidiary of the majority shareholder Ningbo Jifeng, an agreement has been reached to merge automotive activities in the EMEA region. These were integrated into the GRAMMER Group on December 31, 2024. The transaction took place as an asset deal, whereby the business operations of three companies in Germany, Czechia, and Bosnia were transferred as a whole. JAI, like GRAMMER, operates in the European automotive market and focuses on the production of head restraints and armrests. The integration of JAI should strengthen the growth and profitability of the GRAMMER Group sustainably and support the revenue and profitability targets for the coming years.

Capacity adjustments in EMEA and restructuring of the headquarter

The changed market conditions have forced GRAMMER to significantly adjust its production capacities in Europe. During the year 2024, 1,104 employees (of which 74 were temporary workers) were laid off at the EMEA plants.

GRAMMER also made significant progress in reducing costs at its headquarter in 2024. As part of a multi-stage transformation plan, a Shared Service Center was opened in Serbia and the first administrative processes were relocated from Germany to the Center. To this end, the company agreed with the employee representatives on a social plan and the balancing of interests applicable to all levels for the first wave of relocation. The volunteer program that was established and implemented as part of this initiative was successfully completed without any dismissals for operational reasons.

For the full year, the GRAMMER Group incurred restructuring expenses of EUR 35.7 million.

Successful refinancing

In December 2024, GRAMMER successfully secured long-term Group financing with two new syndicated loans with a total volume of EUR 260 million. The scheduled refinancing and expansion of the credit facility enable the implementation of the planned business strategy, improve the maturity profile, and offer the company attractive terms and conditions. The new financing structure consists of a syndicated loan from five banks in China and a syndicated revolving working capital credit facility from five banks in Germany. In addition, GRAMMER received subordinated loans from the majority shareholder Ningbo Jifeng amounting to a total of around EUR 130 million. The terms of the new financing structure range between 2.5 and 3 years.

TOP 10 measures

The macroeconomic and industry-specific challenges for the year 2024 have been clearly identified in the previous chapter and are expected to continue to play a dominant role in the current financial year 2025. In response to profitability recently falling short of expectations and the looming slowdown in business development, GRAMMER initiated the "Top 10 Measures" program at the end of the financial year 2023. The priorities of the program in 2024 included, among other things, the turnaround in AMERICAS with the aim of improving capacity utilization, adjusting SG&A costs and carrying out a strategic portfolio adjustment. In addition, the focus was on increasing profitability in the EMEA region, reducing costs in product development, sales, and general administration.

2.3 Overview of key figures and business performance

GRAMMER Group Key figures

EUR m

	GRAMMER Group[1]			EMEA			AMERICAS[1]			APAC		
	2024	**2023**	**Change**	**2024**	**2023**	**Change**	**2024**	**2023**	**Change**	**2024**	**2023**	**Change**
Revenue	1,921.7	2,055.0	–133.3	1,044.3	1,210.9	–166.6	391.7	372.2	19.5	536.6	532.3	4.3
EBIT	8.1	72.4	–64.3	9.8	60.1	–50.3	–19.8	–20.3	0.5	46.6	61.2	–14.6
EBIT margin (%)	0.4	3.5	–3.1%-points	0.9	5.0	–4.1%-points	–5.1	–5.5	0.4%-points	8.7	11.5	–2.8%-points
Operating EBIT	41.6	83.0	–41.4	25.2	64.2	–39.0	–15.8	–16.4	0.6	46.5	62.5	–16.0
Operating EBIT margin (%)	2.2	4.0	–1.8%-points	2.4	5.3	–2.9%-points	–4.0	–4.4	0.4%-points	8.7	11.7	–3.0%-points
Capital expenditure (without acquisitions through business combinations and financial assets)	96.3	92.9	3.4	34.6	40.2	–5.6	11.5	12.9	–1.4	38.7	27.5	11.2
Employees (number, average)	12,116	12,778	–662	6,896	7,641	–745	3,196	3,189	7	1,611	1,535	76

The consolidation effect of the revenue generated within the Group between the regions amounted to EUR 50.9 million in the reporting year. On average, 413 people were employed in Central Services in 2024.
[1] Continuing operations

GRAMMER Group business performance

Contrary to expectations at the beginning of the year, the economic situation in Europe hardly improved, and developments in China also fell significantly short of expectations. Weak domestic demand in Germany was the biggest factor that hampered business for companies, followed by increasing regulation and geopolitical tensions. The overall economic and industry-specific uncertainties escalated into a crisis over the course of the year and also impacted GRAMMER's business development.

Due to the challenging market environment and demand that fell short of initial expectations, the Group revenue from continuing operations fell to EUR 1,921.7 million (2023 from continuing operations: EUR 2,055.0 million). The discontinued operations relate to the TMD Group, which was sold on September 20, 2024, and is therefore presented separately in the financial statements in accordance with IFRS requirements. Adjusted for currency, revenue amounted to EUR 1,967.1 million. In the EMEA region in particular, revenue declined significantly by 13.8%, to EUR 1,044.3 million (2023: EUR 1,210.9 million), due to low demand in both product areas, while revenue in APAC increased slightly, by 0.8%, to EUR 536.6 million (2023: EUR 532.3 million) and in AMERICAS by 5.2%, to EUR 391.7 million (2023: EUR 372.2 million).

GRAMMER'S consolidated operating earnings before interest and taxes (operating EBIT) fell to EUR 41.6 (2023: EUR 83.0 million) due to the declining revenue trend, volatile plant capacity utilization in EMEA, the decline in profitability in China due to the changed customer portfolio, and ramp-up costs for the new commercial vehicles plant in North America. The operating EBIT margin was 2.2% (2023: 4.0%). In addition to the weak operating performance, one-off expenses from the „Top 10 Measures" program in particular led to a decline in EBIT to EUR 8.1 million (2023: EUR 72.4 million). The one-off expenses included restructuring expenses amounting to EUR 35.7 million. In addition, refinancing costs amounting to EUR 0.8 million burdened the EBIT. In the 2024 financial year, there were also positive currency effects amounting to EUR 3.0 million, which influenced EBIT.

Derivation of operating EBIT

EUR m

	2024	2023
EBIT from continuing operations	**8.1**	**72.4**
Currency-translation effects	–3.0	10.6
Expenses for restructuring measures	35.7	
Expenses for refinancing	0.8	
Operating EBIT from continuing operations	**41.6**	**83.0**

The consolidated profit or loss before taxes from continuing operations was additionally burdened by the increased finance costs and was thus significantly below the previous year at EUR –23.7 million (2023: EUR 42.1 million). GRAMMER Group's net profit or loss after taxes was also significantly below the previous year's figure at EUR –48.0 million (2023: EUR 24.7 million). The earnings per share from continuing operations were accordingly EUR –3.33 (2023: EUR 1.55).

The free cash flow from continuing operations amounted to EUR –24.5 million in financial year 2024 (2023: EUR 42.7 million), which is primarily due to the negative earnings before taxes. The GRAMMER Group increased the capital expenditures from continuing operations as planned, to EUR 96.3 million (2023: EUR 92.9 million) and invested in particular in production ramp-ups, projects for the digitalization of core processes and systems, as well as in the construction of the plant in China. Net debt increased to EUR 485.5 million as of December 31, 2024 (December 31, 2023: EUR 401.1 million). Taking into account the subordination of the loans from the majority shareholder Ningbo Jifeng, the net debt amounted to EUR 355.5 million.

2.4 Overall assessment of the 2024 financial year by the Executive Board and reconciliation of business performance in 2024 with the outlook

From the Executive Board's point of view, GRAMMER Group performed satisfactorily overall in the 2024 financial year. In response to the deteriorating economic conditions, GRAMMER launched the 'Top 10' program at the end of 2023 with the aim of 'securing financial stability and returning to sustainable profitability'. Great progress was made in implementing the program in 2024. Important milestones included the sale of the TMD Group in North America, the integration of the European Jifeng Automotive Interior Group into the GRAMMER Group, the cost-cutting program with the relocation of administrative activities to Serbia and significant capacity adjustments in EMEA. These initiatives sharpen the Group's focus on its core competencies, which make GRAMMER strong, and form the basis for the company's future viability. Even if the financial successes of these measures were not yet fully visible in 2024, they have laid important foundations for the Group's future.

In the forecast for the full year 2024, issued at the end of March 2024, GRAMMER expected revenue to be at the previous year's level, amounting to approximately EUR 2.3 billion (2023: EUR 2.3 billion). An increase in operating EBIT to around EUR 75 million (2023: EUR 56.8 million) was expected compared to the 2023 financial year. The TMD Group was still included in this forecast. In the first half of the 2024 financial year, GRAMMER recorded a decline in volume in EMEA, while volatile plant capacity utilization and high costs for product ramp-ups and personnel also impacted operating EBIT. In China, there has been a shift in volume from global to local OEMs, which are less profitable for GRAMMER. The forecast for the operating EBIT for the full year 2024 was therefore withdrawn on August 9, 2024. Against this background, GRAMMER AG expected operating EBIT to be at the previous year's level (around EUR 56.8 million). Regarding the revenue forecast, the company made an adjustment on November 14, 2024. Here, the revenue forecast was adjusted to around EUR 2.0 billion due to the further decline in volume as a result of the overall economic development and the uncertainties within the industry as well as the deconsolidation of the TMD Group. Ultimately, the Group revenue of EUR 1,921.7 million was within the range of the adjusted forecast for the year 2024, but due to the developments described, it was significantly below the original forecast of approximately EUR 2.3 billion. The operating EBIT amounted to EUR 41.6 million and was therefore also below the forecast of around EUR 75 million published in the 2023 management report, which is mainly due to the significant decline in revenue, in addition to the volatile plant utilization rates and the high costs for product launches.

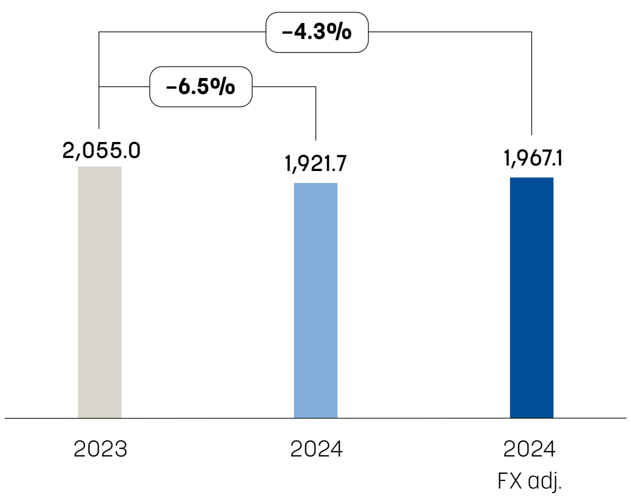
2.5 GRAMMER Group results of operations

2.5.1 GRAMMER Group revenue

Revenue from continuing operations of the GRAMMER Group in the full year 2024 amounted to EUR 1,921.7 million (2023: EUR 2,055.0 million), 6.5% below the previous year's figure; adjusted for currency effects, revenue fell by 4.3%. The decline in revenue was primarily due the downturn in EMEA, particularly in the more profitable product area Commercial Vehicles. Here, the GRAMMER Group recorded a decline of 22.9%.

On a regional level, the product areas did not develop consistently. In EMEA, revenue in both product areas declined noticeably, while in AMERICAS both areas were able to increase. In APAC, the Automotive product area was able to record an increase in revenue while the Commercial Vehicles area had to accept a decline in revenue. Group-wide, revenue in the Automotive area fell by 0.8%, to EUR 1,269.5 million, while the more profitable Commercial Vehicles product area saw a decline in revenue of 15.9%, to EUR 652.2 million. The revenue in the Automotive product area includes revenues of development services amounting to EUR 112.8 million (2023: EUR 115.3 million). The corresponding revenues from development activities of the GRAMMER Group include expenses for operating resources, tools, and equipment incurred up to series production.

GRAMMER Group revenue (incl. FX-adjustment)
EUR m

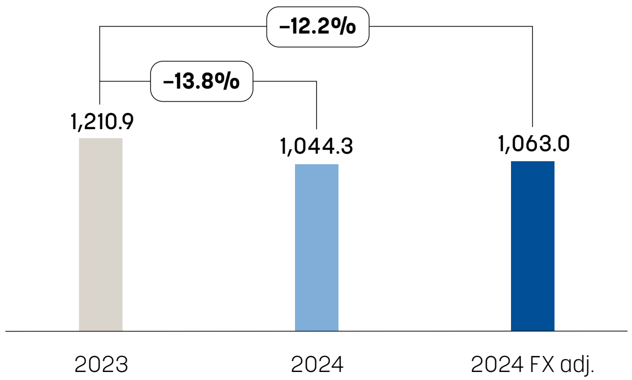


2.5.2 Revenue in the regions

EMEA

In EMEA, GRAMMER recorded revenue of EUR 1,044.3 million in the 2024 financial year (2023: EUR 1,210.9 million), a decrease of 13.8% compared to the same period last year. Revenues in the Automotive product area fell by 5.7%, to EUR 607.7 million (2023: EUR 644.6 million), and in the more profitable Commercial Vehicles area by 22.9%, to EUR 436.6 million (2023: EUR 566.3 million). Here, the economic downturn-induced weak demand and the crisis in large parts of the automotive industry had a particularly negative impact.

EMEA revenue (incl. FX-adjustment)
EUR m

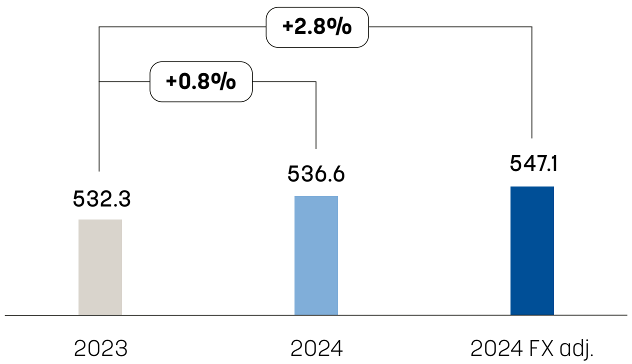


APAC

In APAC, revenue increased slightly compared to the previous year, by 0.8%, to EUR 536.6 million (2023: EUR 532.3 million). Adjusted for currency effects, revenue increased by 2.8%, to EUR 547.1 million. The increase in the region is due to the Automotive product area, which was able to increase its revenue by 6.8%, to EUR 404.6 million (2023: EUR 378.7 million). American and European OEMs have lost market share to local OEMs, which now account for more than 50% of GRAMMER China's revenue in the Automotive area. However, competition among suppliers is significantly tougher for local OEMs, resulting in lower profitability. In contrast, revenue in the Commercial Vehicles area, at EUR 132.0 million, was below the previous year's figure (2023: EUR 153.6 million) due to the market-related decline in demand.

APAC revenue (incl. FX-adjustment)

EUR m

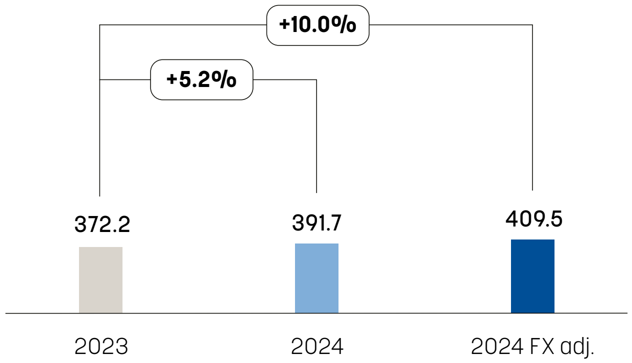


AMERICAS

In AMERICAS, the TMD Group was sold and deconsolidated in September 2024. Accordingly, the activities of the TMD Group were presented as discontinued operations in the consolidated income statement for both the reporting period and the previous year. From January to December 2024, AMERICAS achieved an increase in revenue from continuing operations of 5.2%, to EUR 391.7 million (2023: EUR 372.2 million). Adjusted for currency effects, the increase in revenue was 10.0%. The year-on-year increase in revenue of EUR 19.5 million is mainly attributable to the Commercial Vehicles area, which contributed EUR 18.9 million and achieved revenue of EUR 115.4 million in 2024. However, the reported increase is exclusively the result of the presentation of the continuing and discontinued operations following the disposal of the TMD Group. The plant in Delphos was originally part of the TMD Group, but has been gradually transformed into an assembly plant for commercial vehicle seats over the past few years. In mid-2023, the plant was spun off from the TMD Group and became an independent company. For the presentation of the continuing operations, the companies of the TMD Group were completely eliminated from the profit and loss account of both the reporting year and the comparative year in accordance with the requirements of IFRS 5.31 (discontinued operation). For this reason, the revenue from continuing operations in the Commercial Vehicles product area in the AMERICAS region is understated by the Commercial Vehicles revenue achieved in Delphos in 2023. In addition, the revenue in the Commercial Vehicles product area was supported by the recovery of the Brazilian commercial vehicle market. Revenues in the Automotive area remained at the previous year's level at EUR 276.3 million (2023: EUR 275.7 million).

AMERICAS revenue (incl. FX-adjustment)

EUR m



Revenue development by region and product area

EUR m

	GRAMMER Group[1]			EMEA			AMERICAS[1]			APAC		
	2024	2023	Change	2024	2023	Change	2024	2023	Change	2024	2023	Change
Automotive	1,269.5	1,279.1	–0.8%	607.7	644.6	–5.7%	276.3	275.7	0.2%	404.6	378.7	6.8%
Commercial Vehicles	652.2	775.9	–15.9%	436.6	566.3	–22.9%	115.4	96.5	19.6%	132.0	153.6	–14.1%
Revenue	**1,921.7**	**2,055.0**	**–6,5%**	**1,044.3**	**1,210.9**	**–13.8%**	**391.7**	**372.2**	**5.2%**	**536.6**	**532.3**	**0.8%**

The consolidation effect of the revenue generated within the Group between the regions amounted to EUR 50.9 million in the reporting year.

[1]Continuing operations

2.5.3 GRAMMER Group earnings

GRAMMER Group condensed statement of income

in EUR k

	2024	2023	Change
Revenue	1,921,727	2,055,008	–133,281
Cost of sales	–1,732,418	–1,822,644	90,226
Gross profit	**189,309**	**232,364**	**–43,055**
Selling expenses	–27,227	–26,048	–1,179
Administrative expenses	–177,113	–153,582	–23,531
Other operating income	23,093	19,645	3,448
Earnings before interests and taxes (EBIT)	**8,062**	**72,379**	**–64,317**
Financial income	9,170	6,976	2,194
Financial expenses	–45,774	–39,646	–6,128
Other financial result	4,826	2,405	2,421
Earnings from continuing operations before taxes	**–23,716**	**42,114**	**–65,830**
Income taxes	–24,317	–17,365	–6,952
Net profit / loss from continuing operations	**–48,033**	**24,749**	**–72,782**
Net profit / loss from discontinued operations	–44,728	–21,335	–23,393
Net profit / loss	**–92,761**	**3,414**	**–96,175**

GRAMMER recorded a decline in consolidated operating earnings before interest and taxes (operating EBIT) from continuing operations to EUR 41.6 million (2023: EUR 83.0 million) due to the downturn in revenue, increased costs as a result of volatile plant capacity utilization, ramp-up costs for the new Commercial Vehicles plant in North America, and a change in the customer and product mix in China in the 2024 financial year. In addition to the weak development of the operating result, one-off expenses from the "Top 10 Measures" program in particular led to an EBIT from continuing operations of EUR 8.1 million (2023: EUR 72.4 million).

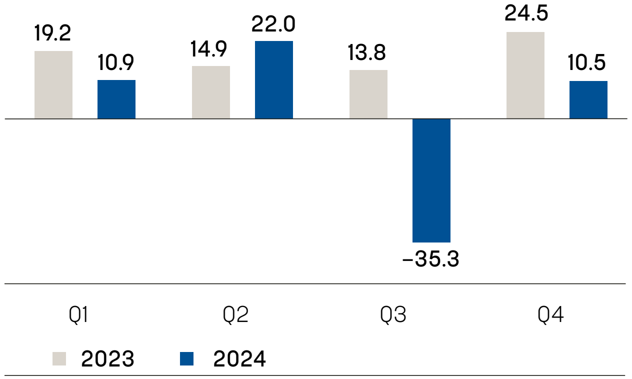
The one-off expenses included restructuring expenses of around EUR 35.7 million, of which EUR 32.2 million is included in administrative expenses and EUR 3.5 million in the cost of revenue. In addition, refinancing costs of EUR 0.8 million and positive currency effects of EUR 3.0 million were adjusted.

The cost of revenue decreased by EUR 90.2 million, or 5.0%, to EUR 1,732.4 million (2023: EUR 1,822.6 million). The decline is primarily due to the decrease in revenue. The gross margin fell to 9.9% (2023: 11.3%). Administrative expenses rose to EUR 177.1 million (2023: EUR 153.6 million) due to restructuring expenses. In addition, the effects of the foreign currency valuation of receivables and liabilities are included. While the previous year included losses of EUR 31.2 million and gains of EUR 20.5 million, the 2024 financial year resulted in gains of EUR 19.1 million and losses of EUR 16.1 million. The personnel costs from continuing operations included in the aforementioned items rose to a total of EUR 473.3 million (2023: EUR 438.4 million) as a result of wage increases and, in particular, due to restructuring expenses.

The other operating income from continuing operations increased from EUR 19.6 million in the previous year to EUR 23.1 million in the 2024 financial year. The increase compared to the previous year is mainly due to the continued charging of handling costs and the continued allocation of costs in 2024.

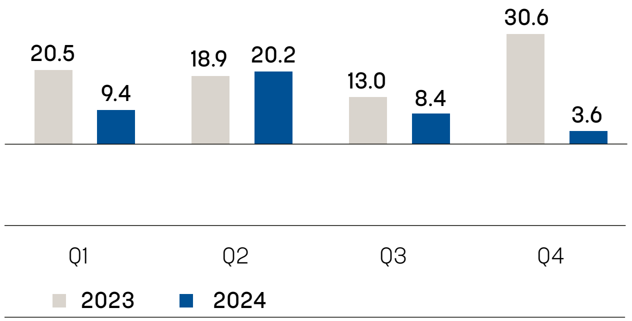
GRAMMER Group EBIT by quarter

EUR m



GRAMMER Group operating EBIT by quarter

EUR m



The financial result was slightly below the previous year's value of EUR –30.3 million, at EUR –31.8 million. The decline is mainly due to increased finance costs of EUR 45.8 million (2023: EUR 39.6 million) due to the the higher interest rate environment and the conclusion of new loan agreements. Finance income increased year-on-year to EUR 9.2 million (2023: EUR 7.0 million) due to higher interest rates. The other financial result increased to EUR 4.8 million

(2023: EUR 2.4 million). Here, the development of the US dollar in particular led to price gains.

The result from continuing operations before taxes decreased significantly, from EUR 42.1 million in the 2023 financial year to EUR –23.7 million in the 2024 financial year. In the reporting period, tax expenses of EUR 24.3 million were recorded (2023: tax expenses of EUR 17.4 million). This is primarily due to the non-recognition of deferred taxes on loss carry-forwards at the Tax Group in the USA, which is why no compensation was made from this.

Earnings from continuing operations after taxes decreased from EUR 24.7 million in the 2023 financial year to EUR –48.0 million in the 2024 financial year. Basic / diluted earnings per share from continuing operations are calculated from net result adjusted for non-controlling interests and interests of hybrid lenders and, at EUR –3.33 in the 2024 financial year, were also significantly below the previous year (2023: EUR 1.55).

The ROCE for the financial year 2024 was 0.9% (2023: 8.7%). The ROCE represents the operating EBIT reported for the respective financial year in relation to the average operating assets (average assets required for operations less average liabilities required for operations) in the same financial year, calculated as a percentage.

2.5.4 Appropriation of profit

The appropriation of profits by GRAMMER AG is based on the retained profit / loss reported in the Company's annual financial statements under commercial law. As of December 31, 2024, GRAMMER AG reported a balance sheet loss of EUR –261.3 million (balance sheet loss December 31, 2023: EUR –146.1 million). The annual loss for the 2024 financial year of EUR –115.2 million (2023: annual loss of EUR –14.9 million) was taken into account. Due to GRAMMER AG's balance sheet loss in the past financial year, no dividend proposal is currently being made. Furthermore, with the new conclusion of the loan agreement in 2024, it was agreed to suspend dividend payments during the term until 2027.

2.5.5 Earnings performance in the regions

EMEA

The operating EBIT in EMEA, which includes the Group's largest revenue-generating companies, was significantly impacted by the decline in revenue and increased costs due to volatile plant utilization, and amounted to EUR 25.2 million (2023: EUR 64.2 million). The operating EBIT margin was therefore 2.4% (2023: 5.3%). The EBIT for the full year 2024 amounted to EUR 9.8 million (2023: EUR 60.1 million) and was additionally burdened by expenses for restructuring measures amounting to EUR 17.9 million, but also included positive currency effects amounting to EUR 2.5 million. Both of these influencing factors were adjusted in the operating EBIT. The EBIT margin was 0.9% (2023: 5.0%).

EMEA key figures

EUR m

	2024	2023	Change
Revenue	1,044.3	1,210.9	–166.6
EBIT	9.8	60.1	–50.3
EBIT margin (%)	0.9	5.0	– 4.1%-points
Operating EBIT	25.2	64.2	–39.0
Operating EBIT margin (%)	2.4	5.3	– 2.9%-points
Capital expenditure (without acquisitions through business combinations and financial assets)	34.6	40.2	–5.6
Employees (number, average)	6,896	7,641	–745

APAC

The operating EBIT in APAC fell to EUR 46.5 million (2023: EUR 62.5 million), primarily due to the decline in revenue in the Commercial Vehicles area and the changed customer and product mix. It was adjusted for positive currency effects amounting to EUR 0.1 million. The operating EBIT margin thus decreased by 3.0 percentage points compared to the previous year, to 8.7% (2023: 11.7%). The EBIT fell to EUR 46.6 million (2023: EUR 61.2 million). The EBIT margin decreased by 2.8 percentage points, to 8.7% (2023: 11.5%).

APAC key figures

EUR m

	2024	2023	Change
Revenue	536.6	532.3	4.3
EBIT	46.6	61.2	–14.6
EBIT margin (%)	8.7	11.5	–2.8%-points
Operating EBIT	46.5	62.5	–16.0
Operating EBIT margin (%)	8.7	11.7	–3.0%-points
Capital expenditure (without acquisitions through business combinations and financial assets)	38.7	27.5	11.2
Employees (number, average)	1,611	1,535	76

AMERICAS

Operating EBIT from continuing operations in AMERICAS amounted to EUR –15.8 million (2023: EUR –16.4 million) and was heavily impacted by ramp-up costs for the new Commercial Vehicles plant in North America and inefficiencies in production. The operating EBIT margin improved only slightly year-on-year, by 0.4 percentage points, to –4.0% (2023: –4.4%). The EBIT amounted to EUR –19.8 million (2023: EUR –20.3 million) and was additionally burdened by restructuring expenses of EUR 4.1 million, but also included positive currency effects amounting to EUR 0.1 million. The EBIT margin was at –5.1% (2023: –5.5%).

AMERICAS key figures[1]

EUR m

	2024	2023	Change
Revenue	391.7	372.2	19.5
EBIT	–19.8	–20.3	0.5
EBIT margin (%)	–5.1	–5.5	0.4%-points
Operating EBIT	–15.8	–16.4	0.6
Operating EBIT margin (%)	–4.0	–4.4	0.4%-points
Capital expenditure (without acquisitions through business combinations and financial assets)	11.5	12.9	–1.4
Employees (number, average)	3,196	3,189	7

[1]Continuing operations

2.6 Financial position

2.6.1 Finance and liquidity management

In addition to numerous restructuring measures, reporting year 2024 was also marked by the refinancing of the syndicated loan, which was due to expire at the beginning of 2025.

The syndicated loan tranche C with the participation of KfW amounting to EUR 235 million was refinanced in the spring with a bilateral credit line of around EUR 200 million with a term of three years provided by a Chinese bank.

In December 2024, a new financing structure also replaced the remaining tranches of the previous syndicated loan and smaller bilateral loans. The new structure consists of a syndicated loan from five banks in China amounting to EUR 150 million, as well as a syndicated revolving working capital credit facility from five banks in Germany amounting to EUR 80 million. The syndicated credit line provided by the German banks can be accessed either as a bank overdraft or through fixed-rate loans with interest periods of up to six months. Interest is charged on the basis of a money market rate plus a fixed margin. A small number of key GRAMMER companies are liable for this through guarantees.

Both financing arrangements, which were provided by China, were concluded nominally in RMB and secured by means of cross-currency swaps in fixed-interest EUR loans. The majority owner of GRAMMER AG, the Ningbo Jifeng Group, is liable for these loans.

In addition, GRAMMER received subordinated loans from the majority shareholder Ningbo Jifeng totaling around EUR 130 million. The maturities of the new financing structure range between two and a half and three years.

In addition to the syndicated loan, bilateral financing agreements, medium-term bonded loans, and long-term private placements secure GRAMMER's financing. The basic intention is to achieve a balanced maturity structure with a diversified portfolio of financing instruments in order to secure the liquidity on a long-term basis. Short-term drawdowns are based on floating rates, while medium to long-term funding generally involves fixed rates based on matching maturities. In the event of a change of control as a result of a takeover offer, GRAMMER AG's key financing agreements (in particular, the promissory note loans placed in 2015 and 2019, which are still in existence as of December 31, 2024) in the total amount of EUR 50.8 million may become due immediately. Under the syndicated loan agreement dated December 12, 2024, in the amount of EUR 80 million, the lenders have the right to terminate and demand repayment in the event of a change of control. Each lender is individually entitled to these relative to their share of the loan. In the event of a change of control, some of the main customers, suppliers, and other cooperation partners also have the right to terminate the contractual agreements with the company prematurely.

The management of liquidity in operational business and the adequate procurement of external funds are centrally controlled by the Corporate Finance department unless country-specific legal regulations restrict this. Group Finance handles worldwide payment transactions and the administration of the cash pool in consultation with the local companies. In this way, GRAMMER AG monitors and safeguards the liquidity of its subsidiaries to the extent that this is permissible and reasonable within the scope of legal and economic possibilities. The management of financial risks centrally hedges interest rate and currency risks using market-standard derivative financial instruments.

The new financing structure had a positive impact on short-term financial liabilities, which fell to EUR 89.1 million as a result of the transaction (December 31, 2023: EUR 286.6 million), while long-term financial liabilities increased due to the new credit lines. The total financial liabilities amounted to EUR 498.6 million (December 31, 2023: EUR 453.7 million), which is above the previous year's level, but this includes around EUR 130 million in subordinated loans from the main shareholder.

The cash flow from operating activities of continuing operations decreased by EUR 66.5 million, to EUR 57.1 million, essentially due to the significantly negative result before taxes (2023: EUR 123.6 million). In the financial year 2024, the cash outflow from investment activities from continuing operations was at the previous year's level at EUR –81.6 million (2023: EUR –80.9 million). The capital expenditures in property, plant and equipment decreased to EUR 62.3 million (2023: EUR 71.7 million).

Financing activities resulted in a cash inflow from continuing operations of EUR 170.2 million in the 2024 financial year (2023: EUR –30.0 million). The inflow of funds came from the hybrid loan amounting to EUR 45.7 million, the shareholder loan in the amount of around EUR 130 million, and the new credit agreements. Against this background, the GRAMMER Group had liquid assets of EUR 219.8 million as of December 31, 2024 (December 31, 2023: EUR 131.0 million). Of this, EUR –26.4 million (December 31, 2023: EUR –79.6 million) must be deducted for overdraft facilities utilized (including current liabilities from factoring agreements). This results in a cash fund of EUR 193.5 million (December 31, 2023: EUR 51.5 million) as of December 31, 2024. This ensures the liquidity of the GRAMMER Group even in a difficult economic environment.

2.6.2 Capital structure

The company's share capital as of December 31, 2024, was EUR 39,009,080.32, as it was on the previous year's balance sheet date, divided into 15,237,922 shares with a nominal value of EUR 2.56 per share. All shares (except treasury shares) confer the same rights. The shareholders have a right to payment of the approved dividend and may exercise one vote for each share at the Annual General Meeting. By resolution of the Annual General Meeting on June 23, 2021, the Executive Board was authorized, with the approval of the Supervisory Board, to increase the company's share capital on one or more occasions on or before June 22, 2026 by issuing new no-par value bearer shares against cash contributions and / or contributions in kind, but by no more than a total of EUR 19,504,537.60 (Authorized Capital 2021). In principle, shareholders are to be granted subscription rights; the statutory subscription right may also be granted in such a way that the new shares are taken up by one or more banks or equivalent companies pursuant to section 186 (5) sentence 1 of the AktG (German Stock Corporation Act) with the obligation to offer them to shareholders for subscription. The Executive Board was authorized to exclude the shareholders' preemptive subscription rights in certain cases subject to the approval of the Supervisory Board. The GRAMMER AG Executive Board did not utilize Authorized Capital 2021 in the 2024 financial year. The Annual General Meeting of GRAMMER AG did not create any authorization to issue bonds with warrants and / or convertible bonds or any new contingent capital in the 2024 financial year. As of December 31, 2024, the capital reserve amounted to EUR 162,947 thousand (December 31, 2023: EUR 162,947 thousand) and includes the respective premium from the capital increases in the financial years 1996, 2001, 2011, 2017, and 2020 less incurred costs. As of December 31, 2024, retained earnings amounted to EUR 29,420 thousand (December 31, 2023: EUR 124,075 thousand).

2.6.3 Disclosure of shareholdings in accordance with section 33 WpHG

Under the WpHG (German Securities Trading Act), any person whose shareholding in a listed company reaches, exceeds or falls below certain percentages of the voting rights by purchase, sale or by any other means must immediately notify the company and the German Federal Financial Supervisory Authority. The lowest notification threshold is 3%. The current status of the shareholdings that held at least the 3% threshold on December 31, 2024, is listed in the consolidated notes of the GRAMMER Group. The currently reported status of investments that exceeded or fell below at least the limit of 3% in the 2024 financial year or previously is set out in the notes to the financial statements of GRAMMER AG.

2.6.4 Own shares

There is currently no authorization to acquire own shares. GRAMMER AG holds 330,050 own shares, all of which were acquired in 2006. These shares have a total nominal value of EUR 844,928.00 and still represent 2.166% (2023: 2.166%) of the share capital. These 330,050 own shares have no voting rights and are also not entitled to dividends.

2.6.5 Capital expenditure

Total capital expenditure

Capital expenditure GRAMMER Group[1]

EUR m

	2024	2023	Change
GRAMMER Group	**96.3**	**92.9**	**3.7%**
Acquired	70.6	80.3	–12.1%
of which property, plant and equipment	62.3	71.7	–13.1%
of which intangible assets	8.3	8.6	–3.5%
Right-of-use assets (IFRS 16)	25.7	12.6	104.0%

[1] Continuing operations

The capital expenditure of the GRAMMER Group from continuing operations increased in the reporting year by 3.7%, to EUR 96.3 million (2023: EUR 92.9 million from continuing operations). In the reporting year, EUR 25.7 million (2023: EUR 12.6 million) of the total investments was attributable to assets from rental and leasing agreements, which were recognized as assets in accordance with IFRS 16. This essentially includes the extension of lease agreements for existing plants, as well as lease agreements for the new plant locations in China. Capital expenditure, excluding assets from rental and leasing agreements in accordance with IFRS 16, amounted to EUR 70.6 million in the 2024 financial year, which is EUR 9.7 million less than the previous year's figure of EUR 80.3 million. The capital expenditure in property, plant and equipment in financial year 2024 totaled EUR 62.3 million (2023: EUR 71.7 million).

In EMEA, capital expenditures were below the previous year's figure, at EUR 34.6 million (2023: EUR 40.2 million). They were mainly attributable to numerous new ramp-ups in the Automotive product area, the further expansion of the injection molding area, replacement investments, and capital expenditures in new product generations in the Commercial Vehicles area.

Capital expenditures in APAC increased by 40.7% year-on-year, to EUR 38.7 million (2023: EUR 27.5 million). These were in particular capital expenditures for the plants in Changzhou, Tianjin, Shenyang, and Beijing. The leasing share has also increased by EUR 11.6 million compared to the previous year, to EUR 17.5 million, mainly due to the activation of leasing contracts for the plants in Tianjin, Shenyang, and Changchun.

Capital expenditures in AMERICAS from continuing operations fell by 10.9%, to EUR 11.5 million (2023: EUR 12.9 million). Of this amount, EUR 2.4 million was attributable to capital expenditures that were capitalized in accordance with IFRS 16. In addition, capital expenditures were made for new production ramp-ups.

Capital expenditures in Central Services fell by 6.5%, to EUR 11.5 million (2023: EUR 12.3 million). Of this, EUR 1.0 million (2023: also EUR 1.0 million) related to the continuation of the digitalization project "Product Life Cycle Management" and EUR 7.4 million (2023: EUR 7.1 million) to capitalized development services. As in the previous years, this mainly relates to the longer-term development of new seat generations for the Commercial Vehicles area.

Capital expenditure EMEA

EUR m

	2024	2023	Change
EMEA	**34.6**	**40.2**	**–13.9%**
Acquired	30.1	36.0	–16.4%
of which property, plant and equipment	29.9	35.9	–16.7%
of which intangible assets	0.2	0.1	100.0%
Right-of-use assets (IFRS 16)	4.5	4.2	7.1%

Capital expenditure AMERICAS[1]

EUR m

	2024	2023	Change
AMERICAS	**11.5**	**12.9**	**–10.9%**
Acquired	9.1	12.4	–26.6%
of which property, plant and equipment	9.1	12.3	–26.0%
of which intangible assets	0.0	0.1	–100.0%
Right-of-use assets (IFRS 16)	2.4	0.5	380.0%

[1] Continuing operations

Capital expenditure APAC

EUR m

	2024	2023	Change
APAC	**38.7**	**27.5**	**40.7%**
Acquired	21.2	21.6	–1.9%
of which property, plant and equipment	21.1	21.1	0.0%
of which intangible assets	0.1	0.5	–80.0%
Right-of-use assets (IFRS 16)	17.5	5.9	196.6%

Capital expenditure Central Services

EUR m

	2024	2023	Change
Central Services	**11.5**	**12.3**	**–6.5%**
Acquired	10.2	10.3	–1.0%
of which property, plant and equipment	2.2	2.4	–8.3%
of which intangible assets	8.0	7.9	1.3%
Right-of-use assets (IFRS 16)	1.3	2.0	–35.0%

2.7 Net assets

Condensed balance sheet of the GRAMMER Group

EUR k

	Dec. 31, 2024	Dec. 31, 2023	Change
Non-current assets	927,203	813,653	113,550
Current assets	772,589	720,768	51,821
Assets	**1,699,792**	**1,534,421**	**165,371**
Equity	266,924	313,355	–46,431
Non-current liabilities	764,928	378,444	386,484
Current liabilities	667,940	842,622	–174,682
Equity and liabilities	**1,699,792**	**1,534,421**	**165,371**

As of December 31, 2024, the total assets of the GRAMMER Group amounted to EUR 1,699.8 million, thus exceeding the value as of December 31, 2023, of EUR 1,534.4 million by EUR 165.4 million, or 10.8%. The previous year's figures in the consolidated statement of financial position remain unaffected by the deconsolidation of the TMD Group. The change in total assets as of December 31, 2024, is mainly due to the initial consolidation of the Jifeng Automotive Interior Group, the deconsolidation of the TMD Group, and the increase in other non-current financial assets.

The non-current assets essentially comprise property, plant and equipment, intangible assets, other non-current financial assets, and non-current assets arising from customer contracts. As of December 31, 2024, non-current assets increased by EUR 113.6 million or 14.0%, to EUR 927.2 million (December 31, 2023: EUR 813.7 million). The non-current financial assets increased due to the loan of approximately EUR 60 million from two Chinese companies to Ningbo Jifeng. Furthermore, in 2024, there were two investments in a Ningbo Auto Seating company amounting to EUR 29.0 million. The other non-current assets amount to EUR 67.9 million (December 31, 2023: EUR 47.4 million) and include nomination fees of EUR 42.1 million, which increased by EUR 8.5 million (2023: EUR 33.6 million) compared to the previous year.

Current assets increased by 7.2%, or EUR 51.8 million, to EUR 772.6 million (December 31, 2023: EUR 720.8 million). Trade accounts receivables decreased by 10.7%, to EUR 257.5 million (December 31, 2023: EUR 288.5 million), which is mainly due to the revenue-related decline and the deconsolidation of the TMD Group in September 2024. Cash and short-term deposits increased by 67.8%, to EUR 219.8 million as of December 31, 2024 (December 31, 2023: EUR 131.0 million EUR). The main reason for the positive development was the replacement of the previous syndicated loan agreement by the refinancing implemented in December 2024. Inventories decreased by EUR 13.9 million, to EUR 172.3 million (December 31, 2023: EUR 186.2 million) due to the decline in business volume.

As of December 31, 2024, equity decreased by EUR 46.5 million or 14.8%, to EUR 266.9 million (December 31, 2023: EUR 313.4 million). The change results from the negative net result of EUR –92.8 million. In contrast, GRAMMER received a hybrid loan from its main shareholder on December 16, 2024, amounting to approximately EUR 45.7 million, which partially compensates for the decrease in equity.

The cumulative other income amounted to EUR –57.7 million in the reporting period (2023: EUR –54.6 million). The change, compared to the previous year's reporting date, is mainly due to effects from the currency translation of foreign subsidiaries amounting to EUR –6.0 million (2023: EUR –11.0 million), effects from the change in the pension interest rate amounting to EUR 3.3 million (2023: EUR –4.6 million) and cash flow hedges amounting to EUR –3.3 million (2023: EUR –1.1 million), net investments in foreign operations amounting to EUR 1.6 million (2023: EUR –1.0 million), and from the valuation of financial assets amounting to EUR 1.4 million (2023: EUR 0 million). The equity ratio decreased to 15.7% due to the higher total assets and the lower equity (December 31, 2023: 20.4%).

On the liabilities side, non-current liabilities amounted to EUR 764.9 million (December 31, 2023: EUR 378.4 million), which was EUR 386.5 million higher than the previous year's value. Here, the new loan agreements replaced current financial liabilities with non-current financial liabilities, which increased by EUR 242.5 million to EUR 409.5 million (December 31, 2023: EUR 167.0 million). Similarly, other non-current financial liabilities increased by EUR 124.1 million, to EUR 179.3 million (December 31, 2023: EUR 55.2 million) due to a new shareholder loan amounting to around EUR 130.0 million. The deferred tax liabilities increased after offsetting to EUR 37.6 million (December 31, 2023: EUR 29.0 million). Similarly, non-current provisions increased by EUR 15.8 million (December 31, 2023: EUR 0 million), these being provisions from the personnel sector. As at December 31, 2024, the Group had undrawn credit facilities amounting to EUR 84.4 million (December 31, 2023: EUR 116.7 million), for which all necessary conditions for drawdown had already been met.

As part of the refinancing, short-term liabilities fell by EUR 174.7 million, or 20.7%, to EUR 667.9 million (December 31, 2023: EUR 842.6 million). As a result, current financial liabilities in particular fell by EUR 197.5 million to EUR 89.1 million (December 31, 2023: EUR 286.6 million). Current trade payables fell only slightly by EUR 2.9 million to EUR 401.2 million (December 31, 2023: EUR 404.1 million) due to lower revenue and the optimization of payment management.

3. Opportunity and risk report

3.1 Basic principles of the internal control and risk management system

GRAMMERs risk policy corresponds to the aim of operating sustainably and increasing corporate value while managing appropriate risks and opportunities and avoiding inappropriate risks. Due to the company's business activities, its international orientation, and the industry environment, GRAMMER AG and its subsidiaries are exposed to risks that must be hedged. The risk strategy therefore sets out the following risk policy principles, among others:

- In the context of risk management, GRAMMER understands opportunities and risks as both internal and external events that can have positive or negative effects on achieving the company's objectives.
- Risk management thus contributes to value-based corporate governance. Value-based means that GRAMMER only consciously takes on risks and opportunities if the value of the company can be increased by taking advantage of favorable business opportunities. As a general principle, the GRAMMER Group avoids all activities potentially entailing risks that are liable to jeopardize its going-concern status.
- GRAMMER bears its own core business risks, particularly market risks, e.g. those arising from macroeconomic trends, as well as risks that may arise from the development of new products to the extent these are not covered by an insurance policy. The company aims to transfer other risks (outside the entrepreneurial core risks) to third parties wherever possible. This primarily concerns financial and liability risks.
- Risk management within the GRAMMER Group includes all companies and organizational units. Identification of risks and implementation of mitigating measures are deemed by GRAMMER management to be ongoing and Group-wide tasks. All employees of the company are required to identify and, as far as possible, to avoid and minimize risks within their area of responsibility.
- At regular intervals, the internal audit department of GRAMMER or an external service provider reviews the appropriateness and effectiveness of the risk management system.

In terms of the internal control system, the following structures and processes have been implemented at GRAMMER:

The Executive Board bears overall responsibility for the internal control and risk management system at the company. All strategic business areas are integrated via a firmly defined management and reporting organization. The principles, structural and procedural organization, as well as the processes of the internal control and risk management system are laid down in guidelines and organizational instructions, which are adapted to current external and internal developments at regular intervals. GRAMMER considers such features of the internal control and risk management system to be essential, which can significantly influence the financial reporting and the overall statement of the annual and consolidated financial statements, including the combined management report, or which can have a significant impact on the operational business processes. In particular, these are the following elements:

- Identification of the main risk areas and control areas with relevance for the accounting process as well as for the operational business processes.
- Monitoring of the accounting processes / operating business processes and the results at the level of the Executive Board and at the level of the divisions or responsible departments.
- Regular and preventive control measures in the financial and accounting areas, as well as in operational, performance-oriented business processes, which generate essential information for the preparation of the annual financial statements and consolidated financial statements, including the combined management report, including a separation of functions and defined approval processes in relevant areas.
- Measures that ensure the proper IT-supported processing of accounting-related facts and data.
- Measures to monitor the internal control and risk management system.

The Risk Committee is responsible for the continuous improvement and assessment of the appropriateness and effectiveness of the internal control and risk management system of GRAMMER AG and the GRAMMER Group. The Risk Committee meets quarterly and on an ad hoc basis and consists of the CFO, the Group Risk Manager, the Chief Compliance Officer, the Head of Group Accounting & Controlling, the Regional CFOs or their representatives, and optionally, the Head of Treasury, the Head of Group Legal, and the Head of Internal Audit. It is chaired by the Group Risk Manager.

The Group Risk Manager informs the Executive Board, the Audit Committee, and the Supervisory Board about the risk situation regarding the internal control and risk management system, regularly as well as on an ad hoc basis.

At the time of the report, there is no evidence in any material respect that indicates an overall inadequacy or ineffectiveness of the internal control and risk management system.

3.2 Opportunity and risk management process

GRAMMER has implemented a uniform Group-wide risk management system to detect, avert, or at least mitigate risks at an early stage and to analyze and assess their causes. The risk management process enables the early identification of risks, their analysis and evaluation, the coordinated use of appropriate instruments for risk management, as well as risk monitoring and control and also includes, in particular, the early detection of risks that threaten the Company's existence. The risk management system coordinates identification, recognition, assessment, documentation, and reporting activities for risks as well as opportunities.

The Executive Board is responsible for the internal control and risk management system, while the Supervisory Board and the Audit Committee monitor and review the effectiveness of the systems and are regularly informed.

As part of an ongoing reporting process, significant risks that may jeopardize the achievement of Company objectives are reported to the central risk management team. Responsibility for risk reporting does not lie with a central department of GRAMMER AG, but is part of the task of the decentralized risk managers. These include the regional CFOs and the heads of central functions. Opportunities and risks, together with measures for managing them, are discussed in regular meetings with the Executive Board. An opportunity and risk report regularly informs both the Executive Board and the Supervisory Board about the risk situation of the Group as well as the status of the measures implemented. Group Controlling is responsible for coordinating risk management. The opportunities and risks are recorded in a risk management tool that is based on SAP BusinessObjects. In this way, GRAMMER gains an overview of the key opportunities and risks for the Group based on a net view. Net risks and opportunities are calculated by considering existing and effective measures and deducting issues addressed in the budget, the forecast or in the consolidated financial statements (e.g. in the form of a provision). Opportunities and risks are consolidated using a "risk atlas" specifically designed to address the risk categories at the GRAMMER Group. In addition to strategic risks, it also includes market, financial, and legal risks as well as risks from ESG, IT, human resources, quality, and procurement. The opportunity management of the GRAMMER Group aims to not only identify opportunities but also to benefit from them in the best possible way.

3.3 Key features of the accounting-related internal control and risk management system

As a capital market-oriented parent company within the meaning of section 264d of the German Commercial Code (HGB), GRAMMER AG is obliged pursuant to section 289 Para. 4 HGB and section 315 Para. 4 HGB to describe the key features of the internal control and risk management system with regard to the accounting process. There is no statutory definition of the internal control and risk management system as it relates to the Group's accounting processes. GRAMMER understands the accounting-related internal control and risk management system as a comprehensive system and is guided by the definition of the Institut der Wirtschaftsprüfer in Deutschland e. V., Düsseldorf (Institute of Certified Public Accountants in Germany e. V., Düsseldorf) for the accounting-related internal control system and the risk management system. An accounting-related internal control system, therefore, refers to the principles, procedures, and measures introduced by management within the Company, which are aimed at the organizational implementation of management decisions.

- to ensure the effectiveness and viability of the Company's business activities (this also includes safeguarding assets, including prevention and detection of damage to assets);
- to ensure the propriety and reliability of internal and external accounting; and
- to comply with the legal regulations applicable to the Company.

As described above, the risk management system comprises the entirety of all organizational regulations and measures for identifying risks and dealing with the risks of business activity, as well as the elements described in section 3.1.

3.4 Compliance management system

Compliance with laws and internal requirements is the basis of GRAMMER's business activities. Compliance is not only a means of preventing financial risks and reputational damage, but it also promotes integrity, transparency, and responsible conduct, thereby also determining how people work together and interact with one another. Under the Supervisory Board's oversight, the Executive Board uses GRAMMER's compliance management system (CMS) to work towards the following goals:

- Prevent and detect legal violations, breaches of internal company regulations and damage that these may cause (financial losses / damage to reputation).
- Reduce liability and reputation risks for GRAMMER AG, the members of its corporate bodies and employees.
- Improve awareness of compliance and compliance conduct among employees.

Compliance is an inter-departmental issue that affects all areas and functions at GRAMMER. Compliance measures are not taken in isolation; they are integrated into administrative and operating processes. The structure of GRAMMER's CMS is essentially based on the IDW PS 980 and ISO 37301 standards for compliance management systems. The 7-element CMS structure according to IDW PS 980 provides the systematic framework for compliance tasks:

CMS elements	Description
1. Compliance culture	The compliance culture is the basis for the appropriateness and effectiveness of the CMS. It is shaped chiefly by the attitude and conduct of the management and the role of the supervisory body ("tone at / from the top"). The culture affects how important the Company's employees believe it is to comply with the rules and thus their willingness to do so.
2. Compliance goals	Based on the general corporate objectives and an analysis and weighting of key Company rules, the legal representatives establish goals that the CMS is helping to achieve. In particular, this involves determining the relevant sub-areas and the rules to be observed in the individual sub-areas. The compliance goals serve as the basis for assessing compliance risks.
3. Compliance organization	The management determines the roles and responsibilities and operational and organizational structure in the CMS as an integral part of the company organization and provides the resources required for an effective CMS.
4. Compliance risks	Taking account of the compliance goals, compliance risks are identified that could result in rule violations and thus mean that the compliance goals are not met. A process for systematically identifying and reporting risks is established for this purpose. The risks detected are analyzed in terms of how likely they are to occur and the potential impact they may have. This risk analysis is updated regularly and as required.
5. Compliance program	Based on the compliance risk assessment, principles and measures are established that are designed to limit compliance risks and thus avoid compliance breaches. The compliance program also comprises the measures to be taken if compliance violations are found. The compliance program is documented to ensure that the CMS function is not dependent on a certain individual.
6. Compliance communication	Employees and any third parties affected are informed about the compliance program and the assigned roles and responsibilities so that they have a sufficient understanding of their tasks in the CMS and can perform these properly. The Company regulates how compliance risks and information about potential or detected breaches of the rules are to be reported to the responsible body in the Company (e.g. legal representatives and, if necessary, the supervisory body).
7. Compliance-monitoring and improvement	The appropriateness and effectiveness of the CMS are suitably monitored. Monitoring requires that the CMS is sufficiently documented. If the monitoring discovers weaknesses in the CMS or breaches of the rules, these are reported to the management or the designated Company body. The legal representatives ensure that the CMS is implemented, faults are rectified and that the system is improved.

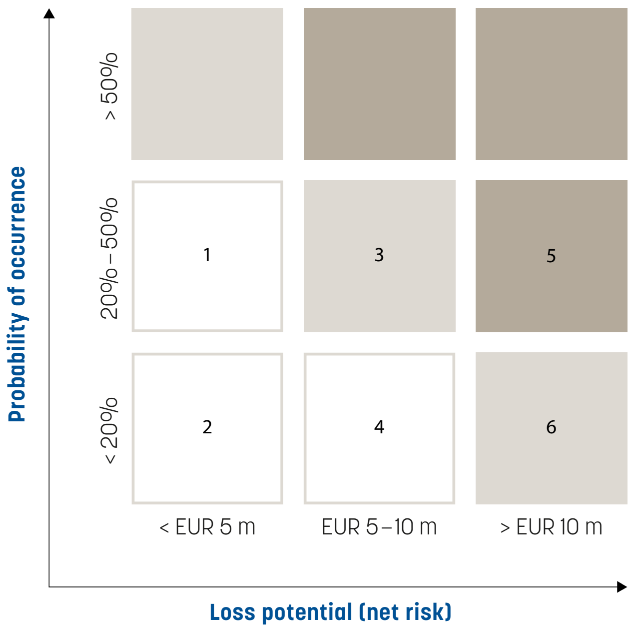
At the time of reporting, there are no indications in any key areas suggesting that the CMS is generally inadequate or ineffective.

3.5 Risks

Presentation of key risk areas

The following presentation of the risks considers the respective measures for risk mitigation (net consideration). It lists the respective risk potential for the individual risk categories named.

Overview of key risk areas



1
- Quality risks
- Procurement risks

2
- ESG risks
- Cyber and information risks
- Human resource risks

3
- Financial risks

4
- Market risks

5
- Legal and compliance risks

6
- Geopolitical risks

The following sections describe and explain risks that may have significant adverse effects on the business, assets, financial situation and earnings of the Company or the Group, as well as on the share price or market reputation. Additional risks that GRAMMER currently still considers to be minor or the effects of which are not yet known to the Company may also have a negative impact on business activities. The assessment of the listed risks applies at least for the current financial year 2025. As a key aspect of risk management, efforts are made to identify and minimize risks that could jeopardize the Company's continued existence at an early stage, and to appropriately reflect these risks in the balance sheet.

Procurement risks

The supply situation in 2025 will continue to be characterized by geopolitical risks. These mainly include international tensions, especially between China, the EU countries with strong exports, Mexico, and the USA, as well as ongoing military conflicts and political instability. In addition, there are still high insolvency risks, particularly among German and European suppliers. These may have a negative impact on the assets, financial situation, and earnings of the Company or the Group. These supply risks continue to necessitate the regular review of procurement strategies and the establishment of supply chains that are as flexible as possible. In terms of price trends, purchasing will face a challenging but stabilizing environment in 2025. Raw materials, such as steel and plastics, were subject to extreme price peaks in the years 2021 and 2022. In the years 2023 and 2024, inflationary effects could largely be corrected through commercial negotiations. It is expected that after a decline and stabilization in 2024 and into 2025, commodity prices will stabilize at a level slightly above the pre-crisis level.

The logistics costs, particularly in the field of maritime freight, have stabilized at a high level following the significant fluctuations of previous years. Prices continue to remain significantly above pre-crisis levels, which can be attributed to ongoing capacity constraints and the strained situation on trade routes, such as the detour around the Suez Canal. In addition, environmental regulations and CO_2 emissions levels will sustainably increase the cost of maritime freight.

The supply situation for electricity and gas has improved further compared to previous years. The electricity and gas supply is guaranteed and no bottlenecks are expected. A moderate price increase is forecast for gas as demand settles at a stable level due to the decline in crisis measures. Nevertheless, unforeseen changes in energy prices cannot be ruled out, particularly due to geopolitical tensions and changing situations regarding military conflicts, which could have a negative impact on the Company's or Group's assets, financial situation, and earnings. Furthermore, government influence on price formation has significantly decreased, particularly in Europe, but still exists.

The insolvency risks will remain high in 2025, especially in Germany. Analysts predict an increase in corporate insolvencies to the highest level since 2015. This is primarily due to a global decline in volume, rising financing costs, and structural challenges in the automotive sector. A strong focus on monitoring the financial stability of suppliers is therefore still essential in order to identify risks of supply failures at an early stage and initiate measures to secure supplies.

In order to meet the challenges described, GRAMMER continues to rely on proven measures. These include:

- Diversification of supply chains: The dependence on individual suppliers or regions is reduced through localization, in-sourcing, and dual-sourcing strategies.
- Long-term contracts and price adjustment clauses: These are used, to the extent possible, to minimize planning and cost risks resulting from price volatility, particularly with

regard to raw materials such as steel and petroleum-based foam and plastic products.
- Digitalization: The expansion of digital processes ensures greater transparency and improved responsiveness in the supply chain.
- Close coordination between purchasing and sales: Even in 2025, regular communication between purchasing and sales will remain essential in order to address price developments on the customer and supplier side at an early stage or to be able to pass on price increases to customers.

Quality risks

GRAMMER attaches great importance to maintaining high external and internal quality standards and to identifying and avoiding potential sources of error at an early stage. Nevertheless, it is not possible to entirely rule out quality risks. This applies in particular to development work on products with complex production structures. This can also lead to reputational risks associated with inadequate product safety. This risk is inherently exacerbated by the Group's global orientation as well as the networking of production activities across different continents and the associated need for coordination between the units. Due to non-compliance with quality standards, customers can assert warranty claims against GRAMMER. This would have a negative impact on the assets, financial situation, and earnings of the Company or the Group.

To eliminate such risks in advance, GRAMMER has established corresponding action programs throughout the entire Group and in the supply chain in order to achieve safe and noiseless market launches (silent launches) and thus create the basis for sophisticated and robust products and processes. In order to achieve this goal, a direct interface has been established in the Advanced Quality department to all quality-relevant pre-series and series processes, as well as a connection to all involved and important departments. The consistent application of applicable standards and specifications, as well as internal processes, rules, and regulations ensures that the available resources are used efficiently and effectively, and thus risks, weaknesses, and problems are identified early on in order to develop products and processes on this basis.

An important component of these processes lies in GRAMMER's supply chain. Supplier Launch Readiness processes are used to achieve safe and quiet market launches together with the suppliers and thus a basis for mature and robust products and production processes in the series production phase. This ensures that risks are identified at an early stage and that the supplier's processes are developed on this basis in order to achieve the common silent launch goal. Through consistent market monitoring, experience gained from warranty claims, practical product validation, and secure processes, the focus shifts from reactive measures to the preventive avoidance of warranty cases and the associated costs.

In the area of 0 km failures, the central quality department works hand in hand with the plants and supports customer communication and the achievement of customer satisfaction in all phases. This is made possible by the situation-dependent monitoring / reporting of critical products / installations and an overview of customer satisfaction in individual product segments and areas. A central communication platform is used between the plants to ensure cross-regional exchange. In the warranty process, the central quality department develops the standards, supports the plants in implementing them, monitors the processing of all cases and year-end settlements in order to gather all the information and improve the processes in the long term.

The integrated quality management (QM) is crucial for the long-term success of the Company. By implementing effective QM strategies, the organization can not only increase customer satisfaction but also improve efficiency and competitiveness. The following management systems have been successfully integrated and are in daily use at GRAMMER:

- ISO 9001 – Quality management system applicable in all sectors
- IATF 16949 – Quality management system for the automotive industry
- ISO TS 22163 – Quality management system for the railway industry
- TISAX – Information security management system for the automotive industry
- ISO 45001 – Occupational health and safety
- ISO 14001 – Environmental management System
- ISO 50001 – Energy management system

These standards / certifications are mandatory for customers and are regularly checked by them and validated for effectiveness and efficiency in annual cycles by the central quality department and an external certification company.

Market risks

As a company with worldwide operations, GRAMMER Group is exposed to business conditions in its home market as well as markets across the globe. The increase in geopolitical tensions, including intensified trade wars and political uncertainties following the inauguration of Donald Trump, has further strained the economic environment. Restrictive trade measures and increased tariffs are affecting the global automotive and commercial vehicle market. A slight decline in global passenger car production numbers is expected for 2025. In Europe, the announcement by OEMs to close factories in Germany, France, and Great Britain is increasing the regional pressure on automotive suppliers. Additional regulatory challenges, such as stricter CO_2 regulations, increase production costs and strain competitiveness. In AMERICAS, the trade measures of the US government are making it more difficult to access the markets in Mexico and

Canada, while consumer demand in the USA remains weak due to the economic situation. Although China remains an important market, the growing competition from local OEMs is leading to a loss of market share for established manufacturers. The uncertainty in political regulation, particularly in the field of electric vehicles, exacerbates the problems.

The Company addresses these risks by adopting a wide range of different measures. Thus, GRAMMER closely and continually monitors developments in relevant markets and industries and adjusts production and capacities accordingly. In the interests of effective risk management, the GRAMMER Group attempts to respond promptly to crises and impending sales weaknesses and to initiate appropriate measures. For example, production and cost structures are adjusted to the changed revenue situation at an early stage.

GRAMMER's markets are become increasingly competitive, exposing the Company to more and more risks from factors including price pressure, short timeframes for development and times to market, high product and process quality requirements and rapidly changing conditions. Due to exposure to the global markets with differing economic and demand cycles, GRAMMER must track and interpret a broad range of factors. In addition, new competitors or companies are arising in or entering the emerging markets. The effects of crises in certain markets and regions also harbor risks that are no longer directly derived from our business segments. Market differentiation is also steadily increasing so that GRAMMER can no longer necessarily draw conclusions about the effects of general developments on its business. This is equally true of both positive and negative trends. Further risks may arise for the Group's markets in the wake of e-mobility. The technological transformation may cause unprecedented shifts in the structure of customers and products. In the fastest-growing market of China in particular, a large number of new OEMs are arising and may take market shares away from current existing customers. GRAMMER is successfully expanding its customer portfolio to include these new OEMs. However, the group cannot currently predict which of these companies will establish themselves in the non-current market. In addition, there is a risk that the increase in autonomous driving will also require the substitution of products or the development of new concepts. However, GRAMMER is trying to prepare itself for future trends of this kind, but this development in the industry can have a negative impact on the assets, financial situation and earnings of the Company or the Group.

Any consolidation of markets or brands may lead to GRAMMER becoming partially dependent on a few customers, with an impact on their corporate structures. In addition, vehicle manufacturers are increasing the cost pressure on supply industry companies on account of the costs of the sector's e-mobility transformation and its impact on financial results. In this market environment, the possible absence of follow-up contracts may also exert pressure on the Company. Here, GRAMMER is pushing ahead with the consistent implementation of its strategic focus on innovation, customer focus and sustainability. As well as placing heavy emphasis on research and development, the Group is also making numerous process optimization measures to offset risk and increase cost efficiency, which will allow it to keep pace with customers' growing demands.

The Company is seeking to improve its market position in all segments in order to mitigate these competition risks. To this end, the GRAMMER Group relies on technical innovations and the enhancement of its existing products and processes. The aim is to gain a long-term competitive lead through a clear focus on customers' needs and success factors. However, the introduction of new products and technologies is also accompanied by risks and requires a strong commitment to research and development that, in turn, is tied to a substantial commitment of funds and technical resources. Despite the numerous patents and the protection of intellectual property, competitors, particularly in the growth markets, cannot generally be prevented from developing products and services that are similar to GRAMMER's range of offerings.

Supply contracts, particularly those concluded with the GRAMMER Group's key customers, contain legally binding commitments that certain products, usually still to be developed, will be delivered within a specified period of time. However, these commitments do not entail exclusive delivery rights for a specific product on the part of GRAMMER Group companies. The specific products and delivery quantities are ordered in separate call-offs, which may be shorter in time but represent a clear commitment to purchase. From a purely legal point of view, the GRAMMER Group's principal customers are fundamentally able to cancel even large contracts or reduce product quantities assigned to GRAMMER in the medium term. This would have a negative impact on the assets, financial situation, and earnings of the Company or the Group. However, as the cancellation of a contract during ongoing volume production entails considerable costs and resource requirements for the customer and also necessitates a considerable lead time, it is fairly unlikely that a customer would completely cancel all orders at once.

Due to the ongoing adjustment and optimization of the cost structures of production and development capacities as well as the depth of production, there is generally a risk that, for example, the consolidation and closure of sites could burden the assets, financial situation and earnings of the Company or the Group. Moreover, there is a risk that such measures are not always executed within the planned time frame. In addition, the manifold aspects and complexities of such processes may cause delays and additional financial burdens or their benefits may prove to be less than originally planned or estimated.

GRAMMER's areas of specialization increasingly also entail activities that are derived from its strategic portfolio policy in the individual business segments. Merger and acquisition activities are ordinarily subject to uncertainties. These risks not only relate to market reactions but also concern the integration of people, cultures and technologies as well as products and developments into existing structures. In addition, risks arising from the execution of a corporate transaction cannot be ruled out. As is normally the case with such transactions, acquisition, integration, and other costs that cannot be estimated at the beginning of the process may arise.

In addition, risks arise from the numerous changes and adjustments to regulations, laws, guidelines, and technical requirements regarding the products, to which GRAMMER, as a globally operating company, is increasingly exposed. It cannot be ruled out that regulations and legal provisions in certain markets and regions may be associated with additional burdens and expenses that have not been taken into account so far due to lack of knowledge and that may have a negative impact on the assets, financial situation, and earnings of the Company or the Group.

ESG risks

GRAMMER works with an environmental management system based on the ISO 14001 standard and with an energy management system based on the ISO 50001 standard. The GRAMMER Group's management system considers all requirements of both systems, sets globally valid environmental and energy efficiency standards (e.g. environmental programs, environmental goals, and energy goals) and defines measures to achieve these goals. These standards are further developed by local energy management and environmental officers at the GRAMMER sites, with their compliance and implementation monitored in regular audits. In this way, GRAMMER minimizes the occurrence of ecological risks. It is continuing to drive forward the certification of production sites in accordance with the requirements of ISO 14001 and ISO 50001. The Group continuously monitors climate-related risks, particularly regarding CO_2 emissions, and is working to reduce them. Compliance with environmental standards and the implementation of climate protection measures as part of a company-wide climate strategy are increasingly relevant for awarding contracts to automotive customers and thus represent a medium to long-term sales risk.

Due to inadequate adaptation measures to impending climate consequences, there is a risk that economic, social, and ecological foundations will be jeopardized, with negative effects on the assets, financial situation, and earnings of the Company or Group – for example, through higher investment and modernization costs in production, also through stricter state regulation, as well as through rising costs in water supply and wastewater treatment. Furthermore, due to limited reusability or inadequate recycling options for the materials used, there may be an increase in the cost of raw materials due to the scarcity of non-renewable resources. Increased waste generation due to inadequate disposal methods by the suppliers or the Company's own operations leads to higher costs due to fines for improper waste disposal.

Increasing environmental, social, and governance requirements from customers and legislators, such as the introduction of the Supply Chain Due Diligence Act (LkSG) or the implementation of the Corporate Sustainability Reporting Directive (CSRD), can lead to higher costs, including in financing, and to revenue risks. Breaches of the LkSG may also entail reputational risks. Potential reputational risks and costs may arise from fines and refunds due to the mistreatment of employees in the value chain – for example, through inappropriate working hours, lack of work-life balance, or the disclosure of cases of discrimination among employees. In addition, costs may arise due to fines or compensation payments for modern slavery (child labor, forced labor) among employees in the supply chain. Furthermore, there are reputational risks, e.g. through the payment of fines and blacklisting by customers, if part of the value chain is located in countries with an increased risk of corruption, as the risk of corruption increases for the entire company. In addition, there is a risk that suppliers will disappear due to a loss of reputation and declining satisfaction. GRAMMER minimizes these risks by using a targeted CSR function and through other organizational measures initiated by risk management, the Chief Compliance Officer, or the Human Rights Officer. Nevertheless, due to external circumstances or misconduct, it cannot be entirely ruled out that the Group may incur risks as a result, with negative consequences for the assets, financial situation, and earnings of the Company or the Group.

Cyber and information risks

The security, protection and integrity of data and the IT infrastructure are indispensable for maintaining proper business operations. Business continuity management, legal regulations, and customer requirements all necessitate technical and organizational measures to protect IT systems and information, as well as to ensure highly available and secure data transmission. A Group-wide IT security organization responsible for ensuring the efficacy of all protective measures and for neutralizing threats is also in place to ensure IT security. In order to meet these requirements, GRAMMER operates a system with the mission-critical components of the IT infrastructure installed in redundant data centers where electricity supply is guaranteed, even in emergencies, by separate emergency generators. In addition, when using network services from external organizations, such as external cloud services, the different requirements regarding information security, the quality of data transmission, and its management have been considered. Thus, cloud providers must guarantee the integrity and the availability of data and its protection against unauthorized access. All GRAMMER sites have redundant connections to the data centers. Business continuity plans document the steps for ensuring the recovery of business-critical IT systems. In addition, GRAMMER has established organizational structures, such as crisis management and business continuity management, so that in the event of a cyber-attack, the negative impact on the Company or the Group can be minimized. The operational continuity management ensures that the business operations are not interrupted or can be continued at a defined minimum level within a reasonable time after an interruption. Crisis management ensures that, in the event of a cyberattack, a rapid response is possible and measures can be implemented as quickly as possible. The effectiveness of emergency plans, crisis management, and business continuity management are regularly validated through crisis simulations. GRAMMER has implemented appropriate security systems and has taken measures to avert any intrusion. Firewalls, virus scanners, and other protective measures are implemented, checked continuously for effectiveness, and adjusted if necessary. Nonetheless, the Company's worldwide activities, along with the general increase in vulnerabilities and attacks, mean that GRAMMER's systems, networks, data, and solutions are exposed to some level of risk. However, negative impacts on the assets, financial situation, and earnings of the Company or the Group due to data loss, system disruptions and production downtime, incorrect data transmission, etc., are considered unlikely. Nevertheless, this may result in a risk for the assets, financial situation, and earnings of the Company or the Group. Risks arising from fraud or cyber-attacks are defined as the danger of damage occurring as a result of the failure of internal procedures (control risks), human actions (personnel risks), or weaknesses in systems (particularly IT systems). Increasing digitalization and electronic networking through developments of the electronic age, such as the Internet of Things, industrial 4.0, or Smart Everything, offer so-called cyber-criminals a significantly larger surface to attack and far-reaching opportunities to spy on information, sabotage business and administrative processes, or otherwise enrich themselves criminally at the expense of third parties. Cyberattacks, including those involving malicious software or targeted attacks on employees (e.g., attempts at deception), can create risks for the assets, financial situation, and earnings of the Company or Group. The Company addresses these risks by analyzing loss events that have come to its attention and by taking appropriate precautions and formulating specific recommendations for action regarding such activities. In addition, these matters undergo continuous assessments and all relevant processes are checked for any vulnerabilities and duly optimized. In addition, employees are regularly and specifically informed and made aware of these issues.

Human resource risks

Competition for a diverse and highly qualified workforce, such as specialists and managers as well as experts and talent, remains very strong in the industries and regions in which GRAMMER operates. The future success of the GRAMMER Group also depends on the extent to which it succeeds in recruiting, integrating and retaining highly qualified employees. This appears to be especially relevant given the emergence of a new, virtual work environment. Furthermore, GRAMMER sees the need to promote diversity, inclusion, and a sense of belonging in its workforce. Against this backdrop, the Company is continuously developing the nature of its collaboration and leadership culture, promoting the professional development opportunities for its employees, and ensuring equal opportunities. Despite these efforts, there is a risk that the GRAMMER Group will not be able to ensure a sufficient number of qualified employees in every field of activity in the future and retain them on a long-term basis in the Company. An increase in costs due to rising wages and social benefits as a result of competition for qualified employees may pose a risk to the assets, financial situation, and earnings of the Company or the Group. In particular, in the growth markets of APAC, NAFTA, South America, and Eastern Europe, due to the expected sales growth in the automotive and commercial vehicle markets and the favorable market situation for qualified professionals, an increased fluctuation and a significant increase in wage costs can be expected.

As a result of open collective bargaining agreements or reorganization and efficiency improvement measures, there is always a risk of labor disputes involving work stoppages. This may result in operational disruptions, with negative consequences for the assets, financial situation, and earnings of the Company or the Group. The enforcement of union receivables can lead to an increase in personnel costs.

Financial risks

The GRAMMER Group is exposed to interest-rate, currency, and liquidity risks due to its worldwide activities and the economic risks described in the market and sector-specific risks. The Company mainly encounters currency risks from the currencies Czech koruna, Polish zloty, Mexican peso, US dollar, Turkish lira, Brazilian real, Japanese yen, and Chinese yuan. These risks result from trade accounts receivable and payable as well as from local production. The GRAMMER Group counters currency risks through "natural hedging," i.e. by increasing purchasing volumes in the foreign currency area while simultaneously increasing sales in the same currency area. In addition, currency risks are hedged selectively via the financial market. A significant appreciation of the euro against the currencies of other export-oriented economies could have a negative impact on the competitiveness of the Company and the Group.

GRAMMER cannot completely shield itself from fluctuations in interest markets. A rising interest rate level can lead to cash-flow interest rate risks with regard to liabilities with variable interest rates. This may result in risks for the assets, financial situation, and earnings of the Company or the Group. GRAMMER minimizes interest rate risks by obtaining long-term refinancing funds with fixed interest rates and by using derivatives.

High priority is also given to ensuring adequate liquidity. Therefore, at the end of the 2024 financial year, the existing syndicated loan and smaller bilateral loans were replaced by a new financing structure. This consists of a syndicated loan from five banks in China amounting to EUR 150 million, as well as a syndicated revolving working capital credit facility from five banks in Germany amounting to EUR 80 million. The syndicated credit line provided by the German banks can be accessed by GRAMMER either as an overdraft facility or through fixed-rate loans with interest periods of up to six months. As early as spring 2024, syndicated loan tranche C, with the participation of KfW, amounting to EUR 235 million, was refinanced by a bilateral credit line amounting to EUR 200 million with a term of three years, provided by a Chinese bank. The majority owner of GRAMMER AG, the Ningbo Jifeng Group, is liable for the loans from the banks in China. In addition, GRAMMER received subordinated loans from the majority shareholder Ningbo Jifeng totaling EUR 130 million. The maturities of the new financing structure range between two and a half and three years. Furthermore, in the financial year 2024, cash inflows were generated from the provision of a new hybrid loan by the main shareholder to Chinese companies of the GRAMMER Group.

The liquidity situation is monitored continuously and systematically in a rolling, global financial requirements plan. Possible risks in connection with a change of control are described in the section on the Group's financial position. The GRAMMER Group's loan obligations include financial covenants requiring compliance with certain standard market financial ratios. If these financial covenants are breached, the GRAMMER Group's lenders have a special right of termination, which would entitle them to call in the loans immediately. Compliance with the financial covenants is reviewed quarterly.

GRAMMER attaches great importance to expanding its liquidity margins, despite the potential interest and interest-related disadvantages that may arise as a result; the Company maintains a liquidity reserve that appears appropriate for the Company. This results in certain burdens on the interest result, which GRAMMER deliberately accepts in order to maintain its strategic freedom of action and not to jeopardize its liquidity position.

The debtor default risks are limited by the customer structure and are monitored through active debtor management. However, corporate insolvencies and financial problems among electric car manufacturers are on the rise. These may lead to the discontinuation or interruption of production by electric car manufacturers and to write-downs of GRAMMER's receivables from customers. Depending on the duration of the interruption, the level of planned sales volume and the success of a restructuring, a risk may arise for the assets, financial situation, and earnings of the Company or the Group. To reduce risk, GRAMMER has implemented approval guidelines for new customer projects in the automotive sector, which also include approvals by the Executive Board. In this context, the risk of default on receivables is reduced during the project development phase through milestone-dependent payment terms. The inherent uncertainties and risks of the market with regard to interest rate developments can have a significant impact on the funding status of the Group's pension plans. This can result in both an increase and a decrease in the present value of the defined benefit obligation. Pension obligations are recognized on the basis of actuarial calculations in which the applicable interest rate plays an important role. The actual payments to be made may differ from the calculated values, as the assumptions regarding the relevant valuation parameters, such as discount factors, as well as salaries and inflation, are subject to uncertainties. This may result in a risk for the assets and financial position of the Company or the Group. The impact on the earnings situation is limited due to the profit-neutral recognition of changes in actuarial parameters in equity.

Group Finance tracks interest-rate, currency, and liquidity risks centrally. GRAMMER reduces the risks explained through the use of strategic treasury management, the effectiveness of which is regularly reviewed. Nevertheless, it cannot be entirely ruled out that the moderate risks described – and remaining after active risk management – could have a negative impact on the assets, financial situation, and earnings of the Company or the Group.

GRAMMER reviews the value of the business or goodwill on an annual basis and additionally on a event-related basis at the segment level, which represents the cash-generating units of the Group. Impairment can be triggered by an increase in the discount factor and / or a deterioration in economic prospects.

Geopolitical risks

China's industrial strength, the trade policy of the USA, and other industrial policy measures are increasing the risk of a global trade war. Governments will significantly expand their industrial policy in order to compete with geopolitical rivals, secure strategic supply chains, and promote key sectors. This is part of a broader trend towards increased state intervention in the economy. The focus will not only be on new, strategic, and sensitive technologies, but increasingly also on digital infrastructures and everyday services. Technological corporate decisions will have to be evaluated from a geopolitical perspective. This requires analyzing supply chains not only for operational, regulatory, or compliance risks, but also for their current and future geopolitical vulnerabilities. In the event of an escalation of the China-Taiwan conflict, the risks from internal supply and service relationships are manageable for GRAMMER due to its largely autonomous business in China. Similarly, no direct serious consequences are expected for the other regions, as they operate predominantly independently of the raw materials produced by GRAMMER China. However, any sanctions against China, whether resulting from an escalation of the China-Taiwan conflict or potential arms deliveries from China to Russia, could lead to drastic consequences for the overall economy, including indirect disruptions to the supply chain at GRAMMER suppliers as well as at GRAMMER customers worldwide, and thus to reduced order volumes from OEMs. Due to its majority shareholder, GRAMMER Group could be increasingly perceived as a Chinese company. This could lead to market disadvantages for the GRAMMER Group as a result of certain governments' protectionist measures against China. In a worst-case scenario, western subsidiaries in China could also be nationalized. This would have serious consequences for the Group revenue and the consolidated profit or loss of the GRAMMER Group. This may result in a risk to the assets, financial position, and earnings of the Company or the Group. GRAMMER considers the risk of an escalation in the conflict and its effects to be very low.

Additional risks for the GRAMMER Group may arise from an escalation of current geopolitical tensions, such as the Russia-Ukraine conflict or the crisis in the Middle East, or from further new geopolitical tensions. This can lead to indirect risks and consequences, such as price increases and the scarcity of energy and raw materials.

Legal risks

GRAMMER is an internationally active company that is subject to a variety of legal and regulatory requirements. The multitude of legal provisions and regulations and their constant changes can give rise to risks that have a negative impact on the assets, financial position, and earnings of the Company or the Group. Pending and threatened legal disputes are continuously monitored, analyzed, evaluated with regard to their legal and financial impact, and taken into account in the calculation of the risk provisions reported in the balance sheet. However, the outcome of legal disputes is always uncertain, so there are additional risks beyond the accounting provisions made, which could have a negative impact on the financial and earnings targets of the Company or the Group. GRAMMER AG and its subsidiaries face warranty claims that are being asserted by customers on account of alleged product defects. Possible warranty claims are taken into account by creating corresponding provisions. In addition, claims are being asserted in judicial proceedings on account of alleged defects in GRAMMER products. If these proceedings have a negative outcome for GRAMMER, this may necessitate compensation payments, repairs, or other cost-intensive measures. Since the procedures are subject to considerable uncertainties, it is possible that the provisions made may prove to be partially inadequate. As a result, additional expenses may arise. Restrictions of the company's international activities through import or export controls, tariffs or other regulatory barriers to trade represent a risk that, given the nature of its operations, it cannot escape. In addition, business activities may be adversely impacted or impeded by export control regulations, trade restrictions and sanctions. A large number of company-wide standards, which are subject to continuous further development, are in place to avert legal risks. Examples include the standard terms and conditions, contract templates for various applications or internal guidelines and procedural instructions. In addition, GRAMMER employs a system comprising intensive contract review and contract management, as well as systematic documentation and archiving. GRAMMER has sufficient insurance to cover so-called normal and going-concern risks.

Compliance risks

As an internationally active group, GRAMMER is exposed to risks that may arise from violations of applicable laws or internal rules and from individual or collective misconduct by employees, managers, or the management. The realization of such risks may have a negative impact on the assets, financial position, and results of operations of the Company or the Group due to possible fines and liability and may damage GRAMMER's reputation. The existing compliance management system at GRAMMER is constantly being developed and expanded under the leadership of the Chief Compliance Officer in order to reduce and prevent compliance risks. It includes both preventative measures, such as employee training, and reactive measures such as handling and following up on reports of breaches or misconduct.

3.6 Opportunities

Market opportunities

This section describes the main market opportunities which may arise assuming that GRAMMER's business continues to perform favorably and there is no deterioration in macroeconomic conditions. These comments are not exhaustive and the opportunities described here are not necessarily the only one which may arise for GRAMMER. Conversely, it is also possible that identified opportunities may fail to materialize.

Global economy: The GRAMMER Group's global presence offers opportunities to continue to benefit from moderate growth in the global economy. Upbeat economic conditions in the main sales markets and, resulting from this, heightened demand for passenger and commercial vehicles may offer opportunities for GRAMMER in the form of greater demand for its products, particularly in countries and regions outside Germany.

Growth in core regions: Overall, the importance of the Chinese market for GRAMMER continues to experience strong growth. Particularly in the automotive product area, GRAMMER is increasingly active as a supplier to local manufacturers but also supplies its European and American partners in the premium segment. In China, new opportunities are also arising from the acquisition of orders from globally active OEMs and through collaborations with new OEMs. In the product area of Commercial Vehicles, GRAMMER is active in the Chinese truck market with local production of suspension seat systems and expects additional growth if positive market effects are realized. Among other things, ergonomics and safety as key product characteristics are also yielding opportunities in view of the heightened demand.

Growth through broader customer base: The GRAMMER Group is also able to harness new opportunities by addressing new customer segments. This is due, on the one hand, to the global expansion of existing customers and on the other hand, to the increased penetration of local customers in new markets. To date, such opportunities have resulted in greater customer diversification in AMERICAS and APAC.

Focus on the premium segment: GRAMMER primarily focuses on the premium segment with its products. As demand in this segment is less volatile than in the market as a whole due to the favorable macroeconomic scenarios, it is able to grow more sharply than the volume segment. Accordingly, GRAMMER is endeavoring to make use of these potential market opportunities.

Global megatrends: GRAMMER is well positioned to capitalize on global megatrends such as population growth, heightened demand for mobility, and increased demand for foods. The Group is attempting to make optimum use of the resultant opportunities. Thus, heightened demand for mobility may spur sales of Automotive and Commercial Vehicles products. Rising demand for food and agricultural goods together with increased construction activity may also generate additional sales in the Commercial Vehicles product area as agricultural machinery is frequently fitted with GRAMMER seating systems. All told, GRAMMER is hoping to generate a continued rise in business in its products by harnessing the opportunities arising from global megatrends.

Automated driving and e-mobility: GRAMMER is a supplier of components for automotive interiors with its seating systems and consoles as well as other decorative and functional parts for vehicle interiors. Unlike in the field of drive and engine technology, the company expects new opportunities from the electrification of the powertrain and gradual automation due to the demand for increasingly high-quality and functional interior components that align with the new needs of driving. GRAMMER continues to invest in interior solutions for autonomous and electrified vehicles, focusing on functionality and comfort. Digital solutions, such as intelligent seating systems, can strengthen customer loyalty.

Strategic opportunities

Alongside market opportunities, strategic opportunities may also arise for GRAMMER.

Strategic synergies: Under this heading, GRAMMER understands the cooperation with its Chinese majority shareholder, the Ningbo Jifeng Group. This concerns areas such as research and development, purchasing and sales, and the consolidation of production activities to reduce costs. This may result in opportunities to strengthen the market position, in particular by opening up new markets and by expanding and rounding off the product portfolio (especially passenger car seats) in order to sustainably strengthen the growth and profitability of the GRAMMER Group.

Efficiency measures: The Company works constantly on measures for improving its efficiency and on initiatives for cutting costs with a view to improving its strategic competitive position. In this connection, GRAMMER also regularly reviews its global development and production network.

Innovation: Projects in the research and development pipeline harbor opportunities for entering new market segments or widening market share, provided that viable products arise from this pipeline in the future. Both product areas of the Group are working on innovative new solutions aimed at helping customers address the requirements of the future. GRAMMER is seeking to be recognized as an innovative premium partner by its customers and to tap market potential by means of new developments on an ongoing basis.

Climate protection: As part of climate protection measures, there are opportunities to reduce costs by increasing energy efficiency – for example, through energy-efficient production processes or by switching to low-emission transport routes. This can lead to increased customer appeal due to lower greenhouse gas emissions. Protecting the economic, social, and ecological foundations through sufficient adaptation measures for impending climate change consequences (e.g. building renovation, shifting supply flows) offers opportunities in terms of increased trust of creditor institutions through the solid planning of adjustment to climate change, ensuring economic stability, and flexible value chains even in climate crises. Opportunities may arise from the visible use of recycled or recyclable materials, which can increase customer attractiveness while, at the same time, waste reduction can lead to lower disposal costs.

Human resources: Opportunities related to human resources arise from an increase in employee satisfaction and performance – for example, due to attractive working conditions, fair compensation, and improved occupational safety, which can lead to an increase in reputation, including being perceived as a „sustainable and meaningful employer".

Suppliers: Opportunities can arise from the improvement of reputation through the perception of GRAMMER as a trustworthy partner. Partnerships with suppliers can be formed, which lead to increased innovation and further collaboration and cooperation, even in times of crisis.

Compliance: Upholding one's reputation by adhering to laws or thoroughly and carefully monitoring and eliminating potential legal uncertainties also creates opportunities.

3.7 Assessment of risks and opportunities

After a thorough review of the current risk situation, the Company has come to the conclusion that the precautions and measures adopted by the GRAMMER Group take appropriate account of the risks that have been identified. Compared to the previous year, the risks have changed in that geopolitical issues have gained further prominence as a result of Donald Trump's inauguration, and market risks in terms of a global recession have become more of a focus, while procurement risks have lost importance. The COVID-19 risks are no longer relevant. The currently known risks lead to the assessment that GRAMMER is not exposed to any risks that could jeopardize its continued existence or impair its development and that additional risk-minimizing aspects may arise from the opportunities, especially since the risks have been mapped in the corporate planning.

4. Business development forecast for the GRAMMER Group

4.1 Expected economic environment

4.1.1 Macroeconomic environment

The IMF assumes that global economic growth will remain at a comparatively low level in 2025. At the same time, inflation is expected to continue to decline, with a projected global inflation rate of 4.2%, even though there are signs that disinflation has stalled in some countries and high inflation persists in some cases. In this context, the industrialized countries are likely to achieve their central banks' inflation targets more quickly than the emerging and developing countries. The IMF identifies the persistently high level of political uncertainty in many regions as a central risk for economic development, particularly in light of trade policy and the potential for increased tariffs by the USA. Furthermore, there is a risk that a resurgence in inflation will interrupt the monetary easing implemented by central banks in some regions.

In its January 2025 forecast, the IMF expects a global increase in gross domestic product of 3.3% for the current year as a whole. As a result, economic growth is expected to continue to be below the historical average (2000–2019) of 3.7%. In AMERICAS, economic output is expected to increase by 2.7% in the USA, by 2.2% in Brazil, and by 1.4% in Mexico. In particular, in the USA, economic development remains stable and benefits from a robust labor market and accelerated capital expenditures. In the EMEA region, the eurozone is expected to see a slight growth of 1.0%, while in Germany GDP is expected to increase by 0.3% by 2025. The pressures exerted by geopolitical tensions, weak industrial production, and political uncertainties continue to persist. Against the backdrop of increased trade policy uncertainty and ongoing problems in the real estate market, the IMF forecasts growth of 4.6% for China.

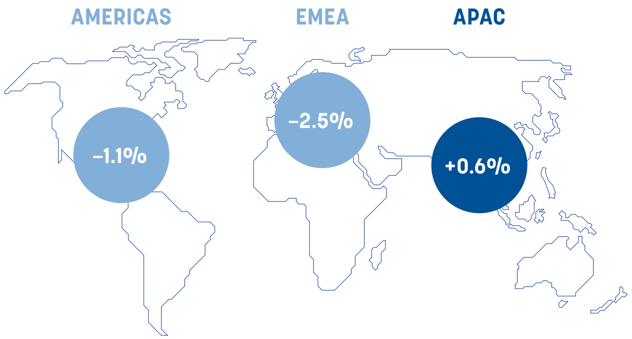
4.1.2 Sector environment

Automotive

Negative development due to trade policy uncertainties in the car market expected

In its forecast report from December 2024, S&P Global Mobility expects a slight decline in passenger car production figures in 2025. The experts expect that around 0.4 million fewer vehicles will be produced worldwide in the current financial year than in the previous year – a reduction of 0.4%. While a production increase of 0.6% is still expected in APAC, negative trends are expected in all other regions. Even in China, following the abolition of subsidies and against the backdrop of a potential trade conflict with the USA, it can only be expected that production will remain at the previous year's level. In EMEA, S&P Global Mobility expects a decline in production of 2.5%. This decline is attributed to the challenges associated with compliance with regulations regarding average fuel consumption. In addition, external factors, such as export restrictions, are expected to impact production. In AMERICAS, the decline in production is expected to amount to 1.1%; according to S&P Global Mobility, there are mainly uncertainties in connection with the future policy of the Trump administration.

Expected automotive production in 2025 compared with the previous year

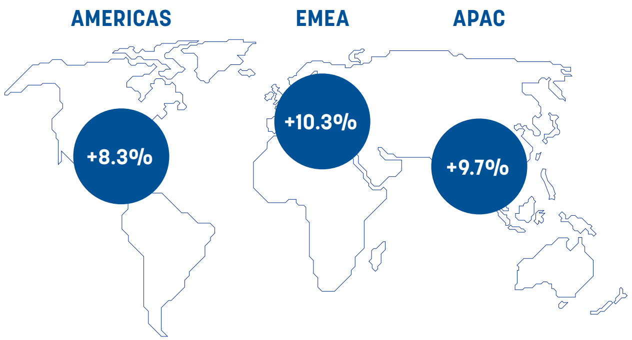


Commercial Vehicles

Recovery in the commercial vehicle market

In the commercial vehicle sector, S&P Global Mobility forecasts a 9.5% increase in global production volume for the current financial year 2025 in its forecast from December 2024. It is expected that all regions will see a significant increase in production figures. According to S&P, this is primarily due to regulatory dynamics. Therefore, in EMEA, where a 10.3% increase in production is expected, it can be anticipated that incentives for the purchase of environmentally friendly vehicles will have a positive impact in light of stricter emission regulations. State incentives and a truck scrappage incentive in China are also expected to lead to a 7.7% increase in production. S&P forecasts growth of 9.7% for the entire APAC region. In the USA, production growth is also expected in 2025 due to stricter environmental regulations, which are set to come into effect from the year 2027. According to S&P forecasts, 8.3% more commercial vehicles are expected to be produced in AMERICAS this year.

Expected commercial vehicles production (trucks and buses) in 2025 compared with the previous year



Agricultural machinery industry

According to the PSR OE Link Q3 Report, a worldwide decline in production of 5.7% is expected in the agricultural machinery industry in 2025. The negative trend continues to be driven by the unfavorable business climate and the associated demand situation on the part of end customers. The currently high inventory levels, particularly in the USA, play an important role in this. The further development of the agricultural machinery industry will depend on when these can be sold off.

Construction machinery industry

The forecasts from PSR OE for the construction machinery industry remain negative for the year 2025. Following a significant decline in global construction machinery production by 16.7% in 2024, a reduction of 4.8% is expected for the year 2025. Despite the recent decline in interest rates, a turnaround in the construction industry is not expected – especially in EMEA. Despite recent support measures, no significant recovery in the real estate sector is predicted in China. Furthermore, geopolitical crises continue to pose downside risks.

Material handling

In the material handling sector, a decline of 6.2% is expected for the year 2025. This is primarily due to recent weak incoming orders, which have led to a reduction in order backlogs in many places. Many companies consider their order situation to be a major or very major risk over the next six months. In addition, the demand for automation in the areas of transport and logistics is increasing.

Railway industry

The railway industry, which particularly benefits from global megatrends, such as urbanization, population growth and increased environmental awareness, will likely maintain the growth it has enjoyed in previous years until 2028. PSR OE Link expects the global rail production to grow by an average of 5.8% by 2028. The market is dominated by China with a market share of 60%, where an average growth rate of 4.1% is forecast.

Further determinants

Macroeconomic and industry-specific conditions are of key importance for GRAMMER's business performance. In addition, however, a number of other factors also play an important role.

The inauguration of the Trump administration brings significant uncertainties for free world trade. The first weeks in office already suggest that the imposition of (punitive) tariffs will once again become a legitimate tool in foreign policy. Additional punitive tariffs have already been imposed on China. But other countries, such as Mexico, Canada, or the EU, have also come into focus for the US government in this context. In addition, the strategic competition between the USA and China is another risk that must be taken into account in 2025. China's increased military presence in the South China Sea, technological advancements, and ongoing trade conflicts with the United States have heightened geopolitical tensions. The escalating conflicts between the superpowers are having a significant impact on the global economy. Any disruption in trade relations between the USA and China, for example, has consequences for the entire global economy. Trade wars and growing international tensions could slow down the development towards increased international cooperation and smooth trade flows. In addition, there are other crises, such as the war in Ukraine or the Middle East conflict, which are also expected to significantly strain global economic structures and relationships in 2025 and may lead to changes. In this context, the Russia-Ukraine conflict will also represent a significant geopolitical risk in 2025. It has triggered a humanitarian crisis and led to increased risks in terms of capital flows, trade, and global commodity markets. In addition, Russia's support from North Korea, Iran, and China has increased the risk of an expansion of the regionally limited Russia-Ukraine conflict.

In the shadow of these geopolitical risks, the automotive industry will most likely also face challenges in the current financial year 2025. In particular, electrification will have to contend with increasing headwinds due to rising operating costs and the price competition between OEMs. The growth in vehicle sales is likely to decline as the pent-up demand created by the shortages of recent years is met and economic conditions tighten. As mentioned with geopolitical risks, trade risks may lead to changes in supply chains, as OEMs will try to reduce their dependence on China.

The insolvency risks will remain high in 2025, especially in Germany. Among automotive suppliers, this is primarily due to a global decline in volume, rising financing costs, and structural challenges in the automotive sector. Despite the short-term implementation of substitution measures, failures on the part of suppliers could, in the worst-case scenario, lead to interruptions in production and thus to negative earnings effects. On the customer side, corporate insolvencies and financial problems among electric car manufacturers are on the rise. These may lead to the suspension or interruption of production at the electric vehicle manufacturers, as well as to value adjustments of the customer claims against GRAMMER.

4.2 Outlook GRAMMER Group and GRAMMER AG 2025

The megatrends of electrification, sustainability, and digitalization will continue to shape the development of the automotive and commercial vehicle markets and thus the development of GRAMMER. Even though the strategic corporate objectives remain unchanged, the medium-term financial targets set in 2022 for the financial year 2025 can no longer be achieved due to the significantly changed economic situation. When establishing the forecast for the financial year 2025, GRAMMER therefore takes into account the previously described expected overall economic and industry environment, as well as the analysis of the potential opportunities and risks. The assumptions in this outlook are also based on an unchanged structure and composition of the GRAMMER Group.

Revenue characterized by market weakness

Currently, the Executive Board assumes that customer demand in both GRAMMER product areas will vary regionally and by industry in 2025.

The high volume of orders received in previous years from the automotive sector is unlikely to fully offset the negative effects of the market downturn. In AMERICAS in particular, GRAMMER expects a decline in revenue due to its customer and order structure, while revenue in EMEA should also benefit from the integration of Jifeng Automotive Interior (JAI). In China, on the other hand, a further shift in volumes towards local OEMs is predicted.

Overall, based on stable exchange rates for the financial year 2025, the Executive Board expects revenue of around EUR 1.9 billion for the GRAMMER Group (2024: EUR 1.9 billion).

Moderate improvement in operating EBIT

The development of sales volumes, the revenue mix between Automotive and Commercial Vehicles, as well as the customer and product mix in the product areas and between the regions are having a noticeable impact on the margin development of GRAMMER. Other relevant influencing factors include material, personnel, or energy costs, as well as price implementation. For 2025, the GRAMMER Executive Board expects profitability to be positively impacted in particular by the full-year effects of the previous year's TOP 10 measures and the continuation of the programs. On the other hand, the lower sales volumes, as well as increased wages and, if applicable, customs costs, should have a negative impact.

Accordingly, the Executive Board expects an operating EBIT for the Group of around EUR 60 million (2024: EUR 41.6 million).

Overall statement by the Executive Board on the expected development

At the time of drafting the Combined Management Report 2024, the Executive Board expects that GRAMMER will develop positively in 2025, despite weaknesses in the core markets. The TOP 10 program, which was initiated in 2023, has achieved significant milestones in 2024 and is expected to make positive contributions in 2025: The personnel overcapacities in EMEA have been reduced, the relocation of administrative headquarters functions to a low-wage country is underway, and the product / footprint portfolio in the USA has been streamlined.

In addition, GRAMMER is focusing on further cost optimizations in order to improve profitability even in a weaker market environment. The company is therefore negotiating a restructuring and future-oriented collective agreement with the works council and the trade union for the Amberg locations, and is also planning further footprint optimizations at its European locations.

The demand for GRAMMER products should benefit from megatrends, such as sustainability, electrification, digitalization, and increasing mobility, on a long-term basis. GRAMMER will make an adjustment to the medium-term financial planning derived from the strategy in the course of 2025, reflecting the changed market situation as well as the restructuring measures that have been implemented and are continuing to progress.

Outlook for GRAMMER AG 2025

For the coming financial year 2025, we expect a further decline in revenue due to the overall economic conditions and the change in invoicing. At the same time, however, earnings are expected to improve significantly. This will result from consistent cost savings in the Central Services area, which will be achieved through more efficient processes and the bundling of resources. In addition, the positive performance of our subsidiaries and stable dividend income should contribute to the increase in earnings. GRAMMER AG's revenue in fiscal year 2025 is expected to be around EUR 200 million. On this basis, the company also expects GRAMMER AG to post EBIT of around EUR –38 million in 2025.

5. Disclosures on GRAMMER AG according to the German Commercial Code (HGB)

The annual financial statements of GRAMMER AG were prepared in accordance with the provisions of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG).

Framework conditions

The overall economic and industry-specific framework conditions of GRAMMER AG are essentially the same as those of the GRAMMER Group and are described in the "Economic Report" chapter of the combined management report.

Business performance

Key figures of GRAMMER AG

EUR k

	2024	2023	Change
Revenue	332,063	559,857	–227,794
Annual result	–115,237	–14,897	–100,340
Capital expenditures (including financial assets)	216,403	59,911	156,492
Employees on an annual average	759	762	–3

GRAMMER AG reports a decline in revenue and EBIT

GRAMMER AG Statement of Income

EUR k

	2024	2023	Change
Revenue	332,063	559,857	–227,794
Change in inventory	2,109	3,957	–1,848
Other operating income	38,518	9,091	29,427
Cost of materials	233,536	434,391	200,855
Personnel costs	104,970	85,434	–19,536
Depreciation and amortization	7,005	7,684	679
Other operating expenses	95,594	84,149	–11,445
Earnings before interest and taxes (EBIT)	**–68,415**	**–38,753**	**–29,662**
Financial result	–43,600	25,490	–69,090
Earnings before taxes	**–112,015**	**–13,263**	**–98,752**
Income taxes	3,049	1,526	–1,523
Other taxes	173	108	–65
Annual result	**–115,237**	**–14,897**	**–100,340**

In a market environment that remains challenging, GRAMMER AG recorded a decline in revenue in the 2024 financial year, which resulted from lower revenue in the Commercial Vehicles product area and affected all regions. In essence, however, the reduced revenue is due to the partially changed billing arrangements within the GRAMMER Group, which began in the second half of 2023. Since then, subsidiaries have invoiced a larger proportion of their deliveries directly to the respective end customers, whereas previously in many cases GRAMMER AG acted as an intermediary dealer for these products. The corresponding revenue is therefore only generated by the affected subsidiaries, without this leading to a decrease in the consolidated revenue achieved by the GRAMMER Group.

Against this backdrop, revenue in GRAMMER AG's Commercial Vehicles product area declined to EUR 246.2 million (–71.9%), while revenue in the Automotive area increased by EUR 18.4 million (8.5%) compared to the previous year.

As a result of the decline in revenue, EBIT also fell by EUR 29.6 million to EUR –68.4 million (2023: EUR –38.8 million). In addition, the financial result (EUR –43.6 million; 2023: EUR 25.5 million) decreased significantly compared to the previous year, mainly due to lower income from investments, resulting in a decline in the annual result from EUR –14.9 million in 2023 to EUR –115.2 million in the reporting year 2024.

GRAMMER AG's annual result in the 2024 financial year was particularly affected by the decline in revenue and by extraordinary earnings effects. The extraordinary other operating income from the contribution of financial assets within the Group amounts to EUR 20.4 million. This is offset by special charges from the formation of provisions for restructuring amounting to EUR –23.9 million and depreciation and amortization on shares in associated companies amounting to EUR –115.8 million.

By contrast, the result for the 2023 financial year was primarily influenced by an extraordinary charge on earnings of EUR –110.2 million resulting from unscheduled depreciation and amortization on shares in affiliated companies.

After elimination of the above-mentioned non-recurring effects of EUR –119.3 million (2023: EUR –110.2 million) and foreign exchange effects of EUR 7.9 million (2023: EUR 2.8 million), the adjusted earnings before income taxes for the financial year 2024 amount to EUR –0.6 million (2023: EUR 94.1 million). This decline in the adjusted result is, in particular, due to a reduction in the operating financial result (after adjustment for included special effects), mainly due to lower dividend distributions from the subsidiaries in China.

5.1 Economic position

5.1.1 Results of operations

In the reporting year, GRAMMER AG recorded a decline in annual earnings. The financial year 2024 shows an annual loss of EUR –115.2 million, while the previous year recorded an annual loss of EUR –14.9 million.

Revenue

In the financial year 2024, GRAMMER AG's revenue fell by EUR 227.8 million to EUR 332.1 million (2023: EUR 559.9 million). Regionally, revenue from customers within Germany in particular decreased, but business with customers abroad also declined significantly.

Domestic revenues decreased due to the change in invoicing terms by around EUR 46.9%, to EUR 87.8 million (2023: EUR 165.2 million). This overall change was largely influenced by the development in the Commercial Vehicles product area, which saw a decrease in revenue of EUR 96.9 million, or 73.7%, domestically, while the Automotive area's revenue in Germany increased by EUR 19.5 million, or 57.5%. Due to the overall decline in domestic revenue, the share of domestic revenue in GRAMMER AG's total revenue has further decreased. While this share had still been 29.5% in the previous year, it fell by 3.1 percentage points, to 26.4%, in the 2024 financial year.

The revenue from foreign business (third countries and EU) also fell by a balance of EUR 150.3 million in the financial year 2024, from EUR 394.6 million to EUR 244.3 million, mainly due to the change in invoicing terms. The decline in revenue resulted both from a decrease in revenue in the EU customer business (–41.6%) and in third-country business (–31.7%). In terms of product areas, it can be seen that the decline in foreign business was almost exclusively due to the Commercial Vehicles area (–70.8%), while the Automotive area only experienced a decrease of 0.5%, which was mainly due to business with EU customers. Commercial Vehicles revenue declined, particularly in EU business (–72.2%), but also in third-country business (–67.7%).

In the Automotive product area, revenue increased by EUR 18.4 million, to EUR 235.9 million (2023: EUR 217.5 million). This increase was primarily due to the new ramp-ups. In the Automotive area, GRAMMER supplies interior components to well-known car manufacturers and system suppliers in the automotive industry. The revenue in this area mainly consists of the sale of commercial goods, which are sourced by subsidiaries, as well as project business for the development of series products with the corresponding tools. Therefore, GRAMMER AG's revenue development continues to be based primarily on the production volumes of the respective end customer platforms and models that are launched in the supplying subsidiaries.

In the Commercial Vehicles product area, revenue fell by EUR 246.2 million, to EUR 96.2 million (2023: EUR 342.4 million). The Commercial Vehicles area encompasses the core business areas of truck and off-road seats, as well as buses and trains. In this business area too, GRAMMER AG's revenue continues to consist almost exclusively of the sale of merchandise purchased from subsidiaries. Because subsidiaries have been invoicing an increasing proportion of their deliveries directly to the respective end customers since the second half of 2023 as a result of a strategic business decision, GRAMMER AG's revenue continued to decline accordingly.

Other operating income

Other operating income increased very significantly in the 2024 financial year, with an increase of EUR 29.4 million, to EUR 38.5 million (2023: EUR 9.1 million). This increase is mainly due to the extraordinary income generated in the financial year from the contribution of previously directly held shares in the subsidiary GRAMMER Deutschland GmbH in exchange for a new share in this company (EUR 20.4 million), which was not matched by any corresponding income in the previous year 2023. In addition, higher income from foreign currency translation (EUR 13.3 million; 2023: EUR 5.1 million) and increased income from damages and compensation payments (EUR 3.4 million; 2023: EUR 1.4 million) have had a significant impact on the increase in other operating income.

Expenses

GRAMMER AG's material expenses fell by EUR 200.9 million, from EUR 434.4 million to EUR 233.5 million in 2024, in line with the revenue development. As at the end of the previous year, the main reason for this is the partially changed invoicing modalities in the GRAMMER Group, as a result of which subsidiaries now partly invoice the affected end customers directly. The material usage ratio in relation to the sum of revenue and changes in inventories of finished and unfinished products thus decreased to 69.9% (2023: 77.0%). Changes in the material input ratio are primarily based on shifts in the product mix; moreover, inflation, particularly in the previous year, had a noticeable negative impact on the material input ratio. In addition, this is generally higher than at comparable manufacturing companies, since GRAMMER AG only sells merchandise and carries out development orders, but does not produce itself.

Personnel expenses increased in the 2024 financial year by EUR 19.6 million, to EUR 105.0 million (2023: 85.4 million euros), with the average number of employees at GRAMMER AG remaining almost constant over the year. This is mainly due to the necessary expenses for the formation of provisions for restructuring amounting to EUR 23.9 million. Lower expenses for pension obligations had a compensatory effect of around EUR 2.4 million.

Depreciation and amortization decreased further, by EUR 0.7 million, from EUR 7.7 million to EUR 7.0 million. The main reason for this is lower capital expenditures, since the necessary capital expenditures for product manufacturing are regularly made by the operationally producing subsidiaries, in contrast to previous financial years.

Other operating expenses increased by EUR 11.5 million, to EUR 95.6 million (2023: EUR 84.1 million). In some cases, the developments in the individual cost categories had a compensatory effect. Particularly high increases were seen in administrative expenses (+ EUR 8.8 million, or +15.8%) and expenses from currency translation (+ EUR 3.1 million, or +135.6%). Other key expense categories, such as operating costs (EUR +0.8 million, or +8.3%) and expenses for insurance, fees, and charges (EUR +0.5 million, or +8.5%), also increased. In contrast, advertising and travel expenses (EUR –1.2 million, or –43.2%) and sales expenses (EUR –0.5 million, or –20.5%) declined.

Financial result

Interest expenses continued to rise, from EUR 27.0 million in the previous year to EUR 31.9 million (EUR +4.9 million). This increase is due to the higher average level of debt and the higher average interest rates to be paid on it. The lower interest expenses from the contribution to the retirement benefit provisions, which decreased by EUR 0.5 million, to EUR 0.6 million, had a partial offsetting effect. When evaluating the retirement benefit provisions as of December 31, 2024, a discount rate of 1.90% (2023: 1.82%) was to be applied. The calculations are based on the discount rate published by the Deutsche Bundesbank for a flat-rate assumed remaining term of 15 years, in accordance with section 253 (2) sentence 2 HGB.

The expenses from the impairment of shares in affiliated companies, as well as loans to affiliated companies and associated companies, increased once again, from EUR 111.1 million in the previous year to EUR 115.8 million. As in the previous year, the depreciation and amortization are mainly due to the lower valuation of shares in two subsidiaries in the AMERICAS region.

Other interest and similar income, including income from loans held as financial assets, increased by EUR 2.7 million, from EUR 12.6 million in 2023 to EUR 15.3 million in the 2024 financial year. This item is significantly influenced by income from loans to affiliated companies and from short-term receivables, as GRAMMER AG also largely performs the central financing function within the GRAMMER Group.

The income from investments decreased by EUR 59.7 million, from EUR 108.4 million in 2023 to EUR 48.7 million in 2024. As in the previous year, the dividend payments were predominantly made to subsidiaries in China.

The income from profit distribution agreements with subsidiaries in Germany improved. They increased by EUR 7.6 million, from EUR 50.8 million to EUR 58.4 million. At the same time, however, the negative effect on earnings from loss-assumption obligations towards other subsidiaries increased by EUR 8.3 million, from EUR 10.0 million in the previous year to EUR 18.3 million, resulting in an overall reduction in the positive contribution to earnings from profit-transfer agreements by EUR 2.4 million.

In the overall assessment, the decline in income from investments led to a deterioration in the financial results in 2024, from EUR 25.5 million to EUR –43.6 million, a decrease of EUR 69.1 million compared to the previous year.

Taxes

Taxes on income increased by EUR 1.5 million year-on-year, from EUR 1.5 million to EUR 3.0 million. This is due to increased withholding tax expenses abroad.

Results

The earnings before interest and taxes (EBIT) decreased by EUR 29.7 million, from EUR –38.7 million to EUR –68.4 million. The decline is almost entirely attributable to a lower operating EBIT, while the positive and negative special items mentioned above largely offset each other. In addition to this decrease in EBIT, there was also a financial result that was reduced from EUR 25.5 million to EUR –43.6 million, down by EUR 69.1 million. This is particularly important because, due to its two functions – operating company and holding company – GRAMMER AG is not only dependent on EBIT but also on its financial result. Earnings before taxes decreased by EUR 98.7 million, from EUR –13.3 million to EUR –112.0 million.

Compared to the previous year, the annual result fell significantly by EUR 100.3 million from EUR –14.9 million. This resulted in an annual loss of EUR 115.2 million.

5.2 Asset and financial position

Compared to the previous year, the total assets increased by EUR 99.1 million, or 12.4%, from EUR 799.1 million to EUR 898.2 million.

5.2.1 Financial situation

Fixed assets

The fixed assets increased by EUR 23.4 million compared to the previous year to EUR 567.9 million (2023: EUR 544.5 million). The increase in fixed assets was mainly caused by capital expenditures in financial assets, particularly in shares in affiliated companies and loans to affiliated companies. Countervailing effects were partially neutralized within financial assets, which increased on balance to EUR 485.3 million (2023: EUR 457.0 million). The increase in equity in subsidiaries due to capital increases (EUR 114.4 million), equity in associated companies (EUR 2.7 million) and new loans granted to subsidiaries (EUR 97.2 million), as well as additions to loans amounting to EUR 0.1 million, are primarily offset by unscheduled depreciation and amortization of equity in subsidiaries amounting to EUR 115.8 million and depreciation and amortization of loans amounting to EUR 0.4 million, as well as loan repayments received from subsidiaries amounting to EUR 69.9 million. In contrast, the decrease in tangible fixed assets by EUR 3.1 million and the decrease in intangible assets by EUR 1.7 million are primarily due to the fact that the scheduled depreciation and amortization in each case exceeded the new investments by a corresponding amount.

Current assets

Compared to the previous year-end, current assets have increased by EUR 76.1 million, or 30.2%, to EUR 327.9 million (2023: EUR 251.8 million), primarily due to an increase in liquid funds. Inventories were EUR 4.2 million above the previous year's level at EUR 51.3 million (2023: EUR 47.1 million). The main reason for this is the increased inventory of unfinished development projects. The decrease in receivables and other assets by EUR 1.5 million to EUR 196.4 million (2023: EUR 197.9 million) is mainly due to lower receivables from companies with which there is a participation relationship (decrease from EUR 4.4 million by EUR 1.8 million to EUR 2.6 million) and lower other assets (decrease of EUR 1.6 million, from EUR 5.3 million to EUR 3.7 million), while trade accounts receivables increased in the opposite direction to EUR 25.5 million (2023: EUR 23.6 million) and receivables from affiliated companies remained almost unchanged at EUR 164.6 million (2023: EUR 164.7 million). The main reason for the decrease in other assets is, in particular, the reduction in value-added tax claims as at the reporting date. Cash reserves and cash at bank have increased significantly year-on-year as a result of the group refinancing carried out in December 2024. As of the reporting date, GRAMMER AG had EUR 80.2 million in liquid assets (2023: EUR 6.8 million).

5.2.2 Financial position

Equity

As of December 31, 2024, GRAMMER AG reported significantly reduced equity of EUR 74.2 million, down by EUR 115.2 million (2023: EUR 189.4 million). The annual loss of EUR 115.2 million in 2024 has an impact here. Against the background of a counter-increased reference value for total assets, the equity ratio fell significantly, to 8.3% (2023: 23.7%).

Provisions

The provisions increased by a total of EUR 12.4 million, or 11.1%, to EUR 123.8 million (2023: EUR 111.4 million) as of the reporting date. The increase in other provisions, which rose from EUR 18.7 million to EUR 35.3 million compared to the previous year, had a significant impact on this. This increase is due in turn to higher provisions for personnel costs (+ EUR 18.9 million), in particular in the form of provisions for restructuring, while at the same time lower provisions were recorded for procurement costs (EUR –0.5 million) and for impending losses from forward exchange transactions (EUR –1.5 million). The decrease in provisions for pensions, after set-off with the assets exclusively serving to fulfill obligations arising from pension commitments and which are excluded from the reach of all other creditors, as well as the decrease in tax provisions, partly offset the overall increase in other provisions. The retirement benefit provisions, which fell by EUR 3.7 million to EUR 88.2 million, were primarily affected by the reductions in the balance due to retirement benefit payments (EUR 3.1 million). The decrease in tax provisions by EUR 0.6 million to EUR 0.3 million is primarily due to lower taxes for previous years.

Liabilities

Overall, GRAMMER AG's liabilities increased by EUR 202.0 million to EUR 700.2 million (2023: EUR 498.2 million) in the reporting year. Liabilities to banks, which GRAMMER AG primarily uses to finance its subsidiaries, increased on balance by EUR 39.1 million to EUR 475.2 million (2023: EUR 436.1 million). This increase is mainly due to the taking out of medium-term loans (+ EUR 347.2 million) from banks in China, while the loans already in place at the beginning of the financial year 2024 were repaid as planned (– EUR 59.3 million) and short-term borrowings also decreased as at the reporting date.

The basis of GRAMMER AG's financing consists of medium-term promissory notes / private placements and other loans amounting to EUR 460.5 million (2023: EUR 172.6 million) as well as short-term overdrafts.

The other liabilities relate to liabilities to affiliated companies amounting to EUR 155.6 million (2023: EUR 34.7 million) and liabilities to companies in which an investment relationship is held amounting to EUR 2.3 million (2023: EUR 1.0 million), which in each case largely result from financial liabilities from internal financing within the GRAMMER Group. Liabilities to affiliated companies included, for the first time, intra-group loans granted by the parent company Ningbo Jifeng Auto Parts Co., Ltd. amounting to EUR 129.6 million (2023: EUR 0) with maturities until May and December 2027, respectively. The received order deposits, which amounted to EUR 0.1 million (2023: EUR 0.3 million) as of the balance sheet date, decreased compared to the previous year's balance sheet date, as did other liabilities, which decreased by EUR 0.3 million to EUR 5.3 million (2023: EUR 5.6 million), while trade accounts payables showed a significantly increased balance sheet value of EUR 61.7 million (2023: EUR 20.5 million).

5.2.3 Capital expenditure

The capital expenditure in fixed assets without taking into account the capital expenditure in financial assets decreased by a further EUR 0.1 million to EUR 2.1 million (2023: EUR 2.2 million) compared to the previous year. Expenses were incurred, as in the previous year, primarily for IT hardware and software, equipment and business equipment, as well as fire protection technology. In the financial year 2024, GRAMMER AG invested in financial assets primarily in the form of capital increases at affiliated companies and by issuing loans – in particular to a subsidiary in Czechia.

5.3 Final statement of the Executive Board pursuant to section 312 AktG

The Executive Board of GRAMMER AG makes the following final statement in its report pursuant to section 312 AktG for the financial year from January 1, 2024, to December 31, 2024:

„Our company has received appropriate consideration for each transaction listed in the report on relations with affiliated companies, in accordance with the circumstances known at the time the transactions were carried out. There were no reporting obligations under section 312 of the German Stock Corporation Act (AktG) during the reporting period."

5.4 Overall statement on business development by the Executive Board for GRAMMER AG

The expectations for GRAMMER AG are reflected in the GRAMMER Group's forecast report due to its close ties with the other Group companies and its importance within the Group. Similarly, the statements made for the GRAMMER Group regarding market development are also largely reflected in the business development of GRAMMER AG.

Due to its financing activities, GRAMMER AG is exposed to the effects of currency movements, particularly in the currencies of countries important to its business such as Czechia, Turkey, China, Mexico, and the USA. Although the hedging of these risks is being continuously improved, significant foreign exchange movements in the relevant currencies can still have an impact on the earnings situation of GRAMMER AG.

For the past financial year 2024, the Executive Board of GRAMMER AG anticipated a significant decline in revenues compared to the previous year, particularly in light of the ongoing transition to customer invoicing directly from the manufacturing plants. In a market environment that remains challenging, GRAMMER AG recorded a decline in revenue of 40.7% in 2024. While the Automotive area experienced a pleasing increase in revenue of EUR 18.4 million (+8.5%) compared to the previous year, the decline in revenue in the Commercial Vehicles product area, on the other hand, amounted to EUR 246.2 million (–71.9%).

Earnings before interest and taxes (EBIT) fell by EUR 29.6 million in the 2024 financial year, from EUR –38.8 million to EUR –68.4 million. Last year's management forecast already assumed that EBIT 2024 would be significantly below the EBIT for 2023. Both the decline in revenue and the reduction in EBIT are largely attributable to the aforementioned strategic business decision made in the 2023 financial year, whereby subsidiaries now invoice a larger proportion of their deliveries directly to the respective end customers, whereas previously, GRAMMER AG was often still interposed as the distributor of these products. The Executive Board views the performance of GRAMMER AG in fiscal year 2024, which is heavily dependent on the business performance of the GRAMMER Group, as satisfactory overall.

6. Statement pursuant to sections 315a and 289a HGB (German Commercial Code)

Composition of the subscribed capital: The subscribed capital of GRAMMER AG as of December 31, 2024, amounts to EUR 39,009,080.32 (2023: EUR 39,009,080.32) and is divided into 15,237,922 no-par value bearer shares.

Restrictions affecting voting rights or the transfer of shares: Each share entitles the holder to one vote at the Annual General Meeting and is relevant to the shareholder's share of the profit. This does not include own shares held by the Company, which do not entitle the Company to any rights (section 71b AktG). In the cases set out in section 136 AktG, voting rights from the shares in question are excluded by law. Violations of notification requirements within the meaning of sections 33 (1), (2), 38 (1), 39 (1) of the WpHG (German Securities Trading Act) may result in the loss, at least temporarily, of rights arising from shares and of voting rights in accordance with section 44 WpHG. GRAMMER AG is not aware of any other restrictions on voting rights and, in particular, is not aware of any contractual restrictions. Statutory provisions apply to the exercising of voting rights by intermediaries, shareholder associations, voting rights consultants and other persons who offer shareholders their services in exercising voting rights at the Annual General Meeting. Section 135 AktG applies in particular. In connection with Article 19 (11) of Regulation (EU) No. 596 / 2014 (Market Abuse Regulation), Executive and Supervisory Board members at GRAMMER AG are subject to certain prohibitions on trading for transactions with GRAMMER AG shares, in particular those conducted at the time of publishing business figures.

Direct or indirect holdings in the share capital that exceed 10% of the voting rights: The Notes to the consolidated financial statements 2024 of the GRAMMER Group and GRAMMER AG contain detailed disclosures on the voting rights notifications pursuant to section 33 of the WpHG. The shares in voting rights listed may have been subject to changes after the date stated, of which GRAMMER AG was not informed. GRAMMER has not been notified of any direct or indirect shares in the share capital amounting to or exceeding 10% of the voting rights and it is not otherwise aware of any such shares.

There are no shares with special rights conveying control powers.

Type of voting right control if employees hold a share of the Company's capital and do not directly exercise their control rights: There are no employee participation programs. If employees hold shares in the company, they can exercise the control rights arising from these shares immediately, in accordance with the provisions of the company's Articles of Association and the law.

Statutory provisions and stipulations in the Articles of Association governing the appointment and dismissal of members of the Executive Board or amendments to the Articles of Association: The members of GRAMMER AG's Executive Board are appointed and dismissed in accordance with the statutory provisions (section 84 and 85 AktG (German Stock Corporation Act) and section 31 MitBestG (Co-Determination Act)). In accordance with sections 8 ff.

of the company's statutes, the Executive Board shall consist of at least two members. Any amendments to the company's statutes are executed in accordance with sections 119 (1), number 5 and 179 (2) AktG; Section 25 of the Company's statutes governs the passing of resolutions by the Annual General Meeting. Under section 13 (3) of the Company's statutes, the Supervisory Board may amend the Company's statutes, provided that such amendments are confined to the wording of the provision in question.

Authorization of the Executive Board to issue or repurchase shares: By resolution of the Annual General Meeting on June 23, 2021, the Executive Board was authorized, with the approval of the Supervisory Board, to increase the Company's share capital up to June 22, 2026, by issuing new bearer no-par value shares for cash and / or in-kind contributions, once or several times, but in total by no more than EUR 19,504,537.60 (authorized shares 2021). In principle, shareholders are to be granted subscription rights; the statutory subscription right may also be granted in such a way that the new shares are taken up by one or more banks or equivalent companies pursuant to section 186 (5) sentence 1 of the German Stock Corporation Act (AktG) with the obligation to offer them to shareholders for subscription. The Executive Board was authorized, with the approval of the Supervisory Board, to exclude shareholders' subscription rights in certain cases. No use has been made of this authorization to date. There are no authorizations for the Executive Board of GRAMMER AG to issue bonds with warrants and / or convertible bonds. There is no authorization to treasury shares acquired pursuant to section 71 (1) No. 8 AktG. As of December 31, 2024, GRAMMER AG holds 330,050 treasury shares, all of which were acquired in the 2006 financial year. These 330,050 own shares have no voting rights and are also not entitled to dividends.

Material agreements of the parent company that are subject to a change of control as a result of a takeover offer and the resulting effects: In the event of a change of control as a result of a takeover offer, the material financing agreements of GRAMMER AG, in particular the promissory note loans placed in the years 2015 and 2019 which are still in existence as of December 31, 2024, in the total amount of EUR 52.1 million, may become due immediately. Under the syndicated loan agreement dated December 12, 2024, in the amount of EUR 80 million, the lenders have the right to terminate and demand repayment in the event of a change of control. Each lender is individually entitled to these relative to their share of the loan. In the event of a change of control, some of the main customers, suppliers and other cooperation partners also have the right to terminate the contractual agreements with the Company prematurely.

The Company has not entered into any compensation agreements with members of the Executive Board or employees in the event of a takeover bid.

Ursensollen, March 14, 2025

Jens Öhlenschläger   Jurate Keblyte   Guoqiang Li

GRAMMER Aktiengesellschaft Executive Board

COMBINED SEPARATE NON-FINANCIAL REPORT

GRAMMER

Contents Combined separate non-financial report

Combined separate non-financial report 2024

For GRAMMER, sustainability begins with the people who work in and are associated with the company. It ranges from research and development (R&D), procurement and production to the finished products and the end-of-life recycling of product components. With the expansion of its global presence and the broad structure of the organization, the GRAMMER Group is also supporting this message internationally.

In 2022, GRAMMER defined clear climate protection targets and continued to work on them in the 2024 reporting year: The company has already achieved its target of reducing its CO_2 emissions in Scope 1 and 2 by 25% by 2025. It is also on track to further reduce its emissions and to meet the other target set in 2022. A 100% reduction in CO_2 emissions in Scope 1 and 2 is planned by 2040. Additional reductions are to be achieved, in part, by switching to electricity from renewable energy sources worldwide.

Parallel to these efforts, GRAMMER has continued to work intensively on the development of realistic targets for Scope 3 emissions in the reporting year 2024. An important target has already been defined on the basis of the experience gained in recording the Scope 3 emissions: Compared to the base year 2021, Scope 3 emissions in upstream supply chains are to be reduced by 20% by 2030. A target for Scope 3 emissions in our downstream supply chains will be defined in 2025. In addition, GRAMMER and its team will continue to intensify efforts to increase the use of sustainable materials.

We actively involve suppliers, partners and service providers in our sustainability strategy. As a result, we were well prepared for the implementation of the German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz - LkSG), in 2023. In order to strengthen the identification and avoidance of human rights and environmental risks in our supply chain, we continuously monitor our suppliers. In the 2024 reporting year, the focus was on suppliers with high country- and industry-specific sustainability risks, while in 2023 all German suppliers with a high risk were already examined.

The positive results of our sustainability initiatives are reflected in our improved ESG rating: In the past reporting year, the EcoVadis score improved from 58 to 71 out of 100 points.

1. Sustainability at GRAMMER

GRAMMER Group, based in Ursensollen (Germany), is a global company that operates in two business segments: GRAMMER develops and produces high-quality interior and operating systems for the global automotive industry. GRAMMER is a full-service provider of driver and passenger seats for trucks, trains, buses and offroad vehicles. We are committed to sustainability and have embedded its economic, social and ecological principles in our corporate guidelines.

We aspire to make thinking and acting sustainably an integral part of the company's DNA. For us, taking responsibility for people, society and the environment means not burdening people and nature as much as possible and promoting their ability to regenerate. We take the interests of all our stakeholders into account, support our employees and have implemented a standardized ISO-certified environmental management system for all our locations worldwide. By the end of 2024, more than half of our global sites have introduced an ISO-certified energy management system and more than three quarters of our global sites have introduced an ISO-certified occupational health and safety management system. We aim to implement energy and occupational health and safety management systems globally by the end of 2026.

1.1 Organizational structure of sustainability

In order to better manage the GRAMMER Group's sustainability issues internationally, the organizational structure was optimized in 2023. This structure is designed to further advance the implementation and promotion of sustainability.

Each region (EMEA, AMERICAS and APAC) has CSR representatives who report directly to the global Corporate Social Responsibility (CSR) team. In 2024, sustainability teams were established at each GRAMMER plant, consisting of permanent contact persons from various departments such as HR, Production, Quality and others. In 2025, regular training is planned for all CSR representatives and the contact persons at the plants. The focus will be on the topics covered by the EU Corporate Sustainability Reporting Directive (CSRD).

The CSR team maintains a regular dialog with the CSR Council, whose members are made up of representatives from the regions and managers from the first management level below the Executive Board, in addition to the Executive Board:

- Research and Development
- Legal
- Compliance
- Controlling
- Finance
- Accounting
- Investor Relations
- HR
- Production
- Supply Chain Management

- Quality
- Health, Security and Environmental Management
- IT
- Marketing and Communication
- Sales
- Data Protection

The CSR Council ensures that sustainability is firmly embedded in the corporate strategy and is continuously developed in accordance with legal requirements. The units represented on the CSR Council are responsible for implementing the strategic CSR objectives.

These objectives are part of the company-wide „Sustainable Company" initiative. Targets have been set for five action areas that are to be achieved in the medium and long term: energy and resource efficiency, efficient use of materials, waste avoidance and recycling, reduction of emissions and the development of sustainable products.

1.2 Materiality analysis

In preparation for the CSRD, we carried out a new materiality analysis based on double materiality in accordance with the European Sustainability Reporting Standards (ESRS). Taking into account the entire value chain, 19 material topics were identified with positive and negative impacts on people and the environment, as well as opportunities and risks for GRAMMER.

The ESRS environmental, social and governance (ESG) topics as well as GRAMMER's business model, value chain and stakeholders formed the basis for the identification of material topics. When assessing the materiality of the individual topics, the potentially relevant impacts, risks and opportunities (IROs) previously assigned to the topic were taken into account. The assessment was conducted in accordance with the requirements of the ESRS. GRAMMER used a two-step assessment approach:

1. Evaluation by technical experts, considering the perspective of the stakeholder groups affected by the IROs

2. Validation by functional experts, considering the perspective of users of sustainability information

All steps and results were documented and validated. After a final plausibility check, the Executive Board was informed of the results and approved them. The material topics identified serve as a guide for current and future efforts to promote sustainable practices. They also form the basis for our non-financial reporting.

The materiality analysis is to be updated annually from now on. The results have been linked to risk management since mid-2024 and will be incorporated into the risk management system from 2025.

Environmental (E)		Social (S)		Governance (G)	
Energy	✓	Working conditions	✓	Corporate culture	✓
Climate change mitigation (emissions)	✓	Equality and non-discrimination	✓	Management of relationships with suppliers	✓
Climate change adaption		Other work-related rights in the company	✓	Corruption and bribery	✓
Air, water and soil pollution	✓	Working conditions in the value chain	✓		
Water	✓	Equal treatment and opportunities for all in the value chain	✓		
Biodiversity and ecosystems		Other work-related rights in the value chain	✓		
Circular economy: Resource flows and use	✓	Information-related impacts for consumers and/or end users	✓		
Circular economy: Waste	✓	Personal safety of consumers and/or end users	✓		

✓ Topic was already material for GRAMMER before.

1.3 Support for the UN Sustainable Development Goals

As a globally active company, GRAMMER actively contributes to the achievement of the Global Sustainability Goals. Adopted in 2015, the United Nations' Sustainable Development Goals (SDGs) comprise 17 objectives aimed at making the world more sustainable and fairer by 2030. To highlight the relevance of the SDGs and to make our contribution visible, we are focusing on five subject areas and their goals to which we can contribute as a company:

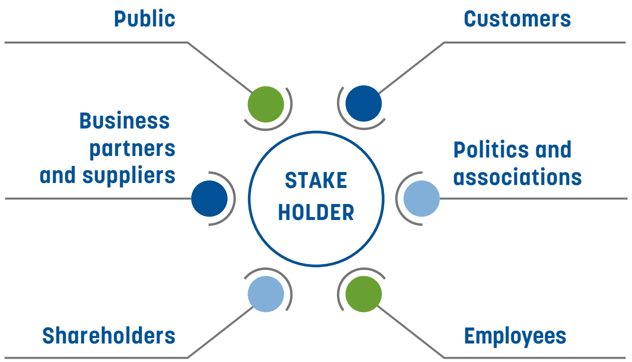
SDGs	Aspects of relevance for the GRAMMER Group	Material aspects	Non-financial aspects	Goals[1]
8	Responsible corporate governance	Corporate culture Corruption and bribery	Cross-cutting issue, particularly anti-corruption	• Introduction of a certified compliance management system by 2027 • >90% participation rate of all invited employees in training on business ethics/compliance
8, 12	Products	Information-related impacts for consumers and/or end users Personal safety of consumers and/or end users Circular economy: resource flows and use	Environmental concerns, social concerns	• Increased efficiency and process optimization through expanded know-how and its integration into our projects by the end of 2025 • Intensification and continuation of product development and sustainable materials
12, 13	Environment	Energy, climate change mitigation Climate change adaptation Air, water and soil pollution Circular economy: waste Water Biodiversity and ecosystems	Environmental concerns	• Minus 100% CO_2 emissions by 2040 (base year 2019) • Switch to 100% green electricity at all locations by 2026 • Increase energy efficiency by 10% by 2025 (base year 2019) • Global implementation of ISO 50001 by the end of 2026 • Minus 20% fresh water in relation to revenue (m3/million EUR) by 2030 (base year 2019)
12	Supply chain	Working conditions in the value chain Equal treatment and equal opportunities for all in the value chain Other labor-related rights in the value chain Management of relationships with suppliers	Cross-cutting issue, relates to all non-financial aspects	• 20% reduction in CO_2 emissions in the supply chain (upstream) by 2030 (base year 2019) • Sustainable suppliers: 75% of suppliers worldwide confirm the GRAMMER Supplier Code of Conduct by 2025 • Transparency and controlling of our suppliers' compliance with human rights and environmental due diligence obligations under the German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz - LkSG)
3, 5	Employees and community	Working conditions Equal treatment/non-discrimination Other work-related rights in the company Corporate citizenship[2]	Employee matters, social concerns	• Increasing the share of women in top management (20%) • Intensifying the training of employees (interculturality, languages, diversity, etc.) • Global implementation of ISO 45001 by the end of 2025 • Continually reduce the lost time injury frequency rate (LTIFR) - target: 2 LTIFR for 2025 • Strengthening and promoting voluntary commitment of employees worldwide (concretization of the concept and structural anchoring at GRAMMER worldwide) • Training: Ø 12 hours per employee (administration) per year until 2030

[1] For the 2024 non-financial report, it should be noted that the financial and non-financial figures of the GRAMMER Group were retroactively adjusted for the discontinued operations of TMD Group following the sale and deconsolidation of TMD Group in September 2024. However, the previous year's non-financial figures were not adjusted, which is why comparability of the previous year's figures with the 2024 figures and measurement of the degree of target achievement is only possible to a limited extent.
[2] No material aspect; reporting is voluntary.

1.4 Inclusion of all stakeholders

GRAMMER attaches particular importance to dialog with its various stakeholders, such as employees, customers and suppliers, and to the inclusion of their perspectives. Communication with our stakeholders is handled directly by the respective departments and units. The results of this dialog are documented and can be accessed in order to address corresponding inquiries from outside the company or to convey messages from within the company to the public at large. As GRAMMER maintains very close contact with its stakeholders, the expectations of the different groups can also be taken into account in the materiality analysis and the resulting sustainability concepts (see section 1.2, p. 52).

GRAMMER Group stakeholder



1.5 Ratings

ESG (environment, social, governance) rating agencies are key players on the capital market and a basis for sustainable investment. Most providers publicly disclose the results of their ratings and rankings. They are used by investors as transparent and additional decision-making aids – and customer expectations of companies in terms of certain rating results are rising all the time.

In 2024, GRAMMER improved its score at EcoVadis, a leading provider of ESG ratings, from 58 to 71 out of 100 points. This puts us in the top 15% of companies rated. Consistently high ratings of over 80% are achieved on NQC (a rating tool for suppliers in the automotive supply chain), which shows that GRAMMER satisfies the requirements of many of its customers for its contract award process.

1.6 Risk evaluation of non-financial matters

Doing business entails both opportunities and risks. We have defined various principles relating to risk policy in our strategy. In a risk management context, opportunities and risks refer to any possible positive or negative deviations from an uncertain plan. Risk management thus contributes to value-based corporate governance. We have established a uniform Group-wide risk management system to address such risks. This process allows risks to be detected, analyzed, and assessed early on so that measures and risk mitigation can be implemented.

Under the CSR Directive Implementation Act governing the disclosure of non-financial and diversity-related information, companies must not only report on the material aspects but also explain the related risks. In addition to financial risks, non-financial risks are also integrated into risk management. Internal experts have assessed the opportunities and risks for GRAMMER as part of the new materiality analysis, taking into account the double materiality principle (see section 1.2, p. 52). In the course of preparing for the CSRD, GRAMMER will from now on use the gross perspective for risk assessment, which does not take into account risk-mitigating measures and opportunities, in order to enable a neutral presentation.

In connection with non-financial aspects, the following material risks were identified that are linked to the company's own business activities, business relationships or products and have or could have a (severe) negative impact on non-financial matters in the future:

Non-financial aspect	Impacts
Cross-cutting issues	• Reduced identification and orientation as well as (psychological) stress and risks of legal violations in the absence of shared values, inadequate corporate culture or missing/unprotected whistleblower system (exacerbation of problems, causing greater damage) • Threat to economic, social and ecological foundations due to inadequate climate change adaptation • Negative impact on the economic stability of suppliers and their employees due to delays in payment of supplier invoices, sometimes beyond the contractually agreed deadline
Environmental concerns	• Greenhouse gas emissions from energy use, vehicle and transportation operations, raw material extraction, combustion processes, chemical reactions, waste and recycling, production and distribution of short-lived printed products (marketing) • Environmental impact of raw material extraction, use of non-renewable energy in our own operations, production processes and transportation • Environmental pollution due to improper handling of waste water and chemicals or accidents in production • Increased resource consumption/scarcity due to „linear" or conventional product design and use of non-renewable raw materials • Unnecessary waste due to the use of too much or non-recyclable packaging material • Increasing volume of waste due to inadequate disposal methods by suppliers or own operations • Contribution to or increase in potential/existing water scarcity through water use in procurement and production processes in upstream value chain and own operations (especially in areas suffering from water scarcity) • Loss of biodiversity due to land conversion for raw material extraction, use of monocultures or land sealing, land use for production and logistics sites, pesticides, pollution from production processes and waste storage
Employee matters, social concerns and respect for human rights	• Negative impacts on health due to long working hours and a lack of work-life balance • Violation of participation rights due to no/limited employee representation, lack of social dialog or restrictions on freedom of association • Negative impact on living conditions and financial situation due to inadequate pay or suppression of collective bargaining or collective bargaining coverage • Health risk for employees and end consumers (in some cases even life-threatening) due to lack of health and safety protection or sale of defective products • Additional work load or strain on our own employees and the employees of our suppliers due to high employee turnover • Discrimination and declining employee satisfaction due to gender pay gaps • Impairment of career opportunities with impacts on lifestyle, economic situation and health due to discrimination and inequality in promotion and development (including training and further education opportunities) • Violation of employee rights and (psychological) stress due to discrimination and inequality based on certain characteristics • Physical and psychological harm to employees through violence and harassment in the workplace • Violation of privacy rights or the right to the protection of business data in the event of loss of employee and customer data • Health hazards due to inadequate accommodation for employees • Violation of human rights through modern slavery (child labor, forced labor)
Anti-corruption and anti-bribery	• Promotion of poverty and inequality in society through (tolerance of) corruption • Negative publicity for the country's economy in the international community (possibly spread by the media) in the event of a public scandal in connection with corporate corruption

Opportunities and risks in connection with non-financial aspects that are material for GRAMMER Group from a financial perspective are described in the following introductory sections and in GRAMMER's opportunity and risk report (see Group management report, opportunity and risk report, pp. 29–40).

There are also fundamental risks that can have an impact on individual non-financial aspects. This applies, among other things, to ecological risks that we address with our management systems in accordance with ISO 14001 (Environmental Management) and ISO 50001 (Energy Management).

The sustainability risks categorized in the areas of environmental, social and governance (ESG) have been implemented in our risk management and our risk management system has been adapted in line with the requirements of the German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz – LkSG). Thus, we have analyzed the risks of our own operations and our supply chains. Alignment with the requirements of the CSRD will take place in 2025.

2. Responsible corporate governance

As a global Group, we have an obligation to the rules and ethical requirements of markets, countries and regions. In addition, our corporate culture is characterized by values that guide our business activities and accompany our employees on a daily basis. These values include the protection of human rights, outlawing child and forced labor, anti-corruption, professional data protection and information security.

We use clear and open communication to create transparency – for our employees, our customers, our suppliers and shareholders. It is important to us to balance the interests of our stakeholders and to maintain a respectful approach. In this way we are creating the deep-seated trust that is required for our business success and our corporate culture.

2.1 Corporate culture

GRAMMER stands for a corporate culture that promotes employee responsibility and cultivates integrity as a prerequisite for trusting relationships. Our shared values provide orientation and form the foundation for responsible corporate governance as well as a pleasant and successful working relationship. A lack of shared values, an inadequate corporate culture or a missing or unprotected whistleblower system could contribute to a reduced level of employee identification with GRAMMER and the risk of legal violations, which would exacerbate problems and result in higher damages due to loss of reputation and legal proceedings. Instead, our corporate culture provides our employees with a greater sense of well-being, identification and orientation in a safe working environment.

Our corporate culture is designed to contribute to employee satisfaction and long-term business success. After all, employees who enjoy coming to work and feel comfortable and safe in the workplace are the basis for creativity, innovation and corporate success. That is why we want to maintain and further increase the satisfaction and commitment of our employees.

Our strategic approach

All managers and department heads, together with the "Group Human Resources" (Group HR), are responsible for employee matters and for maintaining the corporate culture. Along with management, Group HR is also responsible for the development of employees into specialists or managers and helps them to develop their respective strengths in their job. Various offers and benefits promote the satisfaction of GRAMMER employees. The „MyLife@GRAMMER" program also supports employees in all life situations.

GRAMMER's corporate culture (Way of Working = WoW) is based on the principles of trust, respect, collaboration and leadership. The WoW CODE stands for Collaboration, Openness, Drive and Empowerment. Together with the Human Resources strategy, the corporate culture accompanies and supports the strategy and is consistently linked to the sustainability concepts. The four CODE principles create the framework for respectful and trusting interactions. Various, sometimes mandatory, training courses, coaching sessions and workshops for management and employees help to ensure that the principles are put into practice throughout the company and that the culture of mutual appreciation continues to grow. To continuously improve the corporate culture, a global internal survey was conducted in November 2024, which achieved a good result with a score of 70 out of 100 on a rating scale from unsatisfactory to excellent. In particular, the categories of Collaboration, Empowerment and our WoW methods for working together showed stability and a significant improvement compared to the previous year. The high participation rate of 72% shows the great interest of employees in actively shaping our corporate culture.

The cornerstones of our corporate culture are also set out in the GRAMMER Code of Conduct, which is binding for all employees worldwide and is reviewed annually. The Code of Conduct was approved by the Executive Board and is the responsibility of the Chief Compliance Officer (CCO) (see section 2.2, pp. 57–58).

If GRAMMER employees or external parties suspect misconduct or a violation of laws or internal guidelines, they can report this via our digital whistleblower system – anonymously and in several languages (see section 2.2, pp. 57–58).

Regular WoW training sessions

Numerous workshops based on the WoW method were held in 2024. These included the digital WoW basic training courses via the GRAMMER Academy, the modular training courses at our locations in China, and the "Way of Leading" trainings for our managers, which were held locally in the EMEA region. In 2024, we also began internal training of employees who volunteered to become trainers for the WoW methodology.

Several workshops and training sessions based on the WoW method have been held in all three regions. Most of these events were conducted digitally, which allowed for greater flexibility and the participation of employees from different locations. WoW training is an integral part of our leadership development program („Way of Leading") and the development programs for project managers. Mandatory e-learning for all new employees complements the WoW training program.

Annual WoW CODE awards

Since 2022, we have been presenting the WoW CODE awards annually. This is an award for GRAMMER employees worldwide who excel in the four categories of Collaboration, Openness, Drive and Empowerment. The annual call for entries for the WoW CODE awards resumed in 2024. The entries were evaluated and the winners were chosen. The award ceremony took place in a special „News & Numbers" call with the Executive Board at the beginning of December 2024.

Outlook

In 2025, the training of employees to become trainers in the WoW methodology will continue.

2.2 Combating corruption and bribery

Compliance with national laws and international regulations is of fundamental importance for safeguarding GRAMMER's business activities. GRAMMER pursues a zero-tolerance policy towards corruption and bribery. We are committed to the principles of integrity, fairness, honesty and tolerance in business dealings and do not tolerate any behavior that involves unfair business practices.

Our employees must comply with the legal provisions on prohibited actions involving the direct or indirect offer, promise, granting, solicitation or receipt of money or other benefits with the intent and expectation of an unfair competitive advantage. Particularly strict standards are applied when working with public officials or public institutions.

As part of our value chain is located in countries with an increased risk of corruption, the risk of corruption increases for the entire company, which can be accompanied by reputational risks and a reduction in the company's value. We can counteract this risk in particular through a variety of preventive measures as well as careful monitoring and the strict, consistent remediation of possible cases of corruption.

Our strategic approach

We are committed to conducting our business in an ethical and lawful manner. Our strategy includes implementing a robust compliance program that includes clear policies and procedures, regular employee training and a mechanism for reporting potential violations without fear of retaliation (whistleblowing process). We also ensure that our business practices comply with all relevant laws and regulations in the countries in which we operate.

The aim of our compliance management is to guarantee the effectiveness and viability of our company by respecting the legal provisions. Violations are detected and penalized. To coordinate compliance activities across the Group, the position of Chief Compliance Officer (CCO) was created for the first time in 2022. The CCO holds chief responsibility for handling compliance issues and reports directly to the Executive Board. Moreover, the COO also reports regularly to the Audit Committee of the GRAMMER Group. The multidisciplinary Incident Response Committee (IRC), which is independent of the Executive Board and consists of representatives from the Compliance, Legal, HR and Internal Audit departments, is responsible for assessing and handling information received on breaches of compliance. This committee ensures objectivity, fairness, appropriateness and comparability in the handling of information and internal investigations.

All GRAMMER employees are obliged to behave accordingly. The GRAMMER Code of Conduct is available to all employees in eleven languages on the intranet and is binding. All new employees are informed about the Code of Conduct and it is explained to them in training. In addition, internal guidelines on compliance, antitrust law and the internal guidelines on grants, donations and sponsorship as well as conflicts of interest, which were revised in 2024, contain corresponding binding provisions. Besides the mandatory compliance training for all employees, the GRAMMER Academy offers an interactive training on anti-corruption and anti-bribery, in which employees are trained to recognize corruption and bribery risks and take countermeasures at an early stage.

The Transparency International corruption index for specific countries provides an important indicator for determining the frequency of audits at individual locations. If an audit gives rise to a reasonable suspicion, we commence an investigation and take the requisite action as necessary.

Whistleblower system

Employees and external stakeholders can report suspicious cases via a digital whistleblower system – both anonymously and in various languages. Alternatively, there is the option to make contact via a Compliance e-mail inbox and to communicate in person, by phone or by mail in accordance with EU and German whistleblowing legislation. GRAMMER is subject to EU and German whistleblower protection legislation. All information is treated in strict confidence and the whistleblower is protected under all circumstances from retaliation or discrimination based on their report. In 2024, GRAMMER conducted an internal campaign on whistleblowing to raise awareness of the issue.

Following thorough verification, incoming compliance complaints are investigated and, if a suspicion is confirmed and a breach has taken place, appropriate measures are taken. A comprehensive process has been established in order to follow up on all reports effectively, neutrally and professionally. The main responsibility for this lies with the CCO. In addition, there is a multidisciplinary body, the Incident Response Committee (IRC), which is independent of the Executive Board. This Committee monitors the process and, in serious cases, determines how to proceed with the investigation. In the event of a serious breach, the Executive Board makes the final decision on the consequences. In less serious cases, the respective plant/site management, company management or regional management is responsible for this decision. All decisions are documented.

There were no confirmed cases of corruption in the entire GRAMMER Group in the 2024 reporting year.

Outlook

Due to the tense economic situation, internal cost-cutting measures have led to the postponement of external certification of the compliance management system. Certification is still planned for 2027.

GOALS

– Certification of the compliance management system by 2027

– Achieve a participation rate of over 90% of the assigned workforce in compliance/ethics training.

2.3 Data protection and information security

The protection of data and information is essential for GRAMMER, as it represents a valuable asset for our company. The protection of personal data of our employees, customers and business partners is a top priority and is subject to strict legal requirements, including the General Data Protection Regulation (GDPR) and the German Data Protection Act (Bundesdatenschutzgesetz – BDSG). The violation of the right to the protection of business data or the loss of customer data (e.g. as a result of a cyber attack) has negative consequences, e.g. for the privacy of customers. This poses a risk to the Company in terms of loss of trust and revenue as well as possible fines. The protection of business-critical information and IT systems is therefore of central importance to protect our Company from material and immaterial damage. In order to meet these requirements, we pursue a comprehensive strategy for data protection and information security that is based on international standards.

Our strategic approach

GRAMMER has established high data protection and security standards worldwide. The data protection department is part of the compliance organization and reports to the Chief Compliance Officer (CCO). External data protection officers are appointed in countries where this is mandatory. The legal requirements are implemented in the respective specialist departments, which are supported by compliance and external experts. The employees in the data protection organization respond to inquiries and implement appropriate solutions. At the same time, our information security management system (ISMS) protects all business-relevant data, regardless of whether it is stored digitally, on paper or in any other form. It is based on, among others, the ISO/IEC 27000 series and the Trusted Information Security Assessment Exchange (TISAX) automotive standard.

IT security plays a central role here: Modern protection mechanisms, regular IT security tests and authorization checks help to identify vulnerabilities at an early stage and prevent cyberattacks. An external service provider also monitors our IT security infrastructure, while specific security zone and authorization concepts at all locations ensure the physical protection of sensitive information. Access is controlled using key cards or keys.

We pay particular attention to raising awareness among our employees, as they often pose the greatest security risk – usually through unintentional misconduct. We expect our employees to respect our customers' and business partners' business secrets – and to protect industrial property rights, business secrets and other confidential company information against unauthorized disclosure. All employees are responsible for ensuring that appropriate information security is guaranteed at all times within their area of responsibility. They are supported in this by established processes, guidelines and regular trainings. Managers are responsible for implementing the regulations of the integrated management system and carrying out security measures. Mandatory training courses on data protection and information security are an integral part of our compliance training concept. In 2024, 1,449 employees completed an online training on data protection or information security, 147 were trained in person. In addition, 319 employees took part in compliance training, 49 of whom were trained online.[1] We also use targeted measures to identify phishing campaigns and support our suppliers with appropriate security software to protect the supply chain.

Responsibility for data protection and information security is clearly structured: The data protection department and the Chief

[1] Comparability with the previous year's figures is limited due to the deconsolidation of the TMD Group in 2024 (see section 1.3, p. 53).

Information Security Officer (CISO) set the guidelines. The CISO reports directly to the Executive Board. The practical implementation of IT security is the responsibility of the IT department, which reports regularly to the Chief Financial Officer (CFO) and the Supervisory Board.

Certifications and continuous improvement
GRAMMER undergoes external audits and certifications to ensure the highest security standards. In 2022, we successfully completed the TISAX certification „handling of information with very high protection needs" for all production facilities that have a supply relationship with automobile manufacturers. An extension of the label to include „prototype protection" is currently being implemented and will be finalized at the end of the first quarter of 2025. Certifications are also becoming increasingly important in the area of data protection in order to demonstrate legal compliance and strengthen the trust of our stakeholders.

The cross-border harmonization of the data protection management system was started in 2024. The focus was on the revision and standardization of a digital, global directory of personal data processing activities and the adaptation of video surveillance rules at the various sites.

The internal ISMS is currently being revised to more effectively implement and manage future new or existing regulatory requirements, such as the EU Network and Information Security Directive (NIS 2 Directive).

In order to improve our „cyber resilience", the existing crisis management system was revised in 2024 and tested technically and organizationally in tabletop exercises. The focus is on holistic crisis communication and „operational continuity management" in the production areas.

Outlook
The project-related extension of the TISAX certification with the addition of „prototype protection" will be finalized in the first quarter of 2025. The harmonization of the data protection management system will continue. Other topics will include in-depth training in data protection, the revision of the deletion concept and the inclusion of country-specific features.

With regard to the issue of cyberattacks, established processes are to be harmonized globally in 2025 and experience gained is to be incorporated into central crisis management and regularly tested.

3. Products

GRAMMER attaches great importance to the sustainability of its products along their lifecycle – from development and production to use and recycling. Key criteria include climate-, environment- and resource-friendly product developments and innovations as well as the use of sustainable and recycled materials. Furthermore, the safety and ergonomics of our products must be guaranteed for end users.

Our seating systems and interior products are currently produced and sold at 44 production and logistics facilities around the world. Roughly 543 engineers and R&D employees work at 13 international locations with the aim of continuously enhancing the environmental compatibility, ergonomics, safety, functionality, quality and aesthetics of GRAMMER products. The Group is capable of developing products with state-of-the-art tools and systems – from simulating characteristics using state-of-the-art test facilities to practical testing and prototyping. Smaller research and development teams are located in GRAMMER's own plants as well.

Non-capitalizable R&D expenses amounted to EUR 72.8 million in the 2024 financial year (previous year: EUR 71.3 million), representing 3.8% of total revenue (previous year: 3.5%). Also, development costs of EUR 7.4 million (previous year: EUR 7.1 million) were capitalized in fixed assets.[1] In 2024, Group-wide property rights (patents, designs and utility models) pending and granted increased by 3.09% to 2,004 (previous year: 1,977), with the number of newly registered property rights amounting to 35 (28 patents, 5 utility models and 2 designs).[2]

3.1 Customer health and safety

Every day, roughly ten million people around the world use seats, headrests and consoles produced by GRAMMER – most of them at work: As professional drivers, they drive trucks, buses, agricultural machinery, construction vehicles or forklifts, often for hours at a time, five days a week. GRAMMER products accompany people not only at work, but also in their private lives: In many cars around the world, they ensure a particularly comfortable and safe ride.

Our primary goal is to ensure that users of GRAMMER products feel safe, comfortable and healthy. Inadequate product safety can have a significant impact on the health and well-being of users. This is also accompanied by risks for the Group (e.g. loss of trust, loss of revenue, fines), especially if safety-relevant information on critical components such as airbags were not clearly labeled. That is why we place particular emphasis on the ergonomics, comfort, safety and sustainability of our products.

[1] Following the sale and deconsolidation of TMD Group in September 2024, the financial figures for the GRAMMER Group were adjusted retrospectively for the discontinued operations of TMD Group.
[2] The previous year's figures have been adjusted accordingly to improve comparability. Comparability with the previous year's figures is limited due to the deconsolidation of the TMD Group in 2024 (see section 1.3., p. 53).

Our strategic approach
The product experience is determined by the user and their subjective perception. This „perceived quality" remains the guiding principle of our product development. We focus on the continuous development of our solutions, which harmonize safety and environmental requirements as well as constantly changing customer requirements. This holistic approach ensures that not only our products, but also the surrounding systems are analyzed and optimized to offer drivers the best possible overall solution.

Our interdisciplinary teams of developers and ergonomics experts work on defining usage requirements and developing solution concepts based on them, which are evaluated, optimized and adapted to our customers' expectations in iterative processes. Experiences from local test drives and direct customer feedback are incorporated into our product development, as are insights from the constantly growing global need for a safe, modern and comfortable working environment.

Ergonomic products
Our suspended seats for commercial vehicles satisfy the highest ergonomic requirements. They offer the driver optimal support, maximum freedom of movement and reduce vibration exposure to prevent back problems. The same applies to our interfaces for multifunctional armrests and cabins: Thanks to their ergonomic design, they ease the strain on the spine and forearms, improve concentration and increase safety even under very demanding working conditions. Our headrests for passenger cars protect the cervical spine in the event of accidents and offer individual height and adjustment options. The functionality and reliability of our products therefore contribute to the safety and well-being of drivers.

In 2024, we functionally enhanced several seats and numerous modules, such as the horizontal suspension and the dual motion system. Other initiatives have raised the three-point seat belt system and various comfort systems, including massage, to a new level of performance. Approaches for automatically adjusting the seat to the driver's height have brought further innovations for the ergonomic design of the driver's workplace. By considering the entire working environment, we can offer ergonomically optimized solutions that take functional and social aspects into account. At the same time, greater attention was paid to the use of sustainable materials (see section 3.2, pp. 60–62) without compromising the advantages achieved in terms of ergonomics, comfort and safety.

To optimize our interior products, we conducted a comprehensive study on the changing requirements of vehicle interiors in 2024. Scenarios such as driving itself, working while driving, break times and eating in the vehicle were examined in practical tests with test persons. The findings provide valuable information for the ergonomic and kinematic adaptation of the center console to tailor our products even better to customer needs and increase driving safety.

Outlook
For the year 2025, we will continue to focus on developing safety and application-oriented solutions. Our products should not only create functional, but also emotional and social added value by making end users feel safe and comfortable when using GRAMMER products and by making the products accessible and usable for everyone.

GOALS
- GRAMMER remains committed to its mission of promoting the health, safety and comfort of its customers. The aim is to develop innovative and economically attractive products that impress with their user experience and solutions that are suitable for everyday use. Product safety and user-friendliness are the focus of our strategy.

- We continue to pursue our goal of ensuring that neither end users nor GRAMMER itself suffer any harm as a result of product safety incidents.

3.2 Resource use
Sustainable product development is an important component of GRAMMER's „Sustainable Company" strategic initiative. This also includes topics such as the reduction of CO_2 emissions along the entire value chain and circular economy, which is increasingly being demanded by our customers and is linked to specific requirements. We want to meet these requirements with innovative and sustainable product solutions. We offer our customers environmentally friendly alternatives and make a contribution to climate, environmental and resource protection.

The procurement and use of resources for production have a negative impact on people and the environment. An important lever for reducing this impact is the choice of materials. To spare natural resources and the climate, GRAMMER tries to ensure that the raw materials used for products come from sustainable sources wherever possible and that our suppliers comply with environmental and social standards along the entire supply chain (see section 5, pp. 68–70).

The use of sustainable materials is associated with many challenges: Their availability is often uncertain, which can make it difficult to maintain the necessary quantities. Recycled materials also require comprehensive testing, as their properties are often not as good as those of new materials. Additional research and certification capacities are also required. For GRAMMER, risks therefore arise from the scarcity of raw materials and costs, but at the same time sustainable materials and supply chains also offer opportunities: If we continue to expand our expertise in this area, this can be a competitive advantage. In addition, GRAMMER can make a positive contribution to resource conservation and environmental protection in the context of circular economy through circular product design and the use of recyclable materials.

Our strategic approach

GRAMMER strives to minimize the impact of its products and materials on the environment and climate along the entire value chain. Our measures aim to reduce the negative impact from extraction and processing through to the use of the finished product and the end of the product life cycle. We are therefore increasingly working on using recycled and recyclable materials. By designing our products with a focus on circularity, we reduce the need to procure new materials and raw materials.

The "Materials and Sustainability" department within Research and Development at GRAMMER is responsible for the comprehensive testing of new materials. Its work focuses on product approaches to reduce CO_2 emissions. To calculate the carbon footprint of our products, we use the GaBi software from the company Sphera, which has become an industry standard. The carbon footprints of our products will be certified by an accredited expert from the beginning of 2025. A network of vehicle manufacturers, suppliers and research institutes is providing assistance in the development of environmentally friendly products.

Even in the early stages of product development, we pay attention to sustainable materials and technologies to reduce CO_2 emissions. However, customer material specifications and predefined suppliers limit our flexibility when selecting suppliers.

Sustainable and recycled materials

GRAMMER mainly uses plastics, PUR foams and steel to manufacture its products. These are CO_2-intensive to produce. However, customer specifications do not currently allow for the use of alternatives made from renewable raw materials and recycled materials on a large scale. Concerning steel, the increase in the share of steel scrap in selected, non-safety-relevant steel products in 2024 was analyzed to reduce the CO_2 footprint in the future. In the medium term, GRAMMER is working with its suppliers to use steel from the electro arc furnace (EAF) process and later also from the direct reduced iron (DRI) process. These two processes represent an alternative to the conventional blast furnace process in steel production and offer potential savings in CO_2 emissions of 35 to 60%.

In cooperation with our suppliers and customers, we are gradually increasing the proportion of recycled material in our products. This varies between 25% and 75% depending on customer specifications and material. A patented system for fastening the center console in the vehicle floor was developed in order to be able to use a high proportion of recycled materials in the production of interior components. Since the end of 2024, GRAMMER has also been involved in the „Bio2Foam" project, which is funded by the German Federal Ministry of Education and Research (BMBF). The aim is to produce the foam component polyol from sugar cane waste. Research was also conducted into sustainable foam systems, which enabled us to reduce the CO_2 footprint of our products by around 40% by the end of 2024.

Traceability of material flows in the value chain

GRAMMER uses the International Material Data System (IMDS) to manage environmentally relevant material data and to track the material flow in the automotive industry. Furthermore, we require our suppliers to comply with the extended purchasing conditions and the Code of Conduct regarding environmental protection, human rights, auditability and the responsibility of sub-suppliers. A particular focus is on the exclusion of conflict minerals to avoid the financing of conflicts and prevent human rights violations (see section 5.1, pp. 68–69).

Efficiency of materials

The economical use of materials in manufacturing of products also conserves natural resources and protects the climate. For example, we reduce adhesive consumption through new plant technology and mixing systems. The consumption of the chemicals polyol and isocyanate for the production of foam parts is also being reduced through our own formulations and recipes and more precise tool fillings. Another measure is the recirculation of scrap parts and sprue residues to the injection molding process (closed-loop recycling). Furthermore, the latest cutting techniques are used when cutting cover materials such as textiles, leather and other foils in order to minimize waste. In this context, we have implemented the „Global Cutter" project at six GRAMMER production sites since 2023. The aim of the project is to tap into potential savings in materials and production costs and reduce our CO_2 emissions by purchasing new cutting machines for leather, vinyl and fabrics. By purchasing and installing three new machines in 2023 and 2024, an annual emissions saving of 2,000 t CO_2e was achieved.

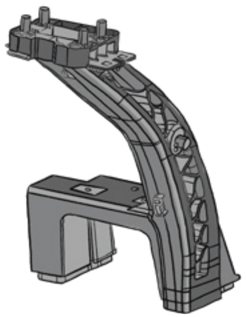
Light-weight construction

By reducing the weight of our seats, center consoles, armrests and headrests, we are contributing to climate protection. Less material does more than conserve resources: By reducing vehicle weight, our customers reduce fuel consumption when driving and thus also greenhouse gas emissions. We reduce weight through function integration, which means fewer components are required. Another approach is to substitution metal die-cast components by using high-performance plastics.

Development of circular products

GRAMMER's „Design for Recycling" approach makes it possible to design products in such a way that they can be disassembled into their individual parts at the end of their service life. This can be achieved, for example, by reducing the variety of materials in the product. This leads to greater recyclability, which in turn makes it possible to reduce the amount of waste.

In 2024, we analyzed the recyclability of a center console and derived new design guidelines for the product. A holistic view of the life cycle of GRAMMER products was developed based on the EU Parliament's circular economy model. Other measures implemented in 2024 include the development of a CO_2 accounting tool and environmentally friendly products and materials. The focus here was particularly on avoiding aluminum and magnesium die casting, as both materials have a comparatively high CO_2 footprint compared to steel or plastic due to the high energy required for their extraction. We paid particular attention to the calculation of CO_2 emission values for recyclates, the development of a recyclability index and patent as well as the use of green steel.



Center console bracket – Highlights

- Lightweight construction by replacing metal with plastic
- Use of recycled material
- Reduced CO_2 footprint

Outlook

In 2025, we will continue to identify the components with the highest CO_2 emissions in production and examine whether they can be manufactured using alternative materials with a lower CO_2 footprint. We will continuously test new materials and recyclates from different manufacturing processes in order to increase the proportion of sustainable materials in GRAMMER products.

In product development, we will focus primarily on sustainable product design, increased recyclability (> 75%) of products at the end of their life cycle and the optimization of our manufacturing processes. We are working on obtaining additional primary data for the calculation and preparation of carbon footprints.

3.3 Innovations

Mobility is changing due to trends such as climate-friendly and autonomous driving, which are accompanied by increasing demands from customers and vehicle manufacturers on suppliers. New vehicle concepts, drive types, automation levels and higher occupant protection requirements are shaping product development. In order to remain profitable in the long term, GRAMMER must recognize trends early on, react quickly and offer innovative solutions.

The vehicle interiors are becoming a distinguishing feature for our customers and are being massively upgraded. State-of-the-art materials, uncluttered architecture and hidden technology are key criteria. Center consoles, for example, are becoming the central element in vehicles. Digitalization is increasing the share of electronics and the complexity of products. At the same time, short development cycles are required to ensure that innovations are to be ready in time for series production. Moreover, there is high-cost pressure that requires innovations through intelligent approaches as well as modularization and standardization in order to be able to offer customers cost-effective solutions. Close customer contact helps us to identify and implement early on.

Our strategic approach

Innovation projects are to be found in the Automotive area and in the Commercial Vehicles area. There are projects at product level – for example for new functions, materials or to improve ergonomics and comfort – and process innovations, such as in the use of new materials and optimized materials processing.

In conjunction with the innovation management process, we produce roadmaps that address both customer- and market-driven issues as well as the implementation of new technologies in existing products. This is all overseen by "Research and Development". Innovation projects are regularly discussed by various panels with representatives from the Sales, Strategy and Product Management business areas. Ideas are also presented at customer events and feedback is incorporated.

Next-generation adaptive center consoles and driver seats

Further progress was made on several innovation projects in 2024:

- For the center console, the focus is on integrating new functions with the aim of offering our customers near-series and adaptable solutions for their products. Our strategy is based on a modular center console equipped with functional storage systems and additional storage space. These adaptations are geared towards the needs of passengers, with a focus on practical use and comfort.
- In the area of driver and passenger seats, we are continuously working on new concepts for suspensions as well as for subordinate modules, assemblies and components to further improve comfort, ergonomics and safety in agricultural and construction machinery, industrial trucks, trucks and trains.
- Among other things, we have developed and designed new headrests and center consoles that can be produced with a high degree of automation. These advances enable us to produce more efficiently while ensuring the quality and reliability of our products.
- In the area of loudspeaker covers, we have created new design possibilities for our customers through the development and redevelopment of technologies in plastic and stainless steel.

Outlook
GRAMMER will continue to adhere to its roadmap in the coming year and push ahead with strategic innovation projects. These include increasing modularity and reducing complexity across all product groups. By redesigning existing products, we are developing new, market-oriented solutions for our customers.

4. Environment

GRAMMER Group takes responsibility for the environment and pursues a holistic approach. Active environmental protection and the responsible use of resources have been defined as important goals in the corporate guidelines. The aspiration: We want to reduce business-related environmental impacts as much as possible. To this end, processes along the entire value chain are continuously analyzed and optimized to improve energy efficiency, reduce emissions and avoid environmental pollution. We also reduce the amount of waste and water consumption and take care to preserve biodiversity.

The success of our environmental activities is regularly reviewed – both internally and with the support of external partners. All of our sites worldwide have already implemented an environmental management system in accordance with ISO 14001 and defined site-specific environmental targets and measures.

For the 2024 non-financial report, it should be noted that the financial and non-financial figures of the GRAMMER Group were retroactively adjusted for the discontinued operations of TMD Group following the sale and deconsolidation of TMD Group in September 2024. However, the previous year's non-financial figures were not adjusted, which is why comparability of the previous year's figures with the 2024 figures and measurement of the degree of target achievement is only possible to a limited extent.

Overall responsibility for environmental management lies with the „Group Quality, Services & HSE" department, which reports to the Executive Board. This unit develops strategic guidelines for environmental protection for the entire Group. An environmental manager is appointed at each location to implement the measures.

4.1 Climate change

As a global production company, GRAMMER consumes energy along the entire value chain and thus contributes to climate change by emitting greenhouse gases. To slow climate change, we support the 1.5-degree target of the Paris Climate Agreement and are committed to significantly reducing our CO_2 emissions worldwide.

Reducing carbon dioxide emissions presents us with challenges: The CO_2 targets set by legislators in different countries or by customers are inconsistent, so companies are required to take a high degree of initiative. Non-compliance with CO_2 targets entails certain risks such as loss of revenue or a decline in company value due to a weakened competitive position, changes in customer behavior or higher capital market costs. Rising energy and fuel prices can also lead to financial burdens – directly through higher operating costs and indirectly through higher purchase prices for products. Environmental disasters and extreme weather events are already affecting production and transportation, which requires additional investment and relocation.

However, the increased CO_2 requirements are also leading to a surge in innovation in the automotive industry, which represents an important opportunity for GRAMMER. Efficiency measures, energy savings and the development of a low-CO_2 product range can lead to a reduction in greenhouse gas emissions, as can the use of renewable energies. Through these measures, we are taking responsibility as a company and helping to protect the climate. This also has a positive effect on our attractiveness to customers and applicants.

Our strategic approach
We work with various processes and methods to identify significant climate-related impacts, risks and opportunities. This enables us to create a sound basis for strategic decisions and the sustainable orientation of our company.

In order to determine the impact of our business activities on climate change, we have been calculating the greenhouse gas emissions of our sites in accordance with the Greenhouse Gas Protocol (GHG Protocol) since 2019. This includes the determination of emissions in Scope 1 and 2. Scope 1 includes direct emissions that arise, for example, from our own energy generation or the production process. Scope 2 comprises indirect emissions, for example from the use of purchased electricity and district heating. In 2024, Scope 1 amounted to 13,369 t CO_2e and Scope 2 to 32,126 t CO_2e, which corresponds to a reduction of 67.7% compared to the previous year.[1]

t of CO_2e[1]

	2024	2019
Scope 1 emissions	13,369	13,875
Scope 2 emissions	32,126	136,334

Since 2021, we have also been calculating our Scope 3 emissions with external support. This includes, for example, purchased (pre-)products, business travel and logistics processes. To determine the CO_2 emissions within our supply chain, we query the CO_2 footprint of our suppliers.

GRAMMER has already achieved the target of reducing its CO_2 emissions in Scope 1 and 2 by 25% by 2025 and by 50% by 2030 compared to the base year 2019. The further target is to reduce CO_2 emissions (Scope 1 and 2) by 100% by 2040 compared to the base year 2019. To this end, energy efficiency is to be increased by 10% by 2025 compared to 2019 and a

[1] Comparability with the previous year's figures and measurement of the degree of target achievement is limited due to the deconsolidation of the TMD Group in 2024 (see section 4, Introduction, p. 63).

global switch to 100% green electricity is to be made by 2026. CO_2 emissions in the upstream supply chain are also to be reduced, by 20% by 2030 compared to the base year 2021.[1]

In order to achieve our emissions targets and control energy consumption worldwide, GRAMMER works with a certified energy management system in accordance with ISO 50001, which we will introduce at all production sites by the end of 2026. This will enable energy consumption to be monitored, analyzed and reduced through targeted measures. As of December 31, 2024, 67% of all production sites and all German sites have already been certified in accordance with ISO 50001.

We derive individual energy savings targets for each plant from the global targets for the GRAMMER Group: All production sites must implement the energy roadmap on a mandatory basis. The regions each have a manager for energy matters, and the plants are also supported by energy management officers.

Under the coordination of the CSR unit, all departments at GRAMMER are involved in the topics of energy consumption and CO_2 emissions. In addition, there are working groups on various topics such as energy efficiency, sustainable procurement and sustainable materials. The „Materials & Sustainability" team within Research and Development is responsible for calculating the carbon footprint of GRAMMER products.

Conducting a climate risk analysis

In 2024, GRAMMER conducted a climate risk analysis to assess physical risks, transition risks and opportunities against the backdrop of various climate scenarios. The physical risks were analyzed based on the vulnerability of GRAMMER sites and the supply chain, considering various climate models. The transition risks and opportunities were analyzed with regard to social and economic change towards a lower-carbon future, with a focus on the product portfolio, production sites and dependence on suppliers.

Physical risks for GRAMMER arise from climate-related risks such as heat stress, flooding, heavy precipitation, hydrological fluctuations and storms, which can reduce the efficiency of machinery, disrupt operations and cause damage to assets. Transition risks include rising costs due to higher CO_2 prices, the procurement of sustainable materials and the possible need to refurbish buildings. In addition, early depreciation of tangible assets may become necessary due to technological changes and there is an increasing need for qualified personnel to implement new products and technologies as well as for administrative and reporting processes. For GRAMMER, however, there are also opportunities arising from potential revenue growth due to changes in market preferences and lower capital costs as a result of access to green financial instruments.

Measures to reduce CO_2 emissions and energy consumption

In order to identify energy waste and compare the status of our technology, we have been working with an energy monitoring system and are conducting potential analyses since 2020. The potential analyses have already been completed at all locations and are repeated annually. First potential savings have been identified, e.g. for machines and systems in standby mode, even though they were not needed at the time. A plant-specific measurement and the available material consumption data make it possible to improve and compare efficiency with other plants. Around two thirds of our production sites are equipped with smart meters to measure energy consumption in detail. In many facilities, we have switched to energy-saving LED lighting and purchased energy-efficient machines such as injection molding machines and boilers. In some cases, roofs were renovated and insulated to use less energy for heating and cooling. Compared to the previous year, CO_2 emissions per EUR/revenue were reduced by 30.5%.[1]

By increasing the use of electricity from renewable sources, we were able to reduce our Scope 2 emissions by 20,737 t of CO_2 compared to the previous year.[1] In addition, various campaigns and training courses were held at all locations in 2024 to raise awareness among GRAMMER employees about the economical and responsible use of energy. Furthermore, energy was saved through measures to reduce compressed air losses and through modernizing heating systems.

From 2025, the „Green Electricity Contract" project, for which we have already sent our top 100 suppliers a contract, will replace the previous „Nomination Tree" project to achieve a higher CO_2 reduction in our upstream value chain as well (see section 5.1, pp. 68–69).

Outlook

By the end of 2026, the energy management system in accordance with ISO 50001, including energy monitoring, is to be introduced at all GRAMMER production sites worldwide. Furthermore, potential analyses to reduce electricity and energy consumption will be continued and action days on the topics of heat loss utilization and environmentally friendly mobility will be organized.

[1] Comparability with the previous year's figures and measurement of the degree of target achievement is limited due to the deconsolidation of the TMD Group in 2024 (see section 4, Introduction, p. 63).

CO_2 reduction targets will continue to be pursued and the purchase of green electricity at our sites worldwide will be continuously increased. GRAMMER intends to have its climate protection targets reviewed and validated by the Science Based Targets initiative (SBTi) by 2026. In addition, CO_2 emissions in the utilization phase of our products are to be further reduced. We see the greatest leverage in light-weight construction, which saves fuel during vehicle operation (see section 3.2, pp. 60–62).

GOALS[1]

- Reduction of CO_2 emissions (Scope 1 and 2) by 100% by 2040 compared to the base year 2019
- Gradual transition to 100% green electricity at all locations around the world by 2026
- Increase in energy efficiency by 10% by 2025 compared to the base year 2019
- Reduction of CO_2 emissions in the supply chain (upstream) by 20% by 2030 compared to the base year 2021

4.2 Environmental pollution

As a manufacturing company, environmental protection is of central importance to GRAMMER along the entire value chain. Our aim is to keep our own operational environmental impact and that of our suppliers and business partners as low as possible.

Environmental pollution occurs during the extraction of raw materials by suppliers, during our own production processes and during the transportation of products. For example, our own production processes can release nitrogen oxides and volatile organic compounds during processes such as foaming, painting and waste incineration. Pollutants can also be released into the soil through landfilling and improper handling of wastewater and chemicals. Higher investment and modernization costs due to stricter legal requirements pose a risk for GRAMMER.

Our strategic approach

We have introduced a company-wide process based on ISO 14001 to identify and assess environmental impacts and risks. This is applied across the entire product life cycle for all GRAMMER Group companies worldwide as well as for upstream suppliers and parties in the downstream value chain. GRAMMER also requests its suppliers to implement an environmental management system in accordance with ISO 14001 and stipulates in the Supplier Code of Conduct that negative impacts on soil, water and air are to be avoided.

The basis of our strategic environmental management is consistent compliance with all relevant laws and regulations. We also rely on cooperation with authorities, NGOs and other stakeholders such as GRAMMER employees regarding environmental protection. Other cooperation partners include universities, consulting firms and cooperatives. Our environmental and energy guidelines contain elements for avoiding environmental pollution. These include responsible land use, including the preservation of soil quality, the avoidance of air pollutants, the preservation of air quality in all production processes and the water-friendly discharge of unavoidable wastewater. In addition, safe disposal of GRAMMER products is to be ensured.

The GRAMMER Group has created a CSR organization to better manage sustainability internationally. CSR representatives from the EMEA, AMERICAS and APAC regions report directly to the global CSR team. Moreover, sustainability teams have been set up at each plant, consisting of contacts from various departments such as HR, Production, Quality and Plant Management.

To reduce air pollution, new chemicals and technologies are regularly introduced to reduce and prevent emissions. In addition, we use water-based adhesives instead of solvent-based adhesives and do not use thinners, which also leads to a reduction in air pollution. The implementation of these measures has not yet been completed. Furthermore, low-emission gas burners have already been installed at various GRAMMER Group production sites to reduce nitrogen oxides.

Outlook

In 2025, we will continue to work on reducing our negative environmental impact along the entire value chain and consistently comply with legal requirements.

4.3 Waste

Waste has a negative impact on the environment – on soil, water and air. GRAMMER therefore tries to avoid waste as much as possible. An increased volume of waste at our sites, especially in countries without a circular economy system where recyclable waste is disposed of in landfills or incinerated, leads to environmental impacts. While Germany has well-developed recovery and recycling facilities, landfilling is often the only option in countries such as Turkey, Bulgaria and Mexico. Also, illegal disposal poses a risk and has a negative impact on the environment. To reduce waste and disposal costs, the development of innovative packaging systems, e.g. made from recycled materials that can be reused in a closed material cycle, is an opportunity for GRAMMER.

GRAMMER makes every effort to recycle or otherwise utilize unavoidable waste. If the materials are returned to the material cycle, this also conserves natural resources. Only after all recycling options have been exhausted is our waste properly disposed.

[1] Comparability with the previous year's figures and measurement of the degree of target achievement is limited due to the deconsolidation of the TMD Group in 2024 (see section 4, Introduction, p. 63).

Our strategic approach
At GRAMMER, we want to reduce waste worldwide, minimize hazardous waste materials, increase the recycling of waste and ensure that appropriate disposal and recycling methods are used. The topic of waste is part of the strategic initiative „Sustainable Company" and is also considered in the environmental management system, which is already certified according to ISO 14001 at all GRAMMER locations. We regularly audit our waste disposal and prepare annual waste reports to derive measures for optimization.

All our waste flows are analyzed to ensure the highest level of recycling. Contracts are concluded with certified waste disposal companies to ensure recycling and avoid the disposal of waste in landfills. In particular, the way in which we design our products has an impact on the amount of waste generated at the end of the product's life. We therefore follow the „Design for Recycling" approach to reduce the amount of waste (see section 3.2, pp. 60–62). For our internal packaging, we have also launched a global improvement program. Particular attention has been given to reduction, reuse and recyclability.

Total amount of waste reduced
In 2024, we continued to improve our waste management through various measures. In the area of packaging, we have ensured that 100% of the polyethylene bags that we receive from our suppliers as packaging material are reused for transportation within our sites. In addition, the amount of packaging used for internal transportation and plastic waste has been reduced, while the share of recyclable packaging materials has been increased. GRAMMER Group's recycling rate in 2024 was 85.73% (previous year: 85.31%). The share of waste that was disposed of in landfills or incinerated was 14.27% in 2024.[1]

To reduce the amount of hazardous waste, we have reduced the use of hazardous chemicals in production. At the same time, we are avoiding the disposal of hazardous waste in landfills. The amount of waste (that cannot be reused/recycled) was reduced by 8.54% in 2024, while the total amount of waste was also reduced by 5.88%. In addition to the reduction in waste, a more detailed recording of the types of waste led to an 3.7% increase in the value of hazardous waste compared to the previous year.[1]

Outlook
In 2025, waste management will be continuously optimized and the amount of waste (that cannot be reused /recycled) will be reduced by a further 2%. The long-term goal is to eliminate landfill and incineration by 2040, while recycling the majority of our waste.

GOALS
– Maximizing the recycling rate for waste by 2040 (> 95%)

– Reduction of the landfill rate to 0% by 2040

– Reduction of the incineration rate to 0% by 2040

4.4 Water
Drinking water is already scarce in many regions of the world. According to UN estimates, almost half of the world's population already lives in areas that suffer from extreme water shortages for at least one month each year. Progressive climate change is increasing the risk of droughts in many places. GRAMMER wants to help to sustainably safeguard the water supply. That is why we use water sparingly and continuously reduce our consumption.

The availability of drinking water at GRAMMER sites is being monitored with increasing attention. The issue is also becoming increasingly important for our customers: They are demanding transparency of their suppliers' water consumption. If water becomes scarce at our sites, this has an impact on production and the lives of employees in the affected area. We already consider the costs of water supply and wastewater treatment to be a risk. However, if we as a company succeed in reducing our water consumption today, we will help to conserve this valuable resource and at the same time are better prepared for acute water shortages. This can be achieved, for example, by using different water treatment methods.

Our strategic approach
Saving water is a strategic goal of the company-wide „Sustainable Company" initiative. The global and regional management teams set targets for reducing water consumption. These targets are part of the sustainability roadmap and are followed up by the local plants. At global level, responsibility for this lies with the Group's Environment, Health and Safety and Energy managers and the CSR department; at the plants, it lies with the respective production management and the person responsible in environment, health and occupational health and safety management. They regularly report to management on the current status. The focus of the savings measures is on water-intensive production processes such as injection and blow molding as well as cleaning processes for coating systems and the reduction of pollutants in wastewater.

[1] Comparability with the previous year's figures and measurement of the degree of target achievement is limited due to the deconsolidation of the TMD Group in 2024 (see section 4, Introduction, p. 63).

Negative impacts with regard to water arise not only from GRAMMER's own business activities, but also in the upstream supply chain. In our Supplier Code of Conduct, we therefore request that our suppliers take appropriate measures to minimize water consumption. The right to water must be respected and must not be impaired. In addition, the environmental compatibility of discharges and soil impairments must be assessed to avoid contamination of surface or ground water.

Water consumption remains constant

GRAMMER implements various measures to save water, e.g. daily checks of sanitary facilities and cooling towers for water leaks, the installation of a rainwater collection system, and the use of closed water circuits. With the help of the measures described, we have succeeded in keeping global water consumption in relation to revenue (2024: 0.131 m^3/million EUR revenue) at a similar level to the previous year (2023: 0.153 m^3/million EUR revenue).[1]

Reduction of pollutants in wastewater

We are implementing several smaller measures to reduce water pollution, such as regularly measuring the substances contained in our wastewater or the inspection of the separators we use to separate fats and oils. Also, a closed water circuit was installed in the foaming process at one site to further reduce wastewater pollution. In addition to the measures mentioned above, we at GRAMMER also meet all requirements for rainwater control and leakage prevention to ensure water quality.

Outlook

By 2030, we want to further optimize our water use and reduce water consumption in relation to revenue (m^3/million EUR) by 20% compared to the base year 2019.[1]

4.5 Biodiversity and ecosystems

Biodiversity, which includes both fauna and flora, is essential to ensure the functionality of ecosystems. However, many species are threatened with extinction – for example insects such as bees and butterflies, which among other things ensure that crops are pollinated and bear fruit. If insect extinction continues, entire habitats and ecosystems will collapse.

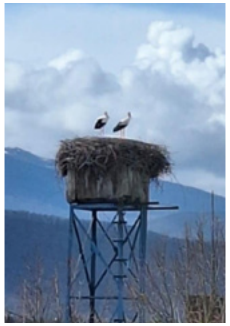
The loss of ecosystem services also results in risks for GRAMMER. This is because the reduced availability of resources can lead to increased costs and supply chain disruptions, which in turn have a negative impact on revenue and therefore have a direct influence on our business model and strategy. We therefore factor this risk into our decision-making and are committed to preserving biodiversity. By operating sustainably at our sites, we can contribute to species conservation. One challenge is to include the entire supply chain. As a first step, it is important to inquire about the impact of suppliers on biodiversity in the context of raw material extraction in order to initiate joint projects to preserve biodiversity in the future.

Our strategic approach

GRAMMER pursues a systematic approach regarding the protection of biodiversity. For this purpose, a biodiversity analysis was carried out. First, the company's most relevant locations for biodiversity were identified. In a second step, we examined the activities that have an impact on endangered species at these locations. These include the use of pesticides (fungicides, herbicides and pesticides) as well as environmental pollution caused by production processes, resource extraction or waste storage, such as wastewater pollution, water discharges, soil pollution, etc. Lastly, measures to minimize adverse effects on biodiversity are defined in connection with the identified activities.

The CSR, Environment, Health and Safety and Energy units are responsible for biodiversity at GRAMMER. The protection of biodiversity is taken into account in all relevant business areas, especially at the production sites, which have introduced an environmental management system in accordance with ISO 14001 and defined specific environmental goals and measures. We plant the grounds in order to provide animals with a habitat; at Ursensollen (Germany), for example, the grounds are continuously designed with biodiversity in mind. When new locations are being established, internal guidelines ensure that biodiversity is affected as little as possible. We raise employee awareness for conservation in the annual training on our environmental management system.

In 2024, we carried out reforestation activities at the Niš (Serbia) and Trudovets (Bulgaria) sites. At the Trudovets site, we also cleared adjacent areas of waste. Moreover, bird protection measures were implemented.



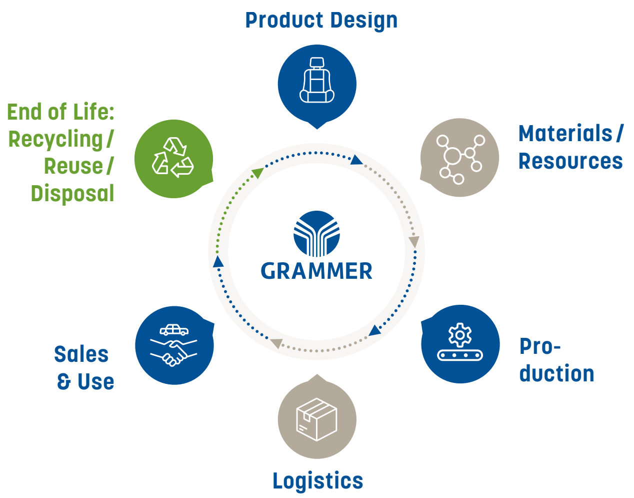
Outlook

In the future, we will further expand our commitment to biodiversity and integrate it into our business processes. We will also continue to raise awareness among our employees.

[1] Comparability with the previous year's figures and measurement of the degree of target achievement is limited due to the deconsolidation of the TMD Group in 2024 (see section 4, Introduction, p. 63).

5. Supply chain

GRAMMER's suppliers, service providers and partners are an important part of the value chain. And their business activities also have an impact on the environment, people and society. GRAMMER takes responsibility beyond the boundaries of its own factory walls – and is making its supply chain sustainable: We expect all suppliers, service providers and partners to meet the same high environmental and social standards as we do. These include fair working conditions, respect for human rights, the reduction of CO_2 emissions, energy-efficient production and the avoidance of waste.



5.1 Supplier management

As a manufacturing company, GRAMMER is dependent on a global network of suppliers. For example, suppliers provide us with commodities, raw materials, parts, packaging, technology, tools and various services. To ensure sustainability not only within our own company, but also along our supply chain, we ensure that suppliers live up to our environmental and social standards.

The ongoing conflicts in Ukraine and the Gaza Strip as well as attacks in the region surrounding the Suez Canal/Red Sea and climatic effects (such as low water in the Panama Canal) will continue causing challenges in the supply chain. This can lead to suppliers making decisions to the detriment of environmental and social standards. The new German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz – LkSG) can both counteract this and create transparency. We believe that an opportunity also lies in our digital structure and supporting tools, which can be used to efficiently manage risk management and CSR issues in the supply chain.

A trusting relationship with our partners promotes our innovative strength and further cooperation, especially in times of crisis. Our reputation as a trustworthy partner and the satisfaction of our suppliers are crucial in this respect. If this is no longer the case, this leads to a significant risk for GRAMMER.

We are also aware that the economic stability and ability of our suppliers to pay their employees can be directly influenced, both positively and negatively, by our timely payment. It is therefore important to GRAMMER to comply with all agreed payment terms as part of our trusting cooperation.

Our strategic approach

In order to manage sustainability in our supply chain, GRAMMER works with a Supplier Code of Conduct. It covers all relevant sustainability criteria, as well as legal requirements, ethical and international standards and the requirements of our value system. The Supplier Code of Conduct has been a component of every digital supplier RFQ (request for quote) since 2017 and was expanded in 2023 to give even more weight to the issues of fair working conditions and human rights. New suppliers must sign it electronically before submitting an offer. In doing so, they commit to fight child and forced labor, to pay their employees fairly and to protect the environment, among other things. The Supplier Code of Conduct can be always accessed by all business partners on the digital supplier portal.

GRAMMER uses its digital procurement platform to update supplier data annually and to have suppliers confirm compliance with the CSR guidelines, which are set out in the Code of Conduct and in contracts with General Terms and Conditions (GTCs). Their compliance is monitored at regular intervals through self-assessments and as part of annual supplier meetings. A separate position has been created for this purpose, which is supported by the relevant category managers. Where necessary, we help our suppliers with further development – or part ways with suppliers who do not live up to our environmental and social standards. Suppliers are digitally informed of relevant changes, such as new requirements.

We use a digital risk management system to constantly monitor geopolitical events and their impact on the supply chain. In addition, we have implemented a software for sustainability issues that also fully covers the requirements of the German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz – LkSG). Suppliers must answer standardized questionnaires concerning the environment, anti-corruption, human rights, working conditions and responsibility in the supply chain and, if applicable, provide evidence for their answers with certificates. The system evaluates this information and certificates independently to perform an assessment of the supplier. If necessary, possible countermeasures are subsequently defined within GRAMMER and documented in the system.

GRAMMER's supplier management goes far beyond the legal requirements – and makes a positive contribution to a sustainable supply chain. Suppliers sign our specifications and guidelines, and CO_2 emissions are already inquired about in the contract award process. Single-use packaging is gradually being replaced with reusable packaging. We have set ourselves the goal of purchasing electricity exclusively from renewable energy sources worldwide by 2026. In addition, we want to reduce our Scope 3 emissions in the upstream value chain with the „Green Electricity Contract" project. So far, the contract has been sent to our top 100 suppliers. The project is a core component of our „Top 100 Green Supplier Program" initiative and will replace our previous „Nomination Tree" project at the start of 2025, as it will enable us to achieve a greater reduction in CO_2 emissions.

The Sustainable Supplier Management Officer is responsible for introducing, ensuring and complying with the relevant sustainability issues in the supply chain. He is aided by several employees; the team works closely with the CSR department.

Responsible payment practices
We are committed to ensuring a strong and trusting relationship with our suppliers, especially in times of crisis, as our procurement practices and payment terms can have a significant impact on our suppliers. We strive to pay our suppliers on time, to maintain an open communication and to treat them with respect. Unless otherwise agreed in writing, GRAMMER shall make payments within the maximum period permitted by law from receipt of a contractual, defect-free service and a proper, verifiable invoice. However, in the event of acceptance of premature services, the payment period shall commence at the earliest on the agreed delivery date. This applies to all our suppliers.

Implementation of the German Supply Chain Due Diligence Act
In 2022, GRAMMER introduced the ESG risk management platform „Integrity Next" and created a reporting structure to receive supplier data for the new German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz – LkSG). In 2024, the platform held a webinar for all suppliers on how to complete the questionnaires correctly. The number of suppliers who have registered to answer the questions has increased since then. The ESG platform has also been integrated into our existing digital SCM[1] landscape of e-procurement & SCM risk management systems. The results are incorporated into the procurement information. In addition, the Risk Management department conducted employee training courses worldwide on potential risks and possible measures in our own business area.

Besides the introduction of the ESG system to comply with the German Supply Chain Due Diligence Act, we have also developed an internal SCM risk matrix. This specifies how we act in the case of violations, from minor to serious ones, and which specialist departments must be involved when to comply with the requisite escalation stages. The matrix and its definition were developed on the basis of the GRAMMER Group's global risk management system. Cases that go beyond SCM are then also passed on to central risk management to define global measures, if appropriate.

In 2024, two new GRAMMER plants were included in the risk analysis for our own division. With regard to our suppliers, the focus this year was on suppliers with a high country and industry risk, while in 2023 the focus was on German suppliers with a high risk status. In 2024, no incidents have been detected along the entire value chain as part of our risk analysis.

Outlook
In the coming years, GRAMMER will create even more transparency regarding compliance with environmental and social standards in its supply chain in accordance with the German Supply Chain Due Diligence Act and further improve its sustainability. Among other things, CO_2 emissions within the global upstream supply chain will be reduced by 20% by 2030 compared with the base line year of 2021 (see section 4.1, pp. 63–65).

The „Nomination Tree" initiative will be replaced by another initiative from the start of 2025: the „Top 100 Green Supplier Program". It is aimed at promoting the use of renewable energies and the implementation of environmental management systems by our suppliers.

In addition, future invitations to suppliers will be brought forward in the contract award process to identify supplier issues or gaps at an early stage.

GOALS
- 75% of suppliers worldwide accept the GRAMMER Supplier Code of Conduct by the end of 2025
- Reduction of CO_2 emissions within the global upstream supply chain by 20% by 2030 compared to the base line year 2021

5.2 Working conditions and human rights
Fair working conditions and respect for human rights are not just essential for a healthy work environment for GRAMMER's employees all over the world and along the entire supply chain. They also foster trust in our company among customers and the public at large. GRAMMER is aware of its responsibility – and ensures that human rights are respected within the company and along its supply chain.

One of the biggest risks for internationally operating companies is that they do not have absolute control over the upstream and downstream supply chains. Local law does not always comply with international human rights standards, which can lead to discrimination, abuses or modern slavery. In addition to human rights violations, the resulting reputational damage and loss of company value pose a high risk for GRAMMER.

[1] SCM = Supply Chain Management

At the same time, there are many opportunities for companies to shape and improve working conditions within their own operations. This includes, for example, implementing a management system for occupational health and safety or creating more attractive working conditions to attract and retain qualified employees. Increased employee satisfaction can also boost efficiency and production output.

Our strategic approach

GRAMMER is committed to the core labor standards defined by the International Labor Organization (ILO) and the United Nations Universal Declaration of Human Rights. To emphasize its commitment to fair working conditions, GRAMMER's Executive Board has published a Declaration of Principles on Respect for Human Rights, which can be viewed on the website. With this declaration of principles, we commit ourselves to strengthening the respect for human rights within our own operations and along our value chain and to preventing human rights violations. It is regularly reviewed, adapted and further developed. In addition, our Code of Conduct (see section 6.1, pp. 71–72) regulates, among other things, conduct with regard to human rights and child and forced labor. The Code of Conduct applies to the entire Group.

In addition, we are introducing a management system for occupational health and safety in accordance with ISO 45001 at all plants worldwide, thus ensuring fair and safe working conditions within the company (see section 6.1, pp. 71–72).

Digital risk management system

To manage the supply chain with regard to sustainability issues and to create transparency, GRAMMER works with a digital ESG risk management platform that requests queries on all relevant sustainability issues, including evidence, and generates a supplier rating.

As part of our human rights risk management and due diligence process (see section 5.1, pp. 68–69), we regularly assess the risks of human rights violations in our supply chain. The results of the risk analysis are then used to derive and implement preventive measures to minimize and avoid risks. A Human Rights Officer position was created in 2023 to oversee risk management, including the review of risk analysis and the appropriateness of the measures taken. She reports directly to the GRAMMER Executive Board.

Our guidelines for the GRAMMER Group, such as our Supplier Code of Conduct, were developed based on the results of the risk analysis and international standards. By signing this code, suppliers commit to adhere to our environmental and social standards and to pass them on to their suppliers. This is being monitored using our ESG risk management software. The updated Supplier Code of Conduct is available on the GRAMMER website together with the Code of Conduct since January 2023.

A complaints mechanism has also been implemented: Employees and external stakeholders can anonymously report violations of our standards via a whistleblower system. A position has been set up in the legal department for this purpose, which contacts the SCM Governance & Processes department in the event of reports from suppliers. An interdisciplinary team comprising Compliance, Legal, Human Resources and the Executive Board is responsible for consistently and systematically following up on reports and taking appropriate action where necessary (see section 2.2, pp. 57–58). In accordance with our Supplier Code of Conduct, suppliers should establish a comparable reporting capability within their own operations and supply chain.

An interdisciplinary team comprising members from CSR, Compliance, Legal and Supply Chain Management reviews all relevant cases identified in our ESG risk platform „Integrity Next" with regard to the German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz - LkSG). This covers our own production sites and our suppliers. In the event of deviations or violations by suppliers, a mechanism in our ESG system documents and implements appropriate measures.

Since 2022, we have also introduced a mandatory e-learning course on compliance, including human rights issues. Its content is reviewed and developed on a regular basis.

Outlook

The occupational health and safety certification of all GRAMMER plants in accordance with ISO 45001 will be completed by the end of 2025. The current certification rate is 94%.[1] In addition, 75% of our suppliers should have accepted our Supplier Code of Conduct by the end of 2025.

GOALS

- Certification of all GRAMMER plants according to ISO 45001 by the end of 2025
- 75% of our suppliers accept our Supplier Code of Conduct by the end of 2025

[1] Comparability with the previous year's figures is limited due to the deconsolidation of the TMD Group in 2024 (see section 1.3, p. 53).

6. Employees and community

GRAMMER owes its success as a company above all to the performance and commitment of its global team: With great personal dedication, around 12,000 GRAMMER employees worldwide develop and produce solutions and innovations that make the mobility of millions of people safer, more comfortable and more sustainable. That is why we attach great importance to ensuring that employees feel comfortable at GRAMMER – and that everyone has the same opportunities to develop their potential. Responsibility as a corporate citizen is also an important part of our sustainability concept. GRAMMER therefore supports social and cultural initiatives around the world.

6.1 Working conditions and other work-related rights

GRAMMER sees qualified, motivated and healthy employees as the basis for sustainable success. With a combination of continuous skills development, global occupational health and safety standards and health promotion, the company creates a safe and future-oriented working environment. The focus is on promoting individual skills and ensuring the health of the workforce. To build a trusting relationship with our employees from the start, we approach our applicants with transparent communication and responsible handling of their data.

Respecting the rights of our employees is also of central importance to us. The violation of employee rights or a breach of data protection could lead to financial and reputational risks. Competition for talent on the labor market and generally rising wage and benefit levels, which result in higher costs for GRAMMER, also pose a challenge. Appropriate working conditions are therefore essential for GRAMMER and represent an important opportunity to increase employee satisfaction and performance at GRAMMER. This not only benefits our reputation and profitability but also promotes a future-oriented working environment and the health of our employees.

Our strategic approach

GRAMMER pursues a holistic strategy that integrates employee satisfaction, employee development and occupational safety and health. „Group Human Resources" (Group HR) takes care of the concerns and development of employees. GRAMMER's corporate culture and working conditions are set out in the GRAMMER Code of Conduct (see section 2.1, pp. 56–57), which summarizes the key internal and external rules and principles. GRAMMER firmly rejects forced labor, child labor and human trafficking and emphasizes respect for the rights of its employees. The Code of Conduct is publicly available on the company website in all relevant languages and our employees receive regular training on it.

To promote employee satisfaction, GRAMMER offers a variety of services and benefits, e.g. fair pay in accordance with the collective wage agreement, regulated and flexible working hours, mobile working, various training and development opportunities and a company pension plan. Moreover, the „MyLife@GRAMMER" program supports our employees in all life situations.

The GRAMMER Academy offers programs worldwide on topics such as project management, communication and intercultural skills, supplemented by on-site training and e-learning offerings. In 2024, the average number of training hours per employee was 9.5 hours in Germany and 8.9 hours globally.[1] By 2030, we want to increase the average number to 12 hours per administrative employee worldwide. Junior staff and managers are given targeted support through special programs such as „Talent Circle" and „Way of Leading". Overall, we want to expand the training opportunities within our Learning Management System and create transparent and target group-specific development opportunities. We therefore evaluated and expanded our existing training programs in 2024. Annual development meetings with our employees are intended to support individual career planning.

Last year, we introduced a new e-recruiting system at our German locations, creating the necessary transparency for vacancies both internally and externally. In 2024, we also introduced the system globally and further optimized it regarding data protection. A job architecture was also developed for GRAMMER in 2024. Our aim is to categorize all positions in order to determine salaries that are in line with the market.

Focus on occupational health and safety

In the area of occupational health and safety, GRAMMER has established a global occupational health and safety organization. In addition, GRAMMER is gradually certifying its occupational health and safety system according to ISO standard 45001 in all regions worldwide. At the end of 2024, the certification rate was 94%.[1] The aim is to achieve 100% by the end of 2025.

Campaigns and trainings raise awareness among the workforce, while the Lost Time Incident Frequency Rate (LTIFR) is continuously being reduced as a key indicator – in 2024 it was 1.80. We have therefore achieved the target of an accident frequency rate of less than 4 in all regions.[1] The global LTIFR target is reduced each year compared to the figure for the previous year. We also achieved the target of an absence rate of less than 5% in all regions: In 2024, it was 3.90% compared to 4.17% in the previous year.[2] In addition, GRAMMER promotes

[1] Comparability with the previous year's figures is limited due to the deconsolidation of the TMD Group in 2024 (see section 1.3, p. 53).
[2] Refers to the entire GRAMMER Group including GRAMMER AG and the TMD Group, which was sold in September 2024.

physical and mental health through preventive medical services, external counseling services and flexible working models.

Outlook
GRAMMER plans to expand its training offerings within the Learning Management System to include new target groups and thus specifically promote employees' development opportunities. As part of a pilot project, we will make our e-learning platform available to our blue-collar employees in the form of an app at some of our sites in 2025. Moreover, GRAMMER intends to further optimize compensation and job management in 2025 (e.g. job architecture, salary levels, automated job publication).

In the area of occupational health and safety, the goal is to achieve 100% global ISO 45001 certification by the end of 2025 and to complete the occupational health and safety organization. New information campaigns, action days and targeted training are intended to further reduce the number of accidents and promote employee health in the long term.

GOALS
- Expansion of the target groups of our training programs
- Introduction of ISO 45001 occupational health and safety certification at all GRAMMER sites by the end of 2025

6.2 Equal treatment and equal opportunities
The basic values of trust and respect are firmly anchored in GRAMMER's corporate culture, as described in the WoW Code (see section 2.1, pp. 56–57) – and thus also equal treatment and equal opportunities for all employees.

An open, tolerant and appreciative working culture has many advantages: Diverse and inclusive companies are considered attractive employers. They attract qualified employees who enjoy working there and often stay with the company for many years. Studies have also shown that diverse teams work more successfully. If different perspectives are considered, this often leads to better decisions. However, if inclusive collaboration does not work, conflicts arise and performance and innovative strength suffer.

The opportunity for training and development for our employees also has a positive effect. In particular, we want to support our students and trainees at an early stage in order to increase satisfaction and the chance of long-term employment for all of them.

Our strategic approach
Diversity is not just a passing trend for us, but a reality that we have lived by for decades. GRAMMER Group has 44 production and logistics locations in 20 countries, and its workforce is correspondingly international and diverse. We actively promote openness and respectful and appreciative interaction with one another: In 2006, GRAMMER was one of the first companies to sign the Diversity Charter, thereby committing itself to strengthening diversity and appreciation in the working world. The Code of Conduct stipulates equal opportunities for all employees. We take action against all forms of discrimination or harassment in the working environment – whether on the basis of ethnic origin, gender, religion or belief, disability, age or sexual identity. Employees can report incidents to the Compliance department via an internal whistleblower system (see section 2.1, pp. 56–57). To promote openness and mutual understanding in mixed teams, intercultural training, language courses and team-building measures are offered to employees worldwide.

We seek a reasonable gender balance and support and encourage women at the company. The share of women at GRAMMER is currently around 43%. The goal of keeping the global percentage of women at around 45% remains in effect. Within the Executive Board, the target of 33% women for listed companies was exceeded. The global share of women in management positions at the first management level below the Executive Board is currently around 14%.[1] We also attach great importance to equality when it comes to employee remuneration: We regularly review salary levels and ensure that women and men receive the same pay for equal performance. The internal women's network „Ladies@GRAMMER" strengthens the exchange of professional experience, offers opportunities for mutual support and facilitates the transfer of know-how.

A representative body for employees with disabilities has been set up in Germany. It ensures that the interests of employees with disabilities are taken into account and promotes their integration into the company.

The annual „Diversity Week" at GRAMMER took place in May 2024 under the motto „Bridging Cultures". The motto emphasized the importance of cultural diversity and intercultural competence at GRAMMER. The idea was to promote professional relationships, understand cultural differences, and avoid misunderstandings. The goal was to strengthen relevant similarities while maintaining our diversity. Information on all aspects of Diversity, Equity, Inclusion & Belonging (DEIB) is available to our employees at all times on the GRAMMER intranet. In addition, a global team is developing a DEIB strategy by the end of 2025, with several focus areas.

[1] Reporting date December 31, 2024

Outlook
By 2030, the share of women in global top management is to be increased to 20%. In the coming year, depending on the topic, we will gradually implement the defined topics and measures in cross-regional project groups. Our internal campaign and our further training program on DEIB will continue in 2025.

GOALS
- Increasing the percentage of women in global top management to 20% by 2030
- Maintaining a constant global female quota of 45% for women

6.3 Social commitment
For GRAMMER, sustainability means not only protecting the environment and climate, but also taking social responsibility and creating a balance between the interests of employees, shareholders, customers and the society at large. This is why we support numerous social projects, educational institutions and volunteer activities at our company locations. In doing so, we follow the guidelines of our Code of Conduct and our globally applicable „Donations and Sponsoring Directive".

There are many advantages for companies when they participate in social projects: Through public engagement, they have a positive impact on society, the environment and employees. At the same time, they enhance their reputation, which helps them to attract new employees, among other things. In order to take full advantage of these opportunities, it is important to manage social engagement globally so that it fits in with the corporate strategy. It can be a challenge to release enough employees from their day-to-day work to coordinate social projects and to reserve fixed budgets. Moreover, it is not always easy to select projects that have a demonstrated added value for society, employees and the environment, as the impact is often difficult to measure.

Our strategic approach
The focus of our donation and sponsorship activities is on supporting social institutions and projects. GRAMMER is also active in the promoting sports. We are involved in school and university education through various collaborations, support and sponsorship programs. The aim is to prepare young people for the labor market. We do not support political parties or similar interest groups.

To prevent any suspicion of corruption arising due to inappropriate donations or critical relationships with recipients or contractual partners, we have implemented a donation guideline at GRAMMER since the end of 2024. This sets out a standardized and transparent procedure for donations and sponsorship and must be adhered to at all times.

In order to better combine the individual commitment of the employees at the locations with the support from the company, a rough concept was created that we will continue to develop in the future. The CSR department is responsible for social engagement at GRAMMER.

Global social initiatives
In 2024, GRAMMER participated in social projects around the world. At our site in Shanghai (China), our employees regularly visited nursing homes and community groups over the course of six months as part of a project to provide companionship for the elderly. This strengthened teamwork and social responsibility at the location.

In Brazil, we launched a project to collect donations of hygiene products for woman, such as pads, soap and toilet paper. The items were donated by our employees.

At the Ursensollen and Haselmühl (Germany) sites, we once again took part in a special initiative in 2024. Under the motto „Wish Tree", GRAMMER employees fulfilled the Christmas wishes of children from low-income families. This campaign emphasizes our commitment to social responsibility and sustainability.

Outlook
Building on our previous activities in school and university education, we plan to continue our support for local educational institutions in the future. For example, we will continue to give presentations, offer practical days at our GRAMMER Campus and conduct job application training at schools. Our goal remains to optimally prepare young people for the job market.

7. Disclosures in accordance with Regulation (EU) 2020/852 (Taxonomy Regulation)

7.1 Background and objectives
The European Union (EU) has made the process of transforming Europe's economy into a greener and more environmentally friendly system a priority for its political action. Channeling capital flows into sustainable investments is seen as the key to success. With the taxonomy, the EU has created a classification system according to which economic activities can be classified as Taxonomy-aligned if they are mentioned in the Regulation and satisfy its requirements. The requirements include proof that the activity makes a positive contribution to at least one of the six environmental objectives. In addition to a positive contribution, it must do no significant harm to any of

the other five environmental objectives. Moreover, proof of compliance with minimum standards for social and governance aspects must be provided.

7.2 Reporting by GRAMMER AG for the 2024 financial year

GRAMMER AG must report on the six environmental goals „climate change mitigation“, „climate change adaption“, „sustainable use and protection of water and marine resources“, „transition to a circular economy“, „pollution prevention and control“ and „protection and restoration of biodiversity and ecosystems“ for the 2024 financial year. The reporting obligation includes disclosures on the shares of turnover, capital expenditure (CapEx) and operating expenditure (OpEx) that relate to Taxonomy-eligible and non-Taxonomy-eligible economic activities. The disclosures take into account all companies consolidated in the consolidated financial statements.

7.3 Taxonomy-eligible economic activities

GRAMMER AG is active in two business segments: GRAMMER develops and produces high-quality interior and operating systems as well as innovative thermoplastic components for the global automotive industry.

GRAMMER is also a full-service provider of driver and passenger seats for trucks, trains, buses and off-road vehicles.

Sustainability is anchored in the GRAMMER Group’s corporate strategy and divided into five areas of action: In addition to the development of sustainable products, these include reducing direct and indirect emissions, the efficient use of energy, raw materials and other materials, increasing the recycling rate and optimizing the carbon footprint in the supply chain and for our own products.

With the company-wide strategic initiative „Green Company“, which was launched in 2020 and renamed „Sustainable Company“ in the course of 2022, GRAMMER continues to promote sustainable solutions throughout the company. GRAMMER is working towards the common goal of reducing CO_2 emissions by 50% by 2030 and by 100% by 2040, thus contributing to achieving the 1.5 degree target of the Paris Climate Agreement.

The examination of the economic activities carried out by GRAMMER for taxonomy eligibility took place with the involvement of all relevant company departments. A key result is that the primary economic activities of GRAMMER can be allocated to the two activities 3.18. Manufacture of automotive and mobility components and 3.19. Manufacture of rail rolling stock constituents. The economic activities of GRAMMER AG can therefore be assigned to the NACE codes C.29.3 Manufacture of parts and accessories for motor vehicles and C.30.2 Manufacture of railway locomotives and rolling stock.

The following economic activities with the corresponding NACE codes were also identified as part of GRAMMER AG’s activities:

6.5. Transport by motorbikes, passenger cars and light commercial vehicles (N77.11 Renting and leasing of cars and light motor vehicles – with total weight of 3.5 t or less)

7.3. Installation, maintenance and repair of energy efficiency equipment (F43.2 Electrical, plumbing and other construction installation activities)

7.5. Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings (F43.2 Construction installation)

7.7. Acquisition and ownership of buildings (L68.10 Construction and real estate activities)

9.1. Close to market research, development and innovation (M72.19 Research and experimental development on natural sciences, engineering, agriculture and medicine)

7.4 Alignment assessment

GRAMMER has produced a procedural description for assessing alignment with the requirements of the Taxonomy Regulation and rolled it out in three regions. These have been addressed by the relevant locations in their region. The assessment of whether the economic activity makes a substantial positive contribution and whether it does no significant harm to the other environmental objectives was performed by plant/site managers with the support of the local Accounting department and Plant Controlling. The individual results reported were consolidated and verified, first by regional Accounting and then by Accounting at the GRAMMER Group.

By contrast, the review of compliance with minimum safeguards in accordance with Article 18 of the Taxonomy Regulation in the areas of human rights, anti-corruption, bribery and fair competition was performed centrally for GRAMMER AG by Group Accounting with the support of the CSR, Legal, Compliance, Risk Management and Supply Chain Management departments.

The combined results for the reviews performed can be found in the tables in section 7.6.

7.5 Taxonomy-eligible and Taxonomy-aligned turnover

As outlined above, GRAMMER pursues ambitious sustainability goals with its activities. For GRAMMER's main economic activities, the share of Taxonomy-eligible economic activities in turnover is 7.83% and the Taxonomy-compliant share is 2.11% (see table on p. 76).

7.6 Taxonomy-eligible and Taxonomy-aligned CapEx and OpEx

CapEx according to the EU Taxonomy relates to additions to tangible and intangible assets during the financial year in relation to the economic activities. OpEx includes direct non-capitalized costs that relate to research and development, building renovation measures, short-term leases, maintenance and repair. Furthermore, OpEx comprises any other direct expenditures relating to the day-to-day servicing of assets of property, plant, and equipment by the undertaking or third party to whom activities are outsourced that are necessary to ensure the continued and effective functioning of such assets.

The calculation of the share of Taxonomy-eligible CapEx and the share of Taxonomy-eligible OpEx was carried out in accordance with sections 1.1.2.2 and 1.1.3.2 of Annex 1 to the Commission Delegated Regulation on the Disclosure Obligations (2021/2178).

The share of Taxonomy-eligible CapEx was calculated as 13.21% and the share of Taxonomy-aligned CapEx as 2.16% (see table on pp. 78–79).

The share of Taxonomy-eligible OpEx was calculated as 7.83% and the share of Taxonomy-aligned OpEx as 1.42% (see table on p. 82).

Template: Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2024 (1/2)

Economic Activities (1)	Code(s) (2)	Turnover (3)	Proportion of Turnover, 2024 (4)	Substantial Contribution Criteria: Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)
		Mio. €	%	(Y;N;N/EL)	(Y;N;N/EL)	(Y;N;N/EL)	(Y;N;N/EL)	(Y;N;N/EL)	(Y;N;N/EL)
A. Taxonomy-eligible activities									
A.1 Environmentally sustainable activities (Taxonomy-aligned)									
Manufacture of automotive and mobility components	CCM 3.18	36.32	1.89	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture of rail constituents	CCM 3.19	4.30	0.22	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		40.62	2.11	2.11	0	0	0	0	0
Of which Enabling		40.62	2.11	2.11	0	0	0	0	0
Of which Transitional		–	0.00						
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
Manufacture of other low carbon technologies	CCM 3.18	107.06	5.57	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture of rail constituents	CCM 3.19	2.77	0.14	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		109.83	5.72	5.72	0	0	0	0	0
A. Turnover of Taxonomy-eligible activities (A.1 + A.2)		**150.45**	**7.83**						

B. Taxonomy-non-eligible activities			
Turnover of Taxonomy-non-eligible activities (B)		1,771.28	92.17
Total (A+B)		**1,921.73**	**100.00**

Template: Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2024 (2/2)

	DNSH criteria („Does Not Significantly Harm“)									
	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1) or eligible (A.2) turnover, 2023 (%) (18)	Category enabling activity (19)	Category transitional activity (20)
	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy-eligible activities										
A.1 Environmentally sustainable activities (Taxonomy-aligned)										
Manufacture of automotive and mobility components	Y	Y	Y	Y	Y	Y	Y	1.66	E	
Manufacture of rail constituents	Y	Y	Y	Y	Y	Y	Y	0.21	E	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)	Y	Y	Y	Y	Y	Y	Y	1.87		
Of which Enabling	Y	Y	Y	Y	Y	Y	Y	1.87	E	
Of which Transitional								0.00		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)										
Manufacture of other low carbon technologies								6.23		
Manufacture of rail constituents								0.10		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)								6.32		
A. Turnover of Taxonomy-eligible activities (A.1 + A.2)								**8.19**		

	Proportion of turnover/Total turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	2.11%	7.83%
CCA	0%	0%
WTR	0%	0%

	Proportion of turnover/Total turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

Template: Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2024 (1/4)

Economic Activities (1)	Code(s) (2)	CapEx (3)	Proportion of CapEx, 2024 (4)	Substantial Contribution Criteria: Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)
		Mio. €	%	(Y;N;N/EL)	(Y;N;N/EL)	(Y;N;N/EL)	(Y;N;N/EL)	(Y;N;N/EL)	(Y;N;N/EL)
A. Taxonomy-eligible activities									
A.1 Environmentally sustainable activities (Taxonomy-aligned)									
Manufacture of automotive and mobility components	CCM 3.18	1.86	1.89	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture of rail constituents	CCM 3.19	0.22	0.22	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	0.02	0.02	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Close to market research, development and innovation	CCM 9.1	0.03	0.03	Y	N/EL	N/EL	N/EL	N/EL	N/EL
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		2.13	2.16	2.16	0	0	0	0	0
Of which Enabling		2.13	2.16	2.16	0	0	0	0	0
Of which Transitional		–	0.00						

Template: Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2024 (2/4)

Economic Activities (1)	Code(s) (2)	CapEx (3)	Proportion of CapEx, 2024 (4)	Substantial Contribution Criteria: Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)
		Mio. €	%	(Y;N;N/EL)	(Y;N;N/EL)	(Y;N;N/EL)	(Y;N;N/EL)	(Y;N;N/EL)	(Y;N;N/EL)
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
Manufacture of automotive and mobility components	CCM 3.18	5.06	5.14	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture of rail constituents	CCM 3.19	0.13	0.13	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Acquisition and ownership of buildings	CCM 7.7	2.94	2.98	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	0.20	0.21	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	2.45	2.49	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Close to market research, development and innovation	CCM 9.1	0.10	0.10	EL	N/EL	N/EL	N/EL	N/EL	N/EL
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		10.89	11.04	11.04	0	0	0	0	0
A. CapEx of Taxonomy-eligible activities (A.1 + A.2)		**13.02**	**13.21**						

B. Taxonomy-non-eligible activities		
CapEx of Taxonomy-non-eligible activities (B)	85.55	86.79
Total (A + B)	**98.57**	**100**

Template: Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2024 (3/4)

	DNSH criteria („Does Not Significantly Harm“)									
	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1) or eligible (A.2) CapEx, year 2023 (18)	Category enabling activity (19)	Category transitional activity (20)
	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy-eligible activities										
A.1 Environmentally sustainable activities (Taxonomy-aligned)										
Manufacture of automotive and mobility components	Y	Y	Y	Y	Y	Y	Y	1.50	E	
Manufacture of rail constituents	Y	Y	Y	Y	Y	Y	Y	0.19	E	
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	Y	Y	v	Y	Y	Y	Y	0.22	E	
Close to market research, development and innovation	Y	Y	Y	Y	Y	Y	Y	0.02	E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)	Y	Y	Y	Y	Y	Y	Y	1.93		
Of which Enabling	Y	Y	Y	v	Y	Y	Y	1.93	E	
Of which Transitional								0.00		T

Template: Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2024 (4/4)

	DNSH criteria („Does Not Significantly Harm“)									
	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1) or eligible (A.2) CapEx, year 2023 (18)	Category enabling activity (19)	Category transitional activity (20)
	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)										
Manufacture of automotive and mobility components								5.61		
Manufacture of rail constituents								0.09		
Acquisition and ownership of buildings								5.93		
Installation, maintenance and repair of energy efficiency equipment								0.22		
Transport by motorbikes, passenger cars and light commercial vehicles								3.19		
Close to market research, development and innovation								0.09		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)								15.14		
A. CapEx of Taxonomy-eligible activities (A.1 + A.2)								**17.07**		

	Proportion of CapEx/Total CapEx	
	Taxonomy-aligned per objective	**Taxonomy-eligible per objective**
CCM	2.16%	13.21%
CCA	0%	0%
WTR	0%	0%

	Proportion of CapEx/Total CapEx	
	Taxonomy-aligned per objective	**Taxonomy-eligible per objective**
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

Template: Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2024 (1/2)

				Substantial Contribution Criteria					
Economic Activities (1)	**Code(s) (2)**	**OpEx (3)**	**Proportion of OpEx, 2024 (4)**	**Climate Change Mitigation (5)**	**Climate Change Adaptation (6)**	**Water (7)**	**Pollution (8)**	**Circular Economy (9)**	**Biodiversity (10)**
		Mio. €	**%**	**(Y;N;N/EL)**	**(Y;N;N/EL)**	**(Y;N;N/EL)**	**(Y;N;N/EL)**	**(Y;N;N/EL)**	**(Y;N;N/EL)**
A. Taxonomy-eligible activities									
A.1 Environmentally sustainable activities (Taxonomy-aligned)									
Manufacture of automotive and mobility components	CCM 3.18	0.55	1.27	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture of rail constituents	CCM 3.19	0.06	0.15	Y	N/EL	N/EL	N/EL	N/EL	N/EL
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0.62	1.42	1.42	0	0	0	0	0
Of which Enabling		0.62	1.42	1.42	0	0	0	0	0
Of which Transitional		–	0.00						
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
Manufacture of automotive and mobility components	CCM 3.18	2.68	6.19	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture of rail constituents	CCM 3.19	0.10	0.22	EL	N/EL	N/EL	N/EL	N/EL	N/EL
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		2.78	6.41	6.41	0	0	0	0	0
A. OpEx of Taxonomy-eligible activities (A.1 + A.2)		**3.40**	**7.83**	**7.83**	**0**	**0**	**0**	**0**	**0**

B. Taxonomy-non-eligible activities			
OpEx of Taxonomy-non-eligible activities (B)		39.98	92.17
Total (A + B)		**43.38**	**100.00**

Template: Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2024 (2/2)

	DNSH criteria („Does Not Significantly Harm“)									
	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1) or eligible (A.2) OpEx, 2023 (18)	Category enabling activity (19)	Category transitional activity (20)
	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	T
A. Taxonomy-eligible activities										
A.1 Environmentally sustainable activities (Taxonomy-aligned)										
Manufacture of automotive and mobility components	Y	Y	Y	Y	Y	Y	Y	0.60	E	
Manufacture of rail constituents	Y	Y	Y	Y	Y	Y	Y	0.08	E	
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)	Y	Y	Y	Y	Y	Y	Y	0.68		
Of which Enabling	Y	Y	Y	Y	Y	Y	Y	0.68	E	
Of which Transitional								0.00		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)										
Manufacture of automotive and mobility components								7.28		
Manufacture of rail constituents								0.23		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)								7.51		
A. OpEx of Taxonomy-eligible activities (A.1 + A.2)								**8.19**		

	Proportion of OpEx/Total OpEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	1.42%	7.83%
CCA	0%	0%
WTR	0%	0%

	Proportion of OpEx/Total OpEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

Template: Nuclear energy and fossil gas related activities

Row	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

8. About this report

Basis of reporting

This combined separate non-financial report (NFR) has been prepared in accordance with the requirements of sections 315b and 315c in conjunction with sections 289c to 289e HGB for the 2024 financial year (January 1, 2024 to December 31, 2024). It contains the disclosures required by law on material topics pertaining to the environment, employees, social concerns, observance of human rights and anti-corruption and anti-bribery precautions. In addition, it discloses material risks in accordance with section 289c (3) no. 3 and 4 HGB where these are necessary for an understanding of the Group's business performance, results of operations and position as well as the impact on non-financial aspects. The mandatory disclosures pursuant to Article 8 of the EU Taxonomy Regulation 2020/852 are also included.

This report is the combined separate declaration for the GRAMMER Group and GRAMMER AG for the 2024 financial year in accordance with sections 289b and 315b HGB, which is made available to the general public on the company's website under Company > Sustainability & social responsibility > Combined separate non-financial report.

The content deadline for the 2024 NFR was March 11, 2025. This NFR is available in both German and English. The German version takes precedence in the event of any discrepancies.

Unless stated otherwise, the contents refer to the entire GRAMMER Group including GRAMMER AG. In this report, the term GRAMMER Group also includes GRAMMER AG. In addition to its financial key performance indicators, the GRAMMER Group has also defined strategic and environmental, social and governance (ESG) targets, such as compliance, environmental protection, economic stability and growth, as ongoing performance indicators. A more detailed explanation of the non-financial key performance indicators for GRAMMER AG can be found in the remuneration report. Detailed information on provisions can be found in the notes to the consolidated financial statements. Otherwise, there is no direct link between the amounts reported in the annual financial statements of the GRAMMER Group in accordance with section 289c (3) no. 6 HGB and the non-financial aspects. In some cases, reference is made to the content of the Group management report in accordance with section 315b (1) sentence 3 HGB.

The combined separate non-financial report has been prepared with reference to the Global Reporting Initiative (GRI) standards.

Forward-looking statements

This non-financial report contains certain forward-looking statements concerning the future development of GRAMMER AG and its companies as well as economic and political developments. These statements are assessments made on the basis of all the information available to us at the time of reporting. If the underlying assumptions are inaccurate or other risks occur, actual results and the development and performance of GRAMMER AG can differ from the assessments shown. Even if GRAMMER AG's actual results, including its financial position and profitability as well as the economic and regulatory framework, are consistent with the forward-looking statements in this NFR, this does not guarantee that this will continue to be the case in the future. GRAMMER AG therefore accepts no liability for the forward-looking statements presented here.

Review

This NFR has been reviewed by the Supervisory Board, which has satisfied itself of its legality, propriety and suitability for its intended purpose.

Rounding differences

The use of rounded amounts and percentages can give rise to minor differences on account of commercial rounding.

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Further reporting
Further information on sustainability at GRAMMER AG can be found on our website.

Index Corporate Governance

CORPORATE GOVERNANCE

GRAMMER AG – pursuant to sections 289f and 315d of the German Commercial Code (HGB)

In this declaration, the Executive Board and the Supervisory Board report on the Company's corporate governance in the financial year from January 1 to December 31, 2024 in accordance with sections 289f and 315d HGB and as stipulated in principle 23 of the German Corporate Governance Code (Code). Further information on corporate governance – such as the Company's articles of association, the Supervisory Board's rules of procedure and the corporate governance declarations from previous financial years – are also available on GRAMMER AG's website at https://www.grammer.com/en/investor-relations/corporate-governance/.

1. Declaration of conformity with the German Corporate Governance Code

The Executive Board and Supervisory Board of GRAMMER AG have approved the following declaration in accordance with section 161 of the German Stock Corporation Act (AktG) as of December 17, 2024.

„Declaration by the Executive Board and Supervisory Board of GRAMMER AG on the recommendations of the Government Commission of the German Corporate Governance Code in accordance with section 161 AktG

Since issuing the last declaration of conformity on December 19, 2023, the Company has conformed to all recommendations of the Government Commission of the German Corporate Governance Code in the version dated April 28, 2022, published in the official section of Bundesanzeiger on June 27, 2022 and announced by the German Federal Ministry of Justice and Consumer Protection in the official section of Bundesanzeiger, and will continue to conform to them in the future.

Ursensollen, December 17, 2024

GRAMMER Aktiengesellschaft

The Executive Board The Supervisory Board"

The current declaration of conformity and the declarations of conformity for the past five years can be viewed on GRAMMER AG's website at https://www.grammer.com/en/investor-relations/corporate-governance/.

2. Remuneration report / remuneration system

The remuneration report for the last financial year and the auditor's report in accordance with section 162 AktG, the remuneration system in place for members of the Executive Board in accordance with section 87a (1) and (2) sentence 1 AktG, which was approved by the Annual General Meeting on June 23, 2021, and the resolution passed by the Annual General Meeting on June 23, 2021, in accordance with section 113 (3) AktG on remuneration for members of the Supervisory Board, are available to the public at https://www.grammer.com/en/investor-relations/corporate-governance/.

3. Information on corporate governance practices

Suggestions of the Code

GRAMMER AG voluntarily complies with all suggestions set out in the Code.

GRAMMER Code of Conduct

Other corporate governance practices that go beyond the statutory requirements are included in the GRAMMER Code of Conduct, which is publicly available at https://www.grammer.com/en/company/compliance/. The GRAMMER Code of Conduct outlines the ethical and legal framework within which the Company operates. It covers the fundamental principles and rules governing the conduct within the GRAMMER Group and in relation to external partners and the public.

Compliance management system

GRAMMER's corporate culture is shaped primarily by the GRAMMER Code of Conduct. This is binding on all employees of the GRAMMER Group. It summarizes the main internal and external rules and principles and contains binding rules for, among other things, anti-corruption, fair competition, data protection, occupational health and safety, insider trading, export controls, and health and environment. The GRAMMER Code of Conduct is publicly available at https://www.grammer.com/en/company/compliance/ and is supplemented by detailed compliance guidelines, which are available in the languages relevant to GRAMMER on the Intranet. The Executive Board as a whole is jointly responsible for compliance across all departments. A compliance organization headed by a Chief Compliance Officer ensures that the compliance management system is refined on an ongoing basis and that managers and employees receive training and advice. If any employees or external parties suspect or become aware of any misconduct or breaches of the law or internal guidelines, they can report this (anonymously) using the multilingual electronic whistleblower system.

4. Description of the working methods of the Executive Board and Supervisory Board and composition and working methods of their committees

GRAMMER AG is subject to German stock corporation law and therefore has a dual management system consisting of an Executive Board and a Supervisory Board. Their roles and authority, as well as the requirements for their working methods and composition, are essentially based on the German Stock Corporation Act (AktG), the articles of association of GRAMMER AG and the rules of procedure. GRAMMER AG's articles of association and the rules of procedure for the Supervisory Board can be found online at https://www.grammer.com/en/investor-relations/corporate-governance/.

Executive Board

As a management body, the Executive Board is committed to furthering the Company's interests and to increasing its sustained enterprise value. The members of the Executive Board are jointly responsible for overall corporate governance and make decisions about key business policy and corporate strategy issues, as well as annual and multi-year planning.

The Executive Board is responsible for preparing the Company's quarterly statements and half-yearly financial report as well as the annual and consolidated financial statements and the management report of GRAMMER AG and the Group. It prepares the dependent company report and, together with the Supervisory Board, the remuneration report. The Executive Board is responsible for compliance with the law and internal policies and ensures these are implemented and observed throughout the Company. To meet these obligations, the Executive Board ensures that there is an appropriate and effective internal control and risk management system in place that is based on the Company's risk position, which also comprises a compliance management system based on the Company's risk position. Employees and third parties can anonymously report legal violations within the Company.

The Supervisory Board has issued rules of procedure for the Executive Board, which include the definition of various areas of responsibility and the rules for cooperation both within the Executive Board and between the Executive Board and the Supervisory Board. In an allocation of responsibilities plan, the Supervisory Board sets out the members of the Executive Board responsible for the individual Executive Board areas. As head of Human Resources, the HR Director is appointed in accordance with section 33 of the German Codetermination Act (MitbestG). Each member of the Executive Board manages his or her assigned area on their own responsibility; business of particular significance is reserved for resolution by the Executive Board in its entirety. The Executive Board is supported by the Executive Committee, which meets on a regular basis. The Executive Committee comprises the members of the Executive Board and the heads of key core business areas and forms the Company's highest operating management body.

The Executive Board and the Supervisory Board work closely together in the Company's best interests. The Executive Board informs the Supervisory Board regularly, promptly and extensively about all business matters of particular significance due to their financial impact and / or relevance to general company policy. In particular, these include matters relating to the strategy, business performance, the risk situation, risk management and compliance. The members of the Executive Board are subject to a comprehensive non-competition clause during their activities for GRAMMER AG. They undertake to act in the Company's best interests and may not pursue any personal interests when making decisions; in particular, they may not make use of any business opportunities arising for the Company for their own personal benefit. They may only engage in sideline activities, in particular, supervisory board mandates outside the GRAMMER Group, with the approval of the Supervisory Board. The Supervisory Board is also responsible for deciding on how the remuneration received for sideline activities is to be treated. Each member of the Executive Board is under a duty to disclose to the Supervisory Board any conflicts of interest without delay and to inform the other Executive Board members of these.

Members of the Executive Board are initially appointed for a period of no more than three years. However, the Supervisory Board assesses each individual case on the basis of its own merits to determine the appropriate initial period of appointment.

The Executive Board of GRAMMER AG comprised the following members during the financial year:

Jens Öhlenschläger Spokesman of the Executive Board, member of the Executive Board since January 1, 2019, appointed until December 31, 2026	Responsibilities (as of December 31, 2024): Strategy & Marketing, Sales, Research & Development
Jurate Keblyte Member of the Executive Board since August 1, 2019, HR Director, appointed until June 30, 2027	Responsibilities (as of December 31, 2024): Accounting & Controlling, Finance & Treasury, Investor Relations, Human Resources, Legal & Compliance, IT, Risk Management, Corporate Social Responsibility (CSR)
Guoqiang Li Member of the Executive Board since April 1, 2024, appointed until March 31, 2027	Responsibilities (as of December 31, 2024): Operations, Project Management, Supply Chain Management, Digitalization Operations, Value Analysis and Value Engineering, Quality Management & HSE

The resumes of the members of the Executive Board are available on the company's website at https://www.grammer.com/en/company/management-supervisory-board/. Further details on the memberships of the Executive Board members to be disclosed in accordance with section 285 no. 10 HGB can be found in item 10 of this declaration.

Supervisory Board

GRAMMER AG's Supervisory Board has 12 members. In accordance with the German Codetermination Act, it comprises equal numbers of shareholder and employee representatives. The members of the Supervisory Board representing the shareholders are elected at the Annual General Meeting by a simple majority. Elections to the Supervisory Board are regularly held in the form of individual elections. The employee representatives on the Supervisory Board are elected in accordance with the provisions of the German Codetermination Act.

Further details on the members of the Supervisory Board and their memberships to be disclosed in accordance with section 285 no. 10 HGB can be found in item 11 of this declaration. The resumes of the Supervisory Board members are published at https://www.grammer.com/en/company/management-supervisory-board/ and updated annually.

The Supervisory Board monitors and advises the Executive Board on the management of the Company. At regular intervals, the Supervisory Board discusses the Company's business performance and planning as well as strategy and its implementation. It reviews the annual and consolidated financial statements, the combined management report of GRAMMER AG and the Group, including the non-financial statement, sustainability reporting and the dependent company report. It adopts the annual financial statements of GRAMMER AG and approves the consolidated financial statements, based on the results of the preliminary review conducted by the Audit Committee and taking into account the external auditor's reports. The Supervisory Board passes a resolution concerning the Executive Board's proposal for the appropriation of the Company's net retained profits and the Supervisory Board's report to the Annual General Meeting and submits a proposal for the election of the external auditor at the Annual General Meeting. Together with the Executive Board, the Supervisory Board prepares a report on the remuneration paid and owed to members of the Executive Board and the Supervisory Board in the previous year. The Supervisory Board / Audit Committee is also responsible for monitoring compliance with legal provisions, official regulations and internal company policies. In particular, monitoring and advisory activities by the Supervisory Board also encompass sustainability issues.

The Supervisory Board is also responsible for appointing and dismissing the members of the Executive Board and determining the allocation of responsibilities. The Supervisory Board, acting on a proposal by the Personnel and Mediation Committee, decides on the system for the remuneration of the members of the Executive Board and sets the specific remuneration in accordance with this system. It defines the targets for variable remuneration and the respective total remuneration for the individual members of the Executive Board and reviews the appropriateness of the total remuneration as well as the remuneration system for the Executive Board on a regular basis.

Material decisions by the Executive Board – such as major acquisitions, divestments, investments in tangible assets and financial measures – require the Supervisory Board's approval. To prepare for the Supervisory Board meetings, preliminary meetings are usually held. The Supervisory Board also regularly meets without the presence of the Executive Board. Each member of the Supervisory Board is under a duty to disclose any conflicts of interest to the Supervisory Board. Any conflicts of interest and the measures taken to address these are disclosed in the Supervisory Board report. The members of the Supervisory Board take their own initiative to undertake any training that may be required for their role and are supported here by the Company. Internal presentations are also given for the purpose of ongoing training. Details about the board's work can be found in the report of the Supervisory Board, which can be viewed for the last financial year at https://www.grammer.com/en/company/management-supervisory-board/.

Supervisory Board committees

The Supervisory Board had five committees in the reporting year. Their duties, responsibilities and work processes comply with the requirements of the German Stock Corporation Act (AktG) and the Code. The committee chairs regularly report to the Supervisory Board on their activities.

The Audit Committee focuses on monitoring the accounts and the accounting process. It is responsible for the preliminary review of the annual and consolidated financial statements and the combined management report of GRAMMER AG and the Group, including non-financial topics. Based on the auditor's report on the audit of the financial statements, after conducting its own preliminary review it makes proposals on the approval of the annual financial statements of GRAMMER AG and the consolidated financial statements by the Supervisory Board. The Audit Committee is required to discuss the quarterly statements and half-yearly financial report with the Executive Board. The Audit Committee also deals with sustainability reporting. In addition, the Audit Committee is also responsible for monitoring compliance with legal provisions, official regulations and internal company policies. It also handles the Company's risk monitoring system and monitors the appropriateness and effectiveness of its internal control system, the risk management system and the internal auditing system. The Audit Committee prepares the Supervisory Board's proposal to the Annual General Meeting regarding the choice of auditor and issues a recommendation to the Supervisory Board accordingly. Following the resolution by the Annual General Meeting, the Audit Committee issues the audit engagement to the auditor and monitors the audit of the financial statements and the selection, independence, qualifications, rotation and efficiency of the auditor and the services provided by the auditor. It regularly assesses the quality of the audit. The Chair of the Audit Committee also maintains regular dialog with the auditor outside meetings. The Audit Committee regularly consults with the auditor without the presence of the Executive Board.

In the reporting year, the Audit Committee consisted of the following members:

- Dagmar Rehm (Chair)
- Dr. Martin Kleinschmitt
- Andrea Elsner
- Antje Wagner

Under the German Stock Corporation Act, at least one member of the Supervisory Board must be an expert in the area of accounting and at least one additional member of the Supervisory Board must be an expert in auditing. With Dagmar Rehm as Chair, the Supervisory Board and its Audit Committee have a member who is an expert in auditing and, with Dr. Martin Kleinschmitt, they both have a member with accounting expertise.

After studying economics, Ms. Dagmar Rehm spent many years in commercial executive positions and CFO roles. She has been Chair of the Audit Committee at Koenig & Bauer AG for several years and so has particular knowledge and experience in auditing. In addition, she has in-depth knowledge of the requirements for sustainability reporting. Ms. Rehm is also independent.

After completing a banking apprenticeship and studying law, Dr. Martin Kleinschmitt also worked as a CFO for many years, and advises companies on financing matters and commercial management as a director of Noerr Consulting AG. He therefore has particular knowledge and experience in the application of accounting principles and internal control and risk management systems.

The Personnel and Mediation Committee deliberates on the Supervisory Board's personnel decisions in an advisory and preparatory capacity, chiefly regarding the appointment and removal of Executive Board members (including concluding, amending, extending and terminating Executive Board contracts), the remuneration system for the Executive Board, total compensation for the individual members of the Executive Board and the preparation of the remuneration report. When making proposals for initial appointments, the committee takes into account the fact that the period of appointment should not generally exceed three years. When proposing potential members of the Executive Board, the committee considers their professional suitability, international experience and leadership qualities, the age limit set for Executive Board members, long-term succession planning and diversity. In addition, the Personnel and Mediation Committee consults regularly about long-term succession planning for the Executive Board. The Personnel and Mediation Committee decides on the approval of an Executive Board member's sideline activities and whether and to what extent any remuneration is to be taken into account.

In the reporting year, the members of the Personnel and Mediation Committee were:

- Gabriele Sons (Chair)
- Dr. Martin Kleinschmitt
- Udo Fechtner
- Martin Heiß

The main task of the Strategy Committee is to advise the Executive Board on the Company's ongoing strategic development in relation to the corporate strategy and projects of strategic relevance, and to monitor their implementation.

In the reporting year, the members of the Strategy Committee were:

- Prof. Dr. Birgit Vogel-Heuser (Chair)
- Dr. Martin Kleinschmitt
- Udo Fechtner
- Martin Heiß

The Nomination Committee has the task of proposing to the Supervisory Board suitable candidates for election to the Supervisory Board at the Annual General Meeting. As well as the required knowledge, skills and professional experience, the objectives designated by the Supervisory Board for its composition and the competence profile drawn up for the entire Supervisory Board should be taken into account when proposing candidates. When determining its composition, the Supervisory Board should, in particular, suitably consider the Company's international activities, the age limit specified and diversity. Attention must be paid to ensuring appropriate representation of women and men in accordance with the statutory gender representation requirements and to ensuring that the members of the Supervisory Board as a whole are familiar with the sector in which the Company operates.

In the reporting year, the members belonged of the Nomination Committee were:

- Gabriele Sons (Chair)
- Dr. Martin Kleinschmitt (since June 3, 2024)
- Dagmar Rehm (since June 3, 2024)
- Prof. Dr. Birgit Vogel-Heuser (until June 3, 2024)
- Jürgen Kostanjevec (until June 3, 2024)

The task of the Chairman's Committee is to support the Chair of the Supervisory Board in the performance of his or her duties, particularly the preparation of the meetings and the coordination of the Supervisory Board's activities as well as the preparation of the resolutions to be passed by the Supervisory Board.

In the reporting year, the members of the Chairman's Committee were:

- Dr. Martin Kleinschmitt
- Udo Fechtner

Further details of the working methods and composition of the Supervisory Board and its committees are based on the rules of procedure for the Supervisory Board, which are publicly available at https://www.grammer.com/en/investor-relations/corporate-governance/.

Supervisory Board self-assessment

The Supervisory Board and its committees regularly review, either internally or with the involvement of external advisors, how effectively the Supervisory Board as a whole and its committees are performing their duties. No self-assessment was carried out in the 2024 financial year. The next one is expected to be carried out in the following financial year.

The overall result of the last self-assessment in 2023 was at a very high level, confirming constructive collaboration within the Supervisory Board and with the Executive Board. The composition and structure of the Supervisory Board, including the committees, were rated as effective and efficient. There was no evidence that fundamental changes are needed, although the board's strategic work in particular should continue to be strengthened and sustainability monitoring expanded. Individual recommendations for action to further optimize the work of the Supervisory Board are also taken on board and implemented throughout the year.

5. Targets as per section 76 (4) AktG for the share of women at the two management levels below the Executive Board; information on compliance with the inclusion requirement when filling vacancies on the Executive Board and minimum representation levels when filling vacancies on the Supervisory Board

When filling management positions within the Company, the Executive Board pays attention to diversity and strives, in particular, to give appropriate consideration to women and an international background. In compliance with the legal requirements in Germany, the Executive Board has set targets as per section 76 (4) AktG for the share of women at GRAMMER AG at the two management levels below the Executive Board of 15% for the first management level below the Executive Board and 20% for the second management level below the Executive Board by 30 September 2025. As of December 31, 2024, 14.3% of those employed at the first management level below the Executive Board and 12.3% of those employed at the second level were women. This was just short of the 15% target for the first management level, and the 20% target for the second management level below the Executive Board was not reached either as of December 31, 2024. This was mainly because in the 2024 financial year, very few vacancies were filled due to the economic situation of the company and, despite corresponding efforts, there were often no suitable applications or no applications at all from women for these positions.

Since the Executive Board of GRAMMER AG consisted of two or three members in the financial year, the minimum quota requirement of section 76 (3a) AktG does not apply. In 2023, the Supervisory Board adopted the target as per section 111 (5) AktG of at least 33% for the share of women by December 31, 2028 for the Executive Board of GRAMMER AG. As the Executive Board of GRAMMER AG consisted of one woman and one man or one woman and two men in the 2024 financial year, the target size was achieved. Regardless of this, giving consideration to women is a material aspect of the Supervisory Board's long-term succession planning for the Executive Board. It considers the Company's executive planning and also takes account of diversity.

In the reporting year, the Supervisory Board was composed of five women and seven men, thus meeting the statutory minimum representation requirements of section 96 (2) AktG

6. Diversity policy for the Executive Board and long-term succession planning

When selecting members of the Executive Board, the Supervisory Board looks at their personal suitability, integrity, the presence of convincing leadership qualities, international experience, professional qualifications for the area of responsibility to be taken on, past performance, knowledge of the Company and ability to adapt business models and processes in a changing world.

Diversity is an important selection criterion when Executive Board positions are filled and also include aspects such as age, gender, and educational and professional background. When selecting members of the Executive Board, the Supervisory Board also considers the following aspects in particular:

- In addition to the specific technical knowledge and management and leadership experience required for the task in question, the members of the Executive Board should possess as broad a range of knowledge and experience as possible as well as educational and professional backgrounds.
- With a view to the Company's international orientation, the composition of the Executive Board should take into account international profiles in the sense of different cultural backgrounds or international experience.
- The Executive Board as a whole should have experience in the business segments that are important for GRAMMER, particularly the industrial and automotive sectors.
- The Executive Board as a whole should have many years of experience in research and development, technology,

purchasing, production and sales, finance, as well as legal matters (including compliance) and human resources.
- Diversity also refers to gender diversity. The minimum representation requirement of section 76 (3a) AktG does not currently apply to the Executive Board of GRAMMER AG. When Executive Board positions are filled, the target set by the Supervisory Board in accordance with section 111 (5) AktG for the representation of women on the Executive Board must be taken into account. The Supervisory Board has set a target of at least 33% for the representation of women on the Executive Board.
- It is considered helpful to have different age groups represented on the Executive Board. In accordance with the recommendations of the German Corporate Governance Code, the Supervisory Board has set an age limit for the members of the Executive Board. Consequently, persons appointed to the Executive Board should not be older than 63 at the time of their initial or reappointment.

A decision on filling a specific position on the Executive Board is always based on the interests of the Company, taking into account all the circumstances of the individual case.

Implementation of the diversity policy for the Executive Board in the last financial year

The diversity policy for the Executive Board is implemented as part of the appointment process. The Supervisory Board and the Personnel and Mediation Committee take into account the requirements set out in the diversity policy for the Executive Board when selecting candidates and proposing members of the Executive Board.

In its current composition, the Executive Board meets all requirements of the diversity policy. The members of the Executive Board possess a broad range of knowledge and experience, as well as educational and professional backgrounds and have international experience. The Executive Board as a whole possesses all the knowledge and experience considered essential in view of GRAMMER's activities. The Executive Board as a whole has experience in the business segments that are important for GRAMMER. Appropriate consideration is given to women. The 33% target set by the Supervisory Board was achieved in the last financial year. The Executive Board has a female member, Jurate Keblyte. No member of the Executive Board is currently older than 63.

Long-term succession planning for the Executive Board

Together with the Executive Board, the Supervisory Board is responsible for long-term succession planning for the Executive Board and is supported here in a preparatory capacity by the Personnel and Mediation Committee. In addition to the requirements of the German Stock Corporation Act, the recommendations of the Code and the rules of procedure, long-term succession planning takes into account the target set by the Supervisory Board for the representation of women on the Executive Board as well as the criteria as per the diversity policy adopted by the Supervisory Board for the composition of the Executive Board. Taking into account the specific qualification requirements and the aforementioned criteria, the Personnel and Mediation Committee prepares an ideal profile, on the basis of which it draws up a shortlist of available candidates. Structured interviews are conducted with these candidates. The committee then submits a recommendation to the Supervisory Board for a decision. If necessary, external consultants assist the Supervisory Board and / or the Personnel and Mediation Committee with defining the job profiles and selecting the candidates.

7. Objectives for the composition, competence profile and diversity policy for the Supervisory Board

The Supervisory Board of GRAMMER AG should be composed in such a way as to ensure that the Executive Board receives qualified supervision and advice from it. In this context, the complementary interaction of members with different personal and professional backgrounds as well as diversity in terms of international profile, age and gender is considered helpful.

The shareholder representatives on the Supervisory Board are proposed by the Supervisory Board and elected by the Annual General Meeting. The employee representatives on the Supervisory Board of GRAMMER AG are elected in accordance with the provisions of the German Codetermination Act and consist of four employees of the Company, including one senior manager, as well as two representatives of the trade unions. When electing employee representatives to the Supervisory Board, the Supervisory Board does not have a legal right of proposal. In view of this – and taking into account the recommendations and suggestions of the German Corporate Governance Code (GCGC) – the following competence profile for the Supervisory Board should be observed regarding the composition of the Supervisory Board and when the Supervisory Board proposes nominations to the General Meeting.

Competence profile

Based on their knowledge, skills and experience, the candidates proposed for election to the Supervisory Board should be able to perform the duties of a Supervisory Board member in an internationally active and capital market-oriented company and safeguard the GRAMMER Group's public reputation. Particular attention should be paid to the personality, integrity and commitment of the proposed candidates here. The aim is for the Supervisory Board as a whole to possess all the knowledge and experience considered essential in view of GRAMMER's activities.

In addition to management and leadership experience, this also includes skills in strategy, market development and business development as well as corporate development and organization. In addition, industry and sector knowledge in business areas specific to GRAMMER, knowledge relating to operations, operational excellence, new technologies, products and services as well as digitalization, IT and software are important. Experience of sales and marketing as well as human resources and new work are also deemed important.

Furthermore, the Supervisory Board is committed to enhancing its ESG and sustainability expertise. The Supervisory Board also regards extensive knowledge of law, compliance and corporate governance as well as experience of (other) advisory or supervisory bodies as key criteria for its composition.

Knowledge of control systems (CMS, RMS, ICS and internal audit), financial reporting, auditing, restructuring and transformation as well as financing and capital markets are of particular relevance to the members of the Audit Committee, but also important for the entire Supervisory Board. Under the German Stock Corporation Act, at least one member of the Supervisory Board must be an expert in the area of accounting and at least one additional member of the Supervisory Board must be an expert in auditing. Expertise in the area of accounting should take the form of particular knowledge and experience in the application of accounting principles and internal control and risk management systems and expertise in auditing in the form of particular knowledge and experience of auditing. Accounting and auditing also include sustainability reporting and auditing of this reporting. The Chair of the Audit Committee should be suitably knowledgeable as well as independent in at least one of the two areas.

Which of the desirable skills on the Supervisory Board is to be strengthened should be determined whenever a new candidate is to be elected to the Supervisory Board.

Diversity

Sufficient diversity should be ensured in the composition of the Supervisory Board. As well as appropriate consideration of both genders, this includes diversity in terms of age structure, nationality, international experience, and the differences in educational and professional backgrounds, experience and ways of thinking. When examining potential candidates for a by-election or replacement for positions on the Supervisory Board that become vacant, the aspect of diversity must be given appropriate consideration at an early stage of the selection process. Given the company's international orientation, particular care should be taken to ensure that the Supervisory Board has a sufficient number of members with international experience.

In accordance with the German Stock Corporation Act, the Supervisory Board must be composed of at least 30% women and at least 30% men.

Independence

The Supervisory Board should have an appropriate number of independent members (according to its own definition of appropriate), taking into account the shareholder structure. The Supervisory Board bases its definition of independence on the German Corporate Governance Code. More than half of the shareholder representatives should be independent of the Company and the Executive Board. Significant conflicts of interest that are not merely temporary must be avoided. No more than two former members of GRAMMER AG's Executive Board are permitted to hold seats on the Supervisory Board. The members of the Supervisory Board should have sufficient time to exercise their mandate with the requisite regularity and diligence.

Age limit

In accordance with the age limit specified by the Supervisory Board, only persons who are no older than 70 years of age at the time of being elected or re-elected are proposed for election as members of the Supervisory Board.

Implementation of the objectives for the composition, competence profile and diversity policy for the Supervisory Board in the last financial year; independent members of the Supervisory Board

The Supervisory Board and its Nomination Committee take into account the objectives for the composition of the Supervisory Board and the requirements set out in the diversity policy during the selection process and the nomination of candidates for the Supervisory Board.

The Supervisory Board believes that its current composition meets the targets with respect to composition and fulfills the competence profile and diversity policy. The members of the Supervisory Board hold the professional and personal qualifications deemed necessary. They are all familiar with the sector in which the Company operates and possess the essential knowledge, skills and experience considered necessary for GRAMMER in the areas mentioned, in particular management and leadership, strategy, market and corporate development, human resources, ESG and sustainability, law, compliance and corporate governance, restructuring and transformation, as well as experience on (other) advisory or supervisory bodies. Some of the Supervisory Board members work internationally or have many years of international experience. Diversity is duly taken into account in the composition of the Supervisory Board. In the reporting year, the Supervisory Board had five female members, including three shareholder representatives and two employee representatives. Women therefore make up 41.7% of the Supervisory Board. The shareholder representatives believe that all six shareholder representative members are independent within the meaning of the Code. The defined age limit is observed.

The status of implementation of the competence profile on the Supervisory Board is set out below in the form of a qualification matrix.

Qualification matrix – Shareholder representatives

as of December 31, 2024

		Dr. Martin Kleinschmitt	Dr.-Ing. Ping He	Jürgen Kostanjevec	Dagmar Rehm	Gabriele Sons	Prof. Dr.-Ing. Birgit Vogel-Heuser
	Member since / elected until	**2022 / 2025**	**2020 / 2025**	**2020 / 2025**	**2022 / 2025**	**2020 / 2025**	**2017 / 2025**
Function	Supervisory Board	Chairman	Member	Member	Member	Member	Member
	Audit Committee	Member			Chairwoman		
	Nomination Committee	Member			Member	Chairwoman	
	Personnel and Mediation Committee	Member				Chairwoman	
	Strategy Committee	Member					Chairwoman
	Chairman's Committee	Member					
Independence	Independence according to DCGK	yes	yes	yes	yes	yes	yes
Diversity	Sex	male	male	male	female	female	female
	Age cluster	56 – 65	66 – 75	56 – 65	56 – 65	56 – 65	56 – 65
	Nationality	German	Chinese	German	German	German	German
	International Experience	✓	✓	✓	✓	✓	✓
	Educational background	Lawyer	Engineer	Engineer	Economist	Lawyer	Engineer
Professional competences	Management / Leadership	✓		✓	✓	✓	✓
	Strategy / Market Development / Business Development		✓	✓	✓		✓
	Corporate development and organization	✓		✓	✓	✓	✓
	Industry and sector knowledge in GRAMMER business segments (global perspective)	✓	✓	✓			
	Operations / Operational Excellence			✓			✓
	New technologies, products and services		✓				✓
	Digitalization / IT / Software		✓				✓
	Sales / Marketing			✓			✓
	Human Resources / New Work	✓				✓	
	ESG / Sustainability	✓	✓	✓	✓	✓	
	Legal / Compliance / Corporate Governance	✓		✓	✓	✓	
	Control systems (CMS, RMS, ICS, internal audit)	✓		✓	✓		

		Dr. Martin Kleinschmitt	Dr.-Ing. Ping He	Jürgen Kostanjevec	Dagmar Rehm	Gabriele Sons	Prof. Dr.-Ing. Birgit Vogel-Heuser
Professional competences	Accounting	✓			✓		
	Financial audit	✓			✓		
	Restructuring /Transformation	✓	✓	✓	✓	✓	✓
	Financing / Capital Markets	✓	✓		✓		
	Experience in Advisory or Supervisory Boards	✓	✓		✓	✓	✓
Proven Expert	Financial expert pursuant to Sec. 100 (5) AktG						
	Accounting Expert	✓					
	Audit Expert				✓		
	ESG Expertise according to DCGK				✓		

Note: at least 75% as part of the annual self-assessment

Qualification matrix – Employee representatives

as of December 31, 2024

		Udo Fechtner	Klaus Bauer	Andrea Elsner	Martin Heiss	Peter Kern	Antje Wagner
	Member since / elected until	**2023 / 2025**	**2020 / 2025**	**2015 / 2025**	**2015 / 2025**	**2020 / 2025**	**2019 / 2025**
Function	Supervisory Board	Deputy Chairman	Member	Member	Member	Member	Member
	Audit Committee			Member			Member
	Nomination Committee						
	Personnel and Mediation Committee	Member			Member		
	Strategy Committee	Member			Member		
	Chairman's Committee	Member					
Independence	Independence according to DCGK	–	–	–	–	–	–
Diversity	Sex	male	male	female	male	male	female
	Age cluster	56 – 65	46 – 55	36 – 45	46 – 55	56 – 65	56 – 65
	Nationality	German	German	German	German	German	German
	International Experience						
	Educational background	Toolmaker	Engineer	Industrial clerk	Data processing clerk	Building fitter	Lawyer
Professional competences	Management/Leadership	✓	✓		✓	✓	✓
	Strategy/Market Development / Business Development	✓					
	Corporate development and organization	✓					
	Industry and sector knowledge in GRAMMER business segments (global perspective)	✓	✓	✓		✓	
	Operations / Operational Excellence	✓	✓				
	New technologies, products and services	✓					
	Digitalization / IT / Software				✓		
	Sales / Marketing			✓			
	Human Resources / New Work	✓		✓	✓	✓	✓
	ESG / Sustainability		✓				
	Legal / Compliance / Corporate Governance	✓					✓
	Control systems (CMS, RMS, ICS, internal audit)	✓					

		Udo Fechtner	Klaus Bauer	Andrea Elsner	Martin Heiss	Peter Kern	Antje Wagner
Professional competences	Accounting						
	Financial audit						
	Restructuring / Transformation	✓		✓			✓
	Financing / Capital Markets						
	Experience in Advisory or Supervisory boards	✓		✓	✓		✓
Proven Expert	Financial expert pursuant to Sec. 100 (5) AktG						
	Accounting Expert						
	Audit Expert						
	ESG Expertise according to DCGK						

Note: at least 75% as part of the annual self-assessment

8. Directors' dealings

Members of the Executive Board and the Supervisory Board, as well as persons closely related to them, must disclose transactions with shares of debt instruments of GRAMMER AG or related financial instruments if the value of the transaction exceeds EUR 20,000 within one calendar year. The transactions reported to GRAMMER AG are properly published and are available at https://www.grammer.com/en/investor-relations/corporate-governance/. No transactions were reported in the last financial year.

9. Annual General Meeting and shareholder communication

The shareholders exercise their rights at the Annual General Meeting. For Annual General Meetings to be held until the end of May 9, 2028, the Executive Board is authorized under Article 22 (5) of the articles of association to hold the meeting without the physical presence of the shareholders or their authorized representatives at the location of the Annual General Meeting (virtual Annual General Meeting).

At the Annual General Meeting, the shareholders pass resolutions on the appropriation of profits, the ratification of the actions of the members of the Executive Board and the Supervisory Board and the election of the auditors, among other things. The shareholders pass resolutions on amendments to the articles of association and capital measures, which are duly implemented by the Executive Board. The Annual General Meeting also passes resolutions on the approval of the remuneration system for the Executive Board, the remuneration of the Supervisory Board and approval of the remuneration report.

By using electronic means of communication, primarily the Internet, the Executive Board makes it easier for shareholders to take part in the Annual General Meeting and be represented by voting proxies when exercising their voting rights in accordance with the instructions issued; the voting proxies can also be reached during the Annual General Meeting. Shareholders may also cast their votes in writing or electronically (postal vote). They can submit motions on resolutions proposed by the Executive Board and Supervisory Board and contest resolutions passed at the Annual General Meeting.

The reports, documents and information required by law for the Annual General Meeting, including the annual report, are available on the Internet, as are the agenda for the Annual General Meeting and any countermotions or election proposals from shareholders that are required to be disclosed. When shareholder representatives are to be elected to the Supervisory Board, a detailed resume is published for each candidate.

The Annual General Meeting on June 4, 2024 was held as a virtual Annual General Meeting.

As part of its investor relations work, the Company provides comprehensive information on developments at the Company. Among other things, quarterly statements, half-yearly financial and annual reports, ad-hoc announcements, analyst presentations and the financial calendar for the current year, which includes the publication dates that are important for financial communications and the date of the Annual General Meeting, are published at https://www.grammer.com/en/investor-relations/. GRAMMER AG's articles of association and the rules of procedure for the Supervisory Board, the declarations of conformity and other corporate governance documents can be found on GRAMMER AG's website at https://www.grammer.com/en/investor-relations/corporate-governance/.

10. Executive Board members and their mandates

The Executive Board's members in the 2024 financial year were:

Name	Year of birth	First appointed on	Appointed until	Seats on other Supervisory Boards required by law or comparable domestic and foreign governing bodies of commercial enterprises: External mandates (as of December 31, 2024)	Group mandates (as of December 31, 2024)
Jens Öhlenschläger (Spokesman)	1964	January 1, 2019	December 31, 2026	–	**Board of Directors:** – Allygram Systems and Technologies Pvt. Ltd., India – GRAMMER Vehicle Parts (Harbin) Co., Ltd., China **Supervisory Board:** – GRAMMER (China) Holding Co., Ltd., China – GRAMMER Interior (Beijing) Co., Ltd., China – GRAMMER Interior (Changchun) Co., Ltd., China – GRAMMER Interior (Shanghai) Co., Ltd., China – GRAMMER Interior (Tianjin) Co., Ltd., China – GRAMMER Seating (Ningbo) Co., Ltd., China – GRAMMER Seating (Shaanxi) Co., Ltd., China – GRAMMER Vehicle Interiors (Hefei) Co., Ltd., China – GRAMMER Vehicle Parts (Shenyang) Co., Ltd., China – GRAMMER Vehicle Parts (Changzhou) Co., Ltd., China – GRAMMER Japan Ltd., Japan
Jurate Keblyte	1975	August 1, 2019	June 30, 2027	– Member of the Supervisory Board of HAWE Hydraulik SE, Aschheim / Munich (not listed) – Member of the Supervisory Board of Ottobock SE & Co. KGaA, Duderstadt (not listed) – Member of the Supervisory Board of SAF-Holland SE, Bessenbach (listed)	
Guoqiang Li from April 1, 2024	1974	April 1, 2024	March 31, 2027	–	**Board of Directors:** – GRAMMER Inc., USA – GRAMMER Vehicle Parts (Harbin) Co., Ltd., China

11. Supervisory Board members and their mandates

The Supervisory Board's members in the 2024 financial year were:

Name, place of residence	Profession	Year of birth	Member since	Appointed until[1]	Seats on other Supervisory Boards required by law or comparable domestic and foreign governing bodies of commercial enterprises (as of December 31, 2024)
Dr. Martin Kleinschmitt, Berlin **(Chair)**	Managing Director of Noerr Consulting GmbH & Co. KG	1960	May 18, 2022	2025	– Chair of the Supervisory Board of SAF-HOLLAND SE[3], Bessenbach – Chair of the Supervisory Board of SAF-HOLLAND GmbH, Bessenbach – Chair of the Supervisory Board of G&H Bankensoftware AG, Berlin – Member of the Supervisory Board of Lech-Stahlwerke GmbH, Meitingen
Udo Fechtner[2], Kümmersbruck **(Deputy Chair)**	1. Authorized representative of IG Metall Amberg	1965	October 1, 2023	2025	– Member of the Supervisory Board of Pensionskasse Maxhütte VVaG, Sulzbach-Rosenberg
Klaus Bauer[2], Ensdorf	Plant manager at GRAMMER Deutschland GmbH, Kümmersbruck	1970	September 1, 2020	2025	
Andrea Elsner[2], Ebermannsdorf	Business management assistant, member of the Works Council at GRAMMER AG	1979	May 20, 2015	2025	
Dr. Ping He, Wenzenbach-Irlbach	Former development engineer in the Powertrain division of Continental AG (retired)	1957	July 8, 2020	2025	
Martin Heiß[2], Sulzbach-Rosenberg	Management assistant for data processing, Chair of the Works Council at GRAMMER AG	1971	May 20, 2015	2025	
Peter Kern[2], Kümmersbruck	Locksmith, member of the Works Council of GRAMMER AG	1963	July 8, 2020	2025	
Jürgen Kostanjevec, Köln	Independent consultant	1961	July 8, 2020	2025	
Dagmar Rehm, Langen	Independent management consultant	1963	May 18, 2022	2025	– Member of the Supervisory Board of Koenig & Bauer AG[3], Würzburg – Member of the Supervisory Board of O'Donovan AG, Bad Homburg (until March 31, 2024) – Non-executive Director, Renewable Power Capital Ltd., London, United Kingdom – Member of the Supervisory Board of Rail Capital Europe Investment SAS, Saint-Ouen, France – Member of the Supervisory Board of Power2X B.V., Amsterdam, Netherlands (since February 23, 2024)

Name, place of residence	Profession	Year of birth	Member since	Appointed until[1]	Seats on other Supervisory Boards required by law or comparable domestic and foreign governing bodies of commercial enterprises (as of December 31, 2024)
Gabriele Sons, Berlin	Self-employed attorney at law in the Sons law firm	1960	July 8, 2020	2025	– Member of the Supervisory Board of ElringKlinger AG[3], Dettingen / Erms – Member of the Board of Directors of Accelleron Industries AG[3], Baden, Switzerland
Prof. Dr. Birgit Vogel-Heuser, Garching	Electrical engineer (Head of the Chair of Automation and Information Systems at the Technical University of Munich)	1961	July 26, 2017	2025	– Member of the Supervisory Board of HAWE Hydraulik SE, Aschheim / Munich
Antje Wagner[2], Frankfurt am Main	Lawyer, Trade Union Secretary, IG Metall Management Board	1966	September 16, 2019	2025	– Member of the Supervisory Board of WISAG Produktionsservice GmbH, Frankfurt am Main

[1] Term of office ends at the close of the respective Annual General Meeting
[2] Employee representative
[3] Listed

Dr. Martin Kleinschmitt
Chairman of the Supervisory Board

Dear Shareholders,

The 2024 fiscal year was marked by structural and operational changes for GRAMMER in a persistently weak macroeconomic environment. The global economic slowdown and the crisis in the automotive industry are posing major challenges especially for the German economy. Against this background, GRAMMER took extensive measures in fiscal 2024 to ensure a secure future for the Group. For example, the sale of the North American TMD Group streamlined the portfolio and allowed GRAMMER to focus on its core competencies. We are confident that these initiatives will soon be reflected in the Group's results and contribute to increased profitability.

Our special thanks go to the employees, the managers and the Executive Board of GRAMMER, who have all played a significant part in these important steps with their commitment and their willingness to support change. In times of multiple trouble spots and an industry performance that is exceptionally weak, difficult decisions often have to be made. Which is all the more reason why we appreciate the support and trust that GRAMMER has enjoyed from its workforce and why we see this as a crucial basis for our joint success in the future.

Monitoring and advisory activities of the Supervisory Board

In the past financial year, the Supervisory Board performed the duties incumbent upon it in accordance with the law, the articles of association and the rules of procedure with great conscientiousness. We monitored and advised the Executive Board in its management of the Company on the basis of the Executive Board 's detailed written and verbal reports. In addition, the Chairman of the Supervisory Board regularly exchanged information with the Executive Board, particularly with its Spokesman. In this way, the Supervisory Board was informed at all times about the intended business policy, the corporate planning (including the financial, investment, and personnel planning), the Company's profitability and financial position, business developments, and the position of the Company and the Group. The Supervisory Board was involved directly and at an early stage in all decisions of key importance to the Company and discussed these in detail with the Executive Board. Where Supervisory Board approval was required for resolutions or management measures on account of the law, articles of association, or rules of procedure, the members of the Supervisory Board – in some cases prepared by the committees – approved these after reviewing and discussing them.

Topics addressed by the Supervisory Board as a whole

The Supervisory Board of GRAMMER AG held five ordinary meetings last year. Four of these meetings were held in person and one took the form a hybrid meeting, i.e. an in-person meeting with the option to participate virtually. No meetings were held as conference calls. In addition, two resolutions were passed outside of meetings using a digital process.

The board as a whole regularly discussed the Executive Board's reporting on the revenue and earnings performance of GRAMMER AG and the Group and the financial position and results of operations. The reports also included updates on the "Top 10 Measures" program and the associated initiatives to reduce costs and increase profitability. We also dealt with business transactions requiring approval on an ad hoc basis and in depth with the business situation in the AMERICAS region, the sale of the TMD Group and the various measures implemented to secure financing. In addition, the Executive Board reported on the continued difficult economic situation and its impact on GRAMMER. In particular, we discussed the decline in the revenue performance that has coincided with an increase in prices – especially for raw materials, logistics, and energy. The Supervisory Board also met regularly without the Executive Board in attendance to deal with matters relating either to the Executive Board itself or to internal Supervisory Board matters.

On January 30, 2024, the Supervisory Board approved the conclusion of a bilateral credit facility of EUR 200 million with a term of three years by way of a resolution outside a meeting using a digital process.

As well as the Executive Board's reporting on the Company's current position, the agenda items at the first Supervisory Board meeting on March 26, 2024 primarily included the adoption and thus approval of the annual financial statements and consolidated financial statements as of December 31, 2023 and the management reports for GRAMMER AG and the Group, related resolutions and the appropriation of profit loss for the 2023 fiscal year. The board also adopted the agenda for the 2024 Annual General Meeting and agreed to the dissolution and / or establishment of companies in the US and Bosnia and Herzegovina. In addition, the performance evaluation of the Executive Board for the 2023 fiscal year was carried out and the target values for Executive Board remuneration for the 2024 fiscal year were set without the Executive Board in attendance.

The second Supervisory Board meeting on June 3, 2024 focused on the reporting by the Executive Board on the current business situation, on the status of individual top 10 measures as well as information about GRAMMER AG's Annual General Meeting, which was scheduled for the next day. The board discussed and approved the planned acquisition of the European business of the Ningbo Jifeng Group, Jifeng Automotive Interior (JAI), and its sites in Germany, the Czech Republic, and Bosnia-Herzegovina. The establishment of a new company in Serbia was also approved. In addition, the Executive Board reported on the further development of cyber and information security at GRAMMER. In view of the upcoming elections of the new shareholder representatives to the Supervisory Board at the 2025 Annual General Meeting, some changes were made to the composition of the Nomination Committee.

In a resolution outside of a meeting by way of a digital process, the Supervisory Board approved the sale of the TMD Group on August 9, 2024.

The third Supervisory Board meeting was held on September 17, 2024. The Executive Board reported in detail on the Company's current business situation, once again focusing in particular on the Top 10 Measures, the associated key projects and their implementation status. The Supervisory Board also discussed sustainability management issues at GRAMMER in detail and was briefed about the current status of the refinancing.

The fourth ordinary Supervisory Board meeting was held on November 12, 2024. As part of its further training, the board learned about the role and tasks of a supervisory board in economically challenging situations. The Executive Board again reported in detail on the current business situation and current areas of focus. The board approved the conclusion of consortium agreements for the refinancing of the GRAMMER Group.

At the fifth ordinary Supervisory Board meeting on December 17, 2024, the Executive Board informed the Supervisory Board about the current state of the Company as part of its regular reporting. It highlighted in particular the measures to improve the operating performance of individual plants in the EMEA region. The meeting also turned its attention to discussing and approving the budget presented by the Executive Board for the 2025 financial year and the medium-term planning for 2026 to 2029. Detailed reporting on cyber security at GRAMMER was also presented. The Supervisory Board also discussed the recommendations of the German Corporate Governance Code and approved the 2024 declaration of conformity. The board received annual reports on risk management, the internal control and compliance system, and measures by Internal Audit. In addition, the Supervisory Board discussed the current remuneration systems for the Executive Board and the Supervisory Board and set the target values for the variable remuneration of the Executive Board for the upcoming fiscal year.

German Corporate Governance Code

The Supervisory Board agreed upon a declaration of conformity in accordance with section 161 AktG at its meeting on December 17, 2024. Information on corporate governance can be found in the corporate governance declaration, which is publicly available at https://www.grammer.com/en/investor-relations/corporate-governance/. The declaration of conformity is permanently available online at https://www.grammer.com/en/investor-relations/corporate-governance/. The current declaration of conformity is also included in the corporate governance declaration.

Work of the Supervisory Board's committees

The Supervisory Board had five committees in the reporting year. They prepare resolutions and topics to be discussed by the Supervisory Board as a whole. Decision-making authorities of the Supervisory Board are assigned to committees as permitted by law. The committee chairs generally report on the work of the committees to the Supervisory Board at the following meeting. The tasks and members of the committees are set out in detail in the corporate governance declaration.

The Audit Committee held four ordinary meetings. Two of these were conducted in person, while two were held as virtual meetings via video conference. With the auditor and the Executive Board in attendance, the Audit Committee discussed the annual financial statements and the management reports for GRAMMER AG and the Group. It discussed the half-yearly financial report and the quarterly statements with the Executive Board. In the course of preparing and performing the audit, the Audit Committee, primarily the Chairwoman, regularly met with the auditor without the Executive Board in attendance and reported on this to the committee. The Audit Committee recommended that the Supervisory Board propose BDO AG Wirtschaftsprüfungsgesellschaft, Hamburg, to the Annual General Meeting for election as auditor for the 2024 fiscal year. It issued the audit engagement to the auditor selected by the Annual General Meeting for the 2024 financial year, determined the main focal points of the audit and set the fees. It monitored the selection, independence, qualifications, and rotation of the auditor and the auditor's services, including the approval of certain non-audit services. The Audit Committee also discussed the accounts, the accounting system, the appropriateness and efficacy of the Company's internal control and risk management systems, and the effectiveness and findings of Internal Audit. In addition, the Audit Committee addressed compliance with legal provisions, regulations, and internal company policies. One topic in this area related to the preparations for the sustainability reporting that became mandatory for GRAMMER AG from the 2024 fiscal year onward in accordance with Directive (EU) No 2022 / 2464 of the European Parliament and of the Council.

The Personnel and Mediation Committee met five times in the past fiscal year. Two meetings were held in person, while three were held as virtual video conferences. In particular, the committee prepared the Supervisory Board's resolutions on the achievement and definition of the performance criteria and the targets for the variable remuneration of the Executive Board as well as the preparation of the remuneration report for the previous fiscal year. After Executive Board member Jurate Keblyte expressed her wish to leave the company prematurely towards the end of the year, the committee dealt with the possible replacement of the Executive Board position.

The Strategy Committee met twice, once in person and once in a hybrid format. The meetings focused on creating competitive cost structures in R&D, in the production footprint, and in procurement. In addition, the committee received reports on patent management at GRAMMER and on automation projects in manufacturing technology.

The Chairman's Committee met on four occasions, with all meetings held as conference calls. The Chairman's Committee prepared the ordinary meetings and resolutions of the Supervisory Board and coordinated the board's work, chiefly in relation to the content and focus topics of meetings.

The Nomination Committee met once in the past fiscal year. This was an in-person meeting, at which the committee discussed the preparations for the regular election of the shareholder representatives in the Supervisory Board that is scheduled to be held at the 2025 Annual General Meeting.

Supervisory Board training

The members of the Supervisory Board take their own initiative to undertake any training that may be required for their role and are supported in this by the Company. Presentations on topical issues are given for the purposes of targeted training, primarily at board meetings. For example, the Supervisory Board received information on the role and tasks of a supervisory board in economically challenging situations at the meeting on November 12, 2024.

Individual disclosure of meeting attendance

Members' attendance rates were 98 per cent for Supervisory Board meetings and 100 per cent for meetings of the Audit Committee, the Personnel and Mediation Committee, and the Chairman's Committee. The attendance rate for the Strategy Committee was 88 per cent. Meetings in the reporting year were held not only as in-person events but also as virtual video conferences or as in-person meetings with the option of attending virtually (hybrid meetings). Chairman's Committee meetings were held as conference calls.

The individual members' attendance at the meetings of the Supervisory Board and its committees is disclosed below:

Attendance at the meetings of the Supervisory Board

Number of meetings / attendance in %		**Full Supervisory Board**		**Audit Committee**		**Personnel and Mediation Committee**		**Strategy Committee**		**Nomination Committee**		**Chairman's Committee**	
		Number	**in %**	**Number**	**in %**	**Number**	**in %**	**Number**	**in %**	**Number**	**in %**	**Number**	**in %**
Dr. Martin Kleinschmitt	Chairman	5/5	100	4/4	100	5/5	100	2/2	100	1/1	100	4/4	100
Udo Fechtner	Deputy Chairman from October 1, 2023	5/5	100			5/5	100	2/2	100			4/4	100
Klaus Bauer	Member	5/5	100										
Andrea Elsner	Member	5/5	100	4/4	100								
Dr. Ping He	Member	5/5	100										
Martin Heiß	Member	5/5	100			5/5	100	2/2	100				
Peter Kern	Member	5/5	100										
Jürgen Kostanjevec	Member	5/5	100										
Dagmar Rehm	Member	5/5	100	4/4	100					1/1	100		
Gabriele Sons	Member	5/5	100			5/5	100			1/1	100		
Prof. Dr. Birgit Vogel-Heuser	Member	4/5	80					1/2	50				
Antje Wagner	Member	5/5	100	4/4	100								
			98		**100**		**100**		**88**		**100**		**100**

Conflicts of interest

The members of GRAMMER AG's Supervisory Board are obliged to report any conflicts of interest, especially those that may arise as a result of consulting or board functions at customers, suppliers, lenders or other business partners, immediately to the Chairman of the Supervisory Board and then to the board as a whole. No members of the Executive Board or Supervisory Board were involved in any (potential) conflicts of interest in the reporting year.

Audit of 2024 annual and consolidated financial statements

The Annual General Meeting of GRAMMER AG elected BDO AG Wirtschaftsprüfungsgesellschaft, Hamburg, on June 4, 2024 as the auditor of the annual financial statements and the consolidated financial statements for the 2024 fiscal year on the proposal of the Supervisory Board and in accordance with the recommendation of the Audit Committee. BDO has audited the annual financial statements of GRAMMER AG, the consolidated financial statements, and the combined management report and issued an unqualified audit opinion. The German Public Auditors responsible are Björn Beck and Philip Jahn. Before it was proposed as auditor to the Annual General Meeting by the Supervisory Board, BDO confirmed that there were no circumstances that could compromise its independence as auditor or give rise to doubts about its independence. GRAMMER AG's annual financial statements and management report were prepared in accordance with the provisions of the German Commercial Code. The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted in the European Union, and in accordance with the supplemental provisions of section 315e (1) HGB. The audit was conducted in accordance with section 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany). The auditors confirmed that the combined management report provides a true and fair view of GRAMMER AG and the Group and of the opportunities and risks with regard to future development. The audit of the early risk detection system as part of the audit found that the Executive Board has taken appropriate measures as required under section 91 (2) AktG, in particular to establish a monitoring system, and that the monitoring system is suitable for identifying developments that jeopardize the Company's going-concern status at an early stage. The annual and consolidated financial statements of GRAMMER AG, the combined management report, the separate non-financial report, and the auditor's reports were provided to all Supervisory Board members in good time. The Audit Committee performed a preliminary review of these documents at its meeting on March 25, 2025 and reported on this to the Supervisory Board at the ordinary Supervisory Board meeting the following day. The Supervisory Board subsequently discussed the financial statements and reports in detail. The auditor's representatives attended both meetings, reported on the results of their audits and were available to take questions. In particular, they presented the results of key audit matters for GRAMMER AG and the Group for the 2024 financial year. No material weaknesses of the internal control system and the risk management system were reported.

Based on the final results of the audit of the annual and consolidated financial statements and the combined management report by the Audit Committee and the Supervisory Board, no objections were raised. In line with the Audit Committee's recommendation, the Supervisory Board approved the results of the audit. The Supervisory Board adopted the annual financial statements of GRAMMER AG and the consolidated financial statements for 2024 prepared by the Executive Board. The annual financial statements were thus approved. As part of its audit, the Supervisory Board also reviewed the separate non-financial report in accordance with sections 289b and 315b HGB and concluded that these comply with the existing requirements and that no objections need to be raised. The auditor also formally audited the report prepared by the Executive Board and the Supervisory Board on the remuneration of the Executive Board and the Supervisory Board for the 2024 fiscal year (remuneration report) in accordance with section 162 AktG. Again, no objections were raised.

Based on a net loss of EUR –115.2 million for the 2024 fiscal year and the resulting retained loss of GRAMMER AG of EUR –261 million, which will be carried forward to new account in full, the Executive Board recommends not proposing a dividend payment to the 2025 Annual General Meeting. This proposal was approved by the Supervisory Board.

Audit of the report of the Executive Board on relations with affiliated companies

GRAMMER AG is included as a fully consolidated subsidiary in the consolidated financial statements of Ningbo Jifeng Auto Parts Co., Ltd., China, which indirectly held 86.2% of the share capital of GRAMMER AG at the end of the reporting year. For this reason, the GRAMMER AG Executive Board prepared a report on relationships with affiliated companies (dependent company report) for the 2024 fiscal year in accordance with section 312 AktG and presented this to the Supervisory Board in good time. The dependent company report was audited by the auditor. As no objections needed to be raised based on the final result of its audit, the auditor issued the following auditor's report in accordance with section 313 (3) AktG: „Based on our audit and opinion as required by law, we confirm that (1.) the factual statements made in the report are correct, and (2.) the consideration paid by the Company for the transactions listed in the report was not unreasonably high." The dependent company report and the auditor's report were provided to the Audit Committee and the Supervisory Board, which reviewed the reports. The review did not give rise to any objections. Based on the final result of the preliminary review by the Audit Committee and our own review, the Supervisory Board does not have any objections to the Executive Board 's report on relationships with affiliated companies in accordance with section 312 (3) sentence 1 AktG. The results of the audit of the dependent company report by the auditor are approved.

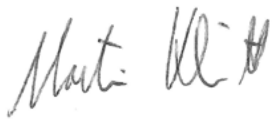
Changes to the Supervisory Board and the Executive Board
There were no changes to the Supervisory Board in the reporting year. Antje Wagner resigned from her seat on the Supervisory Board with effect from the end of December 31, 2024. The Local Court - Registry Court - Amberg appointed Caterina Messina as a member of the Supervisory Board with effect from January 1, 2025.

There were the following changes to the Executive Board in the reporting year: The Supervisory Board appointed Guoqiang Li as a member of the Executive Board with effect from April 1, 2024. The Executive Board thus consisted of three members again as of April 1, 2024.

Expression of thanks
On behalf of the Supervisory Board as a whole, I would like to express our greatest thanks and respect to all GRAMMER employees for their performance over the last fiscal year. Thanks are equally due to the members of the Executive Board, who have once again guided the Company through a very difficult market environment. The Supervisory Board would also like to convey its particular gratitude to the shareholders, especially the Wang family as the representative of the main shareholder, who placed their trust in GRAMMER AG's Executive Board and Supervisory Board last year.

Together with other shareholder representatives on the Supervisory Board, I will be stepping down from the Supervisory Board on March 31, 2025. I would therefore like to take this opportunity to say goodbye to the employees and shareholders of GRAMMER AG. I would like to thank them for the trust they have placed in me and the support I have received. In particular, I would also like to thank the employee representatives on the Supervisory Board for their consistently constructive and pleasant cooperation. On behalf of the other departing Supervisory Board members, I wish GRAMMER AG all the best for the future and successful development.

Ursensollen, in March 2025
On behalf of the Supervisory Board



Dr. Martin Kleinschmitt
Chairman

Remuneration Report in accordance with section 162 of the German Stock Corporation Act

The remuneration report, prepared jointly by the Executive Board and the Supervisory Board of GRAMMER AG in accordance with section 162 of the German Stock Corporation Act (AktG), describes the basic features of the remuneration system for both the Executive Board and the Supervisory Board. The remuneration report provides information on the remuneration awarded and due to current and former members of the Executive Board and Supervisory Board in the fiscal year 2024 in accordance with the remuneration system applicable for the fiscal year 2024. The report takes into account the recommendations and suggestions of the German Corporate Governance Code (GCGC) in the version dated April 28, 2022 (published in the Federal Gazette on June 27, 2022).

In accordance with section 162 (3) AktG, BDO AG has formally audited the remuneration report. The remuneration report and the note regarding the audit are published on the website of GRAMMER AG (www.grammer.com).

On May 22, 2025 the remuneration report is to be submitted to the Annual General Meeting for approval in accordance with the requirements of section 120a (4) AktG.

The Executive Board and Supervisory Board of GRAMMER AG submitted the remuneration report for fiscal year 2023 prepared in accordance with section 162 of the German Stock Corporation Act (AktG) to the Annual General Meeting on June 4, 2024 for resolution. It has been approved with a 99.96% approval rate. The Executive Board and Supervisory Board of GRAMMER AG regard this high approval rate as a clear confirmation of the form and content of the remuneration report and will therefore maintain the previous structure when preparing the remuneration report for fiscal year 2024.

1. Review of the fiscal year 2024

In light of the generally challenging economic environment as well as the industry specific economic conditions, in particular a decline in demand in the EMEA region and the Commercial Vehicles area, the GRAMMER Group recorded decrease in revenue from continuing operations of 6.5% to EUR 1,921.7 million. The decreased revenue performance as well as the increased costs arising out of volatile plant capacity utilization and the initial start-up costs of a Commercial Vehicles plant in the United States led to an operative EBIT from continuing operations of EUR 41.6 million (2023: EUR 83.0 million) Alongside the decline of the operative EBIT, the one-off costs arising out of the "Top 10" program in particular led to a reduction of the EBIT to EUR 8.1 million (2023: EUR 72.4 million).

The "Top 10" program is the collection of the various restructuring initiatives by GRAMMER to sustainably secure the financial stability and increase the profitability of the company. Within this framework, GRAMMER places its focus on its core competencies and, among other things, sold the TMD-Group in North America, introduced a cost-reduction program in Europe, and integrate the Jifeng Automotive Interior (JAI) Group in the EMEA region in fiscal year 2024.

Effective April 1, 2024 Guoqiang Li was appointed to the GRAMMER AG Executive Board. In the previous fiscal year Antje Wagner resigned from her role as Member of the Supervisory Board effective December 31, 2024. Effective January 1, 2025 the Local Court – Register Court – Amberg appointed Caterina Messina to the Supervisory Board.

In light of the continued difficult business outlook, and as a contribution to the cost-reduction, the Supervisory Board and the members of the Executive Board incumbent at the end of the fiscal year agreed to completely waive the payouts from the variable compensation from the STI for the fiscal year 2024 and the LTI Tranche 2021–2024.

2. Overview of the Remuneration system of the Executive Board

2.1 Principles

On June 23, 2021 the current remuneration system for the members of the Executive Board of GRAMMER AG was approved by the Annual General Meeting with an approval rate of 99.89% and has been in place since the fiscal year 2021 for all active members of the Executive Board.

The remuneration system adopts a clear pay-for-performance approach, setting ambitious targets that are aligned with the corporate strategy. In addition, the remuneration system is more closely oriented to the capital market by offering a revised Long-term incentive in the form of a performance share plan. Among other things, the Short-term incentive includes ESG objectives, i.e. environmental aspects, social objectives, and responsible corporate governance, in order to provide an incentive for sustainable and responsible development at GRAMMER AG.

The principles of the new remuneration system are explained below.

2.2 Remuneration elements

The remuneration system of the Executive Board of GRAMMER AG consists of both fixed and variable components. In this context, a high proportion of the remuneration is performance-related. The variable remuneration components comprise a Short-term incentive (STI) and a Long-term incentive (LTI). The following table shows the main principles of the remuneration system.

Fixed components	
Fixed remuneration	Contractually agreed fixed remuneration paid in twelve equal monthly installments
Ancillary benefits	Standard ancillary benefits (including company car and insurance cover)
Retirement benefits	Cash amount that can be used by the member of the Executive Board for private pension savings
Variable components	
Short-term incentive (STI)	
Plan type	Annual target bonus plan
Cap	170% of the target amount
Performance criteria	• Net income, EBIT or EBT (determined annually by the Supervisory Board) • Free cash flow (FCF) • Strategic and ESG goals, e.g. compliance, environmental protection, economic stability and growth
Payout	In cash after the end of the financial year
Long Term Incentive (LTI)	
Plan type	Performance share plan
Cap	200% of the target amount
Performance criteria	• Total shareholder return (TSR) relative to the SDAX • ROCE
Performance period	Four years
Payout	In cash after four-year performance period
Further contractual regulations	
Maximum remuneration	• EUR 2,700,000 for the Chairman of the Executive Board • EUR 1,800,000 for the other members of the Executive Board
Penalty / claw-back	Possibility of reducing or reclaiming performance-related remuneration in the event of serious breaches of duty or misstatements in the consolidated financial statements
Cap on termination benefits	Termination benefits may not exceed the value of two years' total remuneration

Fixed remuneration

The fixed remuneration is paid in twelve equal monthly installments at the end of each month. The members of the Executive Board do not receive any separate remuneration for accepting intra-Group mandates.

Benefits in kind

The members of the Executive Board are granted customary ancillary benefits such as insurance benefits in line with market practice as well as a company car.

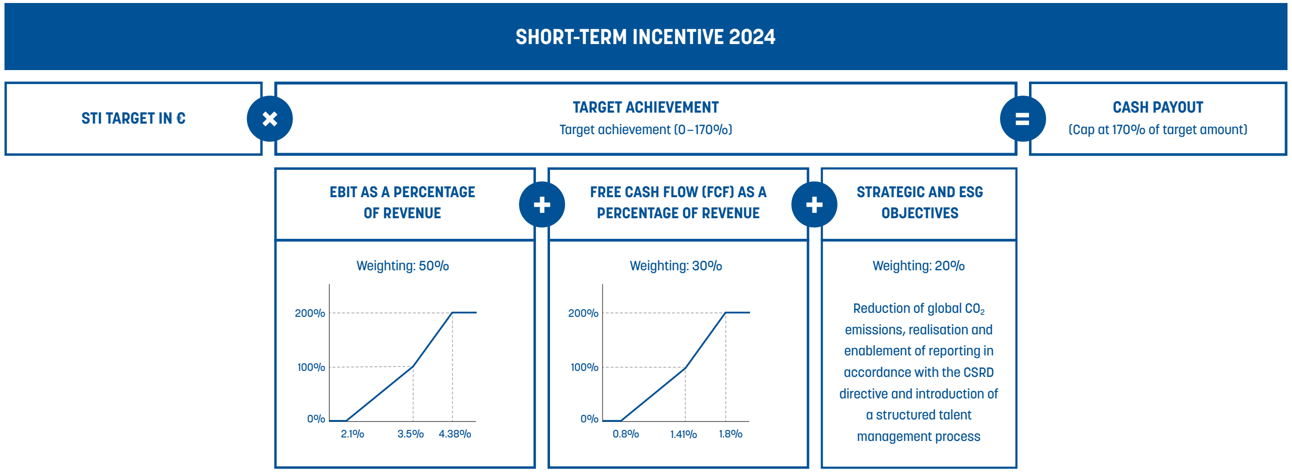
Pension substitute payment

Pension substitute payments are granted to the members of the Executive Board. This cash amount will be paid in December and can be used for private retirement provisions. A company financed pension plan does not exist.

Short-term incentive

The Short-term incentive is structured as a target bonus system and includes financial, strategic, and ESG targets. The financial performance criteria are derived directly from the corporate strategy and thus take into account the company's profitability and liquidity. In addition, the strategic and ESG objectives are intended to ensure the sustainability of the company's development.

The Short-term incentive (STI) 2024 complies with the remuneration system of GRAMMER AG, approved by the Annual General Meeting, and is described in the following graphic:



The Supervisory Board again set EBIT (Earnings Before Interest and Taxes) and Free Cash Flow, each as a percentage of sales, as financial performance criteria for the STI and determined the individual weightings for the fiscal year 2024. Thus, the Supervisory Board considers profitability and liquidity of GRAMMER AG and supports the implementation of the corporate strategy through the use of these core performance indicators.

EBIT as a percentage of sales (50%) and Free Cash Flow (30%) are weighted at 80% of the total.

The reduction of global CO_2-emissions in terms of annual sales, the realisation and enablement of reporting in accordance with the CSRD directive, and the continuation of a structured talent management process as well as succession planning taking into account a medium-term diversity target rate and the results of the WoW Pulse Survey were set as strategic and ESG objectives. Those strategic and ESG criteria were selected by the Supervisory Board from a catalog of criteria derived from the materiality analysis of sustainability reporting. Strategic and ESG targets are weighted at 20%. The individual targets were equally weighted at 6.7%.

For all performance criteria, a target achievement between 0% and 200% can be achieved. Target achievements at intermediate values are interpolated linearly.

The following table shows target achievements and objectives for every performance criteria which is part of the Short Term Incentive for the fiscal year 2024:

STI 2024

	Weighting	Lower threshold	Target value	Upper threshold	Actual value	Target achievement
Earnings before Interest and Taxes (EBIT) (EBIT as % of revenue)	50%	2.10%	3.50%	4.38%	0.42%	0%
Free Cash Flow as % of revenue	30%	0.80%	1.40%	1.80%	–1.27%	0%
Reduction of global CO_2 emissions in terms of annual revenue	6.7%	Previous year's value (24g)	–5% compared to previous year's value (23g)	–10% compared to previous year's value (22g)	16.7g	200%
Realisation and enablement of reporting in accordance with the CSRD directive	6.7%	Qualitative assessment of the supervisory board				100%
Introduction of a structured talent management process	6.7%	Qualitative assessment of the supervisory board				128%
Total target achievement	100%					**29%**

The basis for STI payments is the STI target amount specified in the service contracts, which is multiplied by overall target achievement of the financial, strategic, and ESG performance criteria. The STI payment is made in cash and capped at 170% of the STI target amount.

This results in the target and payout amounts shown in the following table for the 2024 short term incentive. However, in a letter dated October 15, 2024 and a Supervisory Board resolution dated November 12, 2024, the members of the Executive Board waived payment of the performance-related remuneration of the STI for the 2024 financial year.

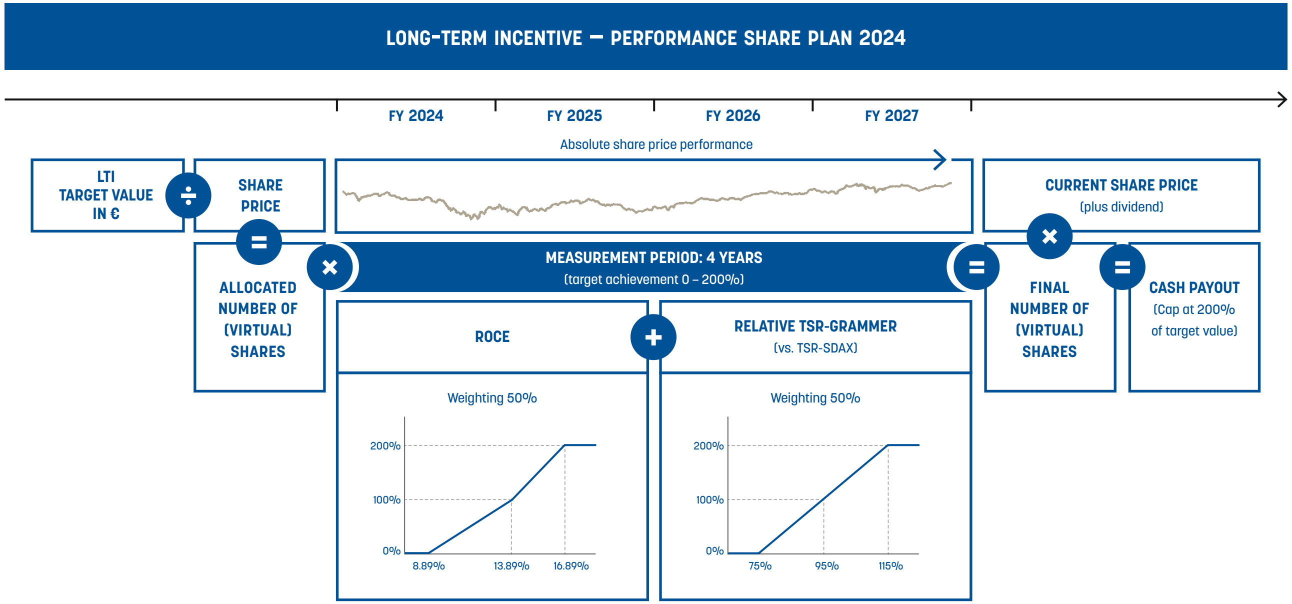
Target and payout amounts STI 2024

	Target value in EUR k	Target achievement in %	Calculated amount in EUR k[2]	Payout in EUR k
Jens Öhlenschläger	276	29	80	0
Jurate Keblyte	253	29	73	0
Guoqiang Li[1]	173	29	50	0

[1] Pro-rated target value due to appointment as member of the Executive Board during the year on April 1, 2024.
[2] In a letter dated October 15, 2024 and a Supervisory Board resolution dated November 12, 2024, the members of the Executive Board waived payment of the performance-related remuneration of the STI for the 2024 financial year.

Long-term incentive – Performance Share Plan

The Long-term incentive (LTI) 2024 is structured as a Performance Share Plan and corresponds to the remuneration system of GRAMMER AG approved by the Annual General Meeting.



With a performance period of four years, the LTI is geared towards the long-term development of GRAMMER AG and, through its orientation to the share price, provides an incentive for achieving continuous growth in enterprise value. By additionally taking into account the Company's share performance relative to the SDAX, the interests of the Executive Board and shareholders are further aligned and GRAMMER AG's competitiveness in the capital market enhanced.

Under the performance share plan, a number of virtual shares are contingently allocated at the beginning of the performance period. The number of virtual shares is determined by dividing the LTI target by the arithmetic mean of the closing prices for the GRAMMER AG share over the last 60 trading days before the start of the performance period (initial reference price).

For the performance share plan 2024 the following allocations of virtual shares were made:

LTI tranche 2024 allocation

	Target value in EUR k	Initial reference price in EUR	Number of virtual shares allocated
Jens Öhlenschläger	444	11.79	37,659
Jurate Keblyte	407	11.79	34,521
Guoqiang Li	278	11.79	23,537

In addition to the virtual share's performance target achievement is determined by the Return on Capital Employed (ROCE) and the relative total shareholder return (TSR).

ROCE is the ratio of earnings before interest and taxes (EBIT) reported for the applicable fiscal year to average operating assets in the same fiscal year, expressed as a percentage. ROCE provides an incentive for maximizing the long-term profitability and efficiency of GRAMMER AG's business activities. It is measured as an average over the performance period. For ROCE, the target for each LTI tranche is derived from the long-term forecast.

The relative total shareholder return (TSR) is based on GRAMMER AG's share performance as well as (notionally) reinvested dividends in comparison with the SDAX and thus places a particular focus on the development of the Company's enterprise value as well as its capital market orientation. This particularly strengthens the alignment between the interests of the Executive Board and those of the shareholders.

For the performance share plan's 2024 tranche the following target achievements for ROCE and relative TSR have been agreed on:

LTI tranche 2024 targets

	Lower threshold	Target value	Upper threshold
	0%	**100%**	**200%**
ROCE	8.89%	13.89%	16.89%
relative TSR	75%	95%	115%

The final number of virtual shares reached at the end of the performance period is multiplied by the arithmetic mean of the closing prices of the GRAMMER AG share during the last 60 trading days prior to the end of the performance period 2027 plus dividends paid per GRAMMER AG share during the performance period. The resulting payout amount is limited to 200% of the LTI target amount. Payout is in cash and will be described in the remuneration report in 2027.

The performance period of the 2021–2024 LTI tranche was concluded with the end of fiscal year 2024. The following table shows the targets and target achievement per performance criteria for the 2021–2024 LTI tranche:

LTI Tranche 2021–2024

	Lower threshold	Target value	Upper threshold	Actual Value	Target achievement
	0%	100%	200%		
ROCE	7.1%	10.1%	13.1%	–0.03%	0%
relative TSR	75%	95%	115%	30.22%	0%
Total target achievement					**0%**

For the LTI Tranche 2021–2024 the target achievement is 0%, resulting in no payout.

Payout amounts LTI Tranche 2021–2024

	Allocated number of virtual shares	Target achievement in %	Final number of virtual shares	Closing share price plus dividends in EUR	Payout in EUR k[1]
Members of the Executive Board incumbent at the end of the fiscal year					
Jurate Keblyte	13,498	0%	0	6.06	0
Jens Öhlenschläger	13,498	0%	0	6.06	0
Former members of the Executive Board					
Thorsten Seehars	22,099	0%	0	6.06	0

[1] The members of the Executive Board incumbent at the end of the fiscal year waived their payouts from the LTI by letter dated October 15, 2024 and with the subsequent Supervisory Board resolution dated November 12, 2024.

Corresponding to a total target achievement of 0% the payout of the LTI Tranche 2021–2024 for the previous CEO Thorsten Seehars is equal to EUR 0, and hence no remuneration awarded or due under the Long-Term Incentive is currently to be reported within the meaning of section 162 AktG.

The members of the Executive Board incumbent at the end of the fiscal year already waived any payouts from the 2021–2024 LTI tranche by letter dated October 15, 2024 and with the subsequent Supervisory Board resolution dated November 12, 2024.

Malus and Clawback

The remuneration system includes malus and clawback provisions, which allow the Supervisory Board, in certain cases, to reduce variable remuneration components that have not yet been paid (malus) or reclaim variable remuneration components that have already been paid (clawback).

In the event of a significant breach of duty or a compliance violation on the part of a member of the Executive Board, the Supervisory Board may reduce the variable remuneration components (STI or LTI) in part or in full at its due discretion (malus). If variable remuneration components have already been paid, the Supervisory Board may also demand partial or full repayment of the variable remuneration amounts received in such cases (clawback).

If variable remuneration components are determined or paid on the basis of incorrect data, e.g. misstatements in the consolidated financial statements, the Supervisory Board may correct the determination or reclaim the remuneration components already paid.

This does not prejudice the Executive Board member's potential liability towards the Company for damages under section 93 (2) AktG.

For fiscal year 2024, the Supervisory Board did not see any reason to make any reductions or claims for repayment against members of the Executive Board.

Termination of the service contract

In the event of the premature termination of the service contract with a member of the Executive Board other than for good cause, payments to members of the Executive Board may not exceed the value of two years' worth of total remuneration and may not exceed the total remuneration for the remaining term of the service contract. The total annual remuneration as defined above comprises the fixed remuneration, the STI, the LTI and the pension substitute payment. If the service contract is terminated for good cause for reasons for which the member of the Executive Board is responsible, no LTI payments are made to him or her.

In the event of incapacity due to illness or accident, the member of the Executive Board concerned receives fixed remuneration for a further nine months. If the member of the Executive Board is entitled to illness-related benefits from third parties (e.g. sick pay), the claims are reduced accordingly. In the event of protracted incapacity over more than six months, the target STI and LTI amounts are reduced on a time-prorated basis.

In the event of the death of a member of the Executive Board, the surviving dependents (spouse and dependent children) continue to receive fixed remuneration for the month of death (time-proportionate) as well as for a further period of six months starting at the end of the month of death as joint creditors.

In the event of premature termination of the service contract, any outstanding variable remuneration components attributable to the period up until the date of termination of the contract are paid on the basis of the originally agreed targets and performance criteria on the due dates specified above. There is no early payout.

All entitlement accruing under outstanding LTI tranches lapse without any remuneration if the service contract is terminated by the Company before the end of the performance period for good cause for which the member of the Executive Board concerned is responsible, his or her appointment is revoked due to gross breach of duty, or he or she steps down other than for good cause and without the Company's consent. Notwithstanding this, all outstanding LTI tranches are settled immediately at the agreed targets (100% target achievement) and paid to the member of the Executive Board or his or her heirs if the service contract lapses due to disability or the death of the member of the Executive Board.

2.3 Individual disclosure of the Executive Board remuneration

Target remuneration

When determining the specific target total remuneration of the members of the Executive Board, the Supervisory Board ensures that it is commensurate with the duties and performance of the member of the Executive Board in question and the Company's situation and thus conforms to the requirements of the German Stock Corporation Act and the recommendations of the GCGC. The target total remuneration is set at a level that ensures competitiveness in the market for highly qualified executives but does not exceed the customary remuneration in the absence of any special justification.

To ensure this, the Supervisory Board regularly reviews the target total remuneration of the members of the Executive Board of GRAMMER AG. External as well as internal comparisons are applied for this purpose: On the one hand, an external comparison is made with companies that are comparable in terms of size, country, and sector. Hence, the Supervisory Board performed a comparison with the companies listed on the SDAX.

In addition, an internal comparison is used to assess the remuneration structure within GRAMMER AG. For this purpose, the remuneration of the Executive Board is compared with the two highest pay scale groups and the non-pay scale employee remuneration, and the status quo of and changes in these ratios over time are analyzed.

The following table presents the target remuneration for the fiscal year 2023 and the target remuneration and respective relative share of every remuneration component for the fiscal year 2024:

Target remuneration

	Jens Öhlenschläger Spokesman of the Executive Board CEO Executive Board Member since January 1, 2019			Jurate Keblyte CFO Executive Board Member since August 1, 2019			Guoqiang Li COO Executive Board Member since April 1, 2024		
	2024		2023	2024		2023	2024		2023
	in EUR k	in %	in EUR k	in EUR k	in %	in EUR k	in EUR k	in %	in EUR k
Fixed remuneration	488	36	488	449	35	449	326	36	–
Benefits in kind	11	1	23	18	1	24	24	3	–
Pension substitute payment	150	11	150	138	11	138	94	10	–
Short-term variable remuneration	276	20	276	253	20	253	173	19	–
Short-term incentive 2023	–	–	276	–	–	253	–	–	–
Short-term incentive 2024	276	–	–	253	–	–	173	–	–
Long-term variable remuneration	444	32	444	407	32	407	278	31	–
Long-term incentive 2023–2026	–	–	444	–	–	407	–	–	–
Long-term incentive 2024–2027	444	–	–	407	–	–	278	–	–
Total remuneration	**1,369**	**100**	**1,140**	**1,264**	**100**	**1,139**	**894**	**100**	**–**

Remuneration Awarded and Due

The following table shows the remuneration awarded and due individually for the fiscal year 2024 in accordance with section 162 AktG (fixed remuneration, short-term incentive, long-term incentive, expenses for benefits) and their relative share. The term "remuneration awarded and due" describes remuneration for which the underlying activity has been fully performed as of the end of fiscal year 2024.

In addition, the remuneration awarded and due in fiscal year 2023 is presented.

Remuneration awarded and due for the fiscal year

	Jens Öhlenschläger Spokesman of the Executive Board CEO Executive Board Member since January 1, 2019			**Jurate Keblyte CFO** Executive Board Member since August 1, 2019			**Guoqiang Li COO** Executive Board Member since April 1, 2024		
	2024		**2023**	**2024**		**2023**	**2024**		**2023**
	in EUR k	**in %**	**in EUR k**	**in EUR k**	**in %**	**in EUR k**	**in EUR k**	**in %**	**in EUR k**
Fixed remuneration	488	75	488	449	74	449	326	73	–
Benefits in kind	11	2	23	18	3	24	24	5	–
Pension substitute payment	150	23	150	138	23	138	94	21	–
Short-term variable remuneration	0	0	157	0	0	144	0	0	–
Short Term Incentive 2023	–	–	157	–	–	144	–	–	–
Short Term Incentive 2024 [1]	0	–	–	0	–	–	0	–	–
Long-term variable remuneration	0	0	0	0	0	0	0	0	–
Long Term Incentive 2020–2023 [2]	–	–	0	–	–	0	–	–	–
Long Term Incentive 2021–2024 [1]	0	–	–	0	–	–	–	–	–
Other	–	0	–	–	0	–	–	0	–
Remuneration awarded and due in accordance with section 162 AktG	**649**	**100**	**818**	**604**	**100**	**754**	**444**	**100**	**–**

[1] The members of the Executive Board waived the payouts from the variable compensation from the STI for the fiscal year 2024 and the LTI Tranche 2021-2024 by letter dated October 15, 2024 and with the subsequent Supervisory Board resolution dated November 12, 2024.
[2] In March 2020, the members of the Executive Board waived the previously allocated 2019-2022 LTI tranche and the allocation of their 2020-2023 LTI tranche in view of the economic impact of the Covid-19 pandemic on the company.

Maximum remuneration

Appropriate remuneration for members of the Executive Board is ensured by two types of caps: Firstly, a maximum cap of 170% on the STI and 200% on the LTI relative to the respective target amount is set for the variable components.

Secondly, pursuant to section 87a (1) sentence 2 No. 1 AktG, the Supervisory Board has defined maximum remuneration which caps the total amount of remuneration paid out for a given fiscal year irrespective of the date payment. The maximum remuneration amounts to EUR 2,700,000 for the Chairman of the Executive Board and EUR 1,800,000 for the other members of the Executive Board.

In fiscal year 2024, the total of the fixed remuneration, benefits in kind and retirement benefits is EUR 649 thousand, EUR 604 thousand, and EUR 444 thousand for Jens Öhlenschläger, Jurate Keblyte, and Guoqiang Li, respectively. A short-term incentive is not to be considered due to the waiver. Even if the 2024-2027 long-term incentive were to pay out at its maximum the total of all remuneration components would not exceed the maximum remuneration.

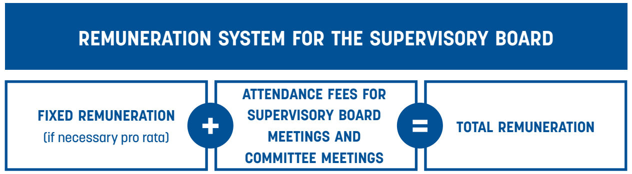
Maximum remuneration for the fiscal year 2024

EUR k

	Jens Öhlenschläger **Spokesman of the Executive Board** **CEO** Executive Board Member since January 1, 2019	**Jurate Keblyte** **CFO** Executive Board Member since August 1, 2019	**Guoqiang Li** **COO** Executive Board Member since April 1, 2024
	in EUR k	**in EUR k**	**in EUR k**
Fixed remuneration 2024	488	449	326
Benefits in kind 2024	11	18	24
Retirement benefits 2024	150	138	94
Short-term incentive 2024	0	0	0
Payout limit for the Performance Share Plan (2024–2027)	888	814	555
Maximum Value of the remuneration for the fiscal year 2024	**1,537**	**1,418**	**999**
Maximum remuneration Section 87a (1) sentence 2 No. 1 AktG	**1,800**	**1,800**	**1,800**

3. Remuneration System for the Supervisory Board

For each full year of membership, each member of the Supervisory Board receives fixed remuneration that is paid after the end of the year in question. In addition, the members of the committees, with the exception of the Nominating Committee and the Presiding Committee, receive fixed remuneration for each full fiscal year of their membership of the respective committee. The members of the Supervisory Board receive a fixed attendance fee for each Supervisory Board meeting and for each committee meeting they attend in person. The attendance fee is not paid for participation in meetings of the Nominating Committee. Members of the Supervisory Board or a committee for only part of the fiscal year receive fixed remuneration on a pro rata basis. Remuneration is differentiated by function and is based on the recommendations of the GCGC. In addition, the Company shall reimburse the members of the Supervisory Board for expenses incurred in the performance of their duties, including any value-added tax payable on the remuneration and the reimbursement of expenses.



The following table presents the remuneration awarded and due individually for members of the Supervisory Board for the fiscal years 2024 and 2023 as well as their relative share of total remuneration.

Supervisory Board remuneration

	2024					2023				
	Fixed remuneration		Attendance fees		Total remuneration	Fixed remuneration		Attendance fees		Total remuneration
	in EUR k	in %	in EUR k	in %	in EUR k	in EUR k	in %	in EUR k	in %	in EUR k
Dr. Martin Kleinschmitt (ChSB)	99	84	19	16	**118**	99	82	21	18	**120**
Udo Fechtner (deputy ChSB / from October 1, 2023)	54	78	15	22	**69**	14	69	6	31	**20**
Klaus Bauer	35	88	5	13	**40**	35	85	6	15	**41**
Andrea Elsner	45	83	9	17	**54**	45	82	10	18	**55**
Dr. Ping He	35	88	5	13	**40**	35	85	6	15	**41**
Martin Heiss	45	80	11	20	**56**	45	78	13	22	**58**
Peter Kern	35	88	5	13	**40**	35	85	6	15	**41**
Jürgen Kostanjevec	35	88	5	13	**40**	35	90	4	10	**39**
Dagmar Rehm	55	86	9	14	**64**	55	85	10	15	**65**
Gabriele Sons	45	83	9	17	**54**	45	82	10	18	**55**
Prof. Dr. Birgit Vogel-Heuser	45	90	5	10	**50**	45	83	9	17	**54**
Antje Wagner	45	83	9	17	**54**	45	82	10	18	**55**
Former Supervisory Board members										
Horst Ott (deputy ChSB / until September 30, 2023)	–	–	–	–	**–**	40	80	10	20	**50**

4. Comparative presentation of remuneration and earnings development

The following table describes the development of the remuneration awarded and due of present and former members of the Executive Board and the Supervisory Board in accordance with section 162 AktG, the development of the average employee remuneration, as well as the performance development of GRAMMER AG over the past two years.

The average personnel expenses (IFRS) on a full-time equivalent basis are used for employee remuneration. For this purpose, employees in Germany are taken into account.

Net income is used as the earnings indicator, as it is a key performance indicator and an indicator of the profitability of business activities. Net income also serves as a possible performance target in the STI.

Comparative presentation

	2024 in EUR k	2023 in EUR k	Change 2024 / 2023 in %	Change 2023 / 2022 in %	Change 2022 / 2021 in %	Change 2021 / 2020 in %
Executive Board members						
Jens Öhlenschläger	649	818	–21	33	6	23
Jurate Keblyte	604	754	–20	23	6	32
Guoqiang Li	444	n / a	n / a	n / a	n / a	n / a
Supervisory Board members						
Dr. Martin Kleinschmitt (ChSB)	118	120	–2	69	n / a	n / a
Udo Fechtner (deputy ChSB / from October 1, 2023)	69	20	252	n / a	n / a	n / a
Klaus Bauer	40	41	–2	–2	14	164
Andrea Elsner	54	55	–2	–4	36	–2
Dr. Ping He	40	41	–2	–2	14	90
Martin Heiss	56	58	–3	–5	33	0
Peter Kern	40	41	–2	–2	14	90
Jürgen Kostanjevec	40	39	3	–7	14	90
Dagmar Rehm	64	65	–2	67	n / a	n / a
Gabriele Sons	54	55	–2	–4	30	87
Prof. Dr. Birgit Vogel-Heuser	50	54	–7	17	28	0
Antje Wagner	54	55	–2	2	29	5
Horst Ott (deputy ChSB / until September 30, 2023)	0	50	–100	–27	6	–4
Employees						
Average	85	73	16	4	–1	2
Earnings performance						
Net Income Group[1]	–92,761	3,414	–2,817	104	–12,261	101
Net Income GRAMMER AG	–115,237	–14,897	–674	74	–2,247	97

[1] Continuing and discontinued operations

Consolidated Financial Statements Index

Consolidated Statement of Income

January 1 – December 31 of the respective financial year

EUR k	Note	2024	2023
Revenue	7	1,921,727	2,055,008
Cost of Sales	8.3	–1,732,418	–1,822,644
Gross profit		**189,309**	**232,364**
Selling expenses	8.3	–27,227	–26,048
Administrative expenses	8.3	–177,113	–153,582
Other operating income	8.1	23,093	19,645
Earnings before interest and taxes (EBIT)		**8,062**	**72,379**
Financial income	8.2	9,170	6,976
Financial expenses	8.2	–45,774	–39,646
Other financial result	8.2	4,826	2,405
Earnings from continuing operations before taxes		**–23,716**	**42,114**
Income taxes	9	–24,317	–17,365
Net profit/loss from continuing operations		**–48,033**	**24,749**
Net profit/loss from discontinued operations	5	–44,728	–21,335
Net profit/loss		**–92,761**	**3,414**
Of which attributable to:			
Shareholders of the parent company		–94,393	1,799
Non-controlling interests		–221	903
Compensation claims of the hybrid loan creditor		1,853	712
Net profit/loss		**–92,761**	**3,414**
Earnings per share			
Basic/diluted earnings per share from continuing operations in EUR	10	–3.33	1.55
Basic/diluted earnings per share from discontinued operations in EUR	10	–3.00	–1.43
Basic/diluted earnings per share in EUR	10	–6.33	0.12

Consolidated Statement of Comprehensive Income

January 1 – December 31 of the respective financial year

EUR k	2024	2023
Net profit/loss	**–92,761**	**3,414**
Amounts that will not be reclassified to profit and loss in future periods		
Actuarial gains/losses (–) under defined benefit plans		
Gains/losses (–) arising in the current period	4,796	–6,487
Tax expenses (–)/tax income	–1,455	1,861
Actuarial gains/losses (–) under defined benefit plans (after tax)	**3,341**	**–4,626**
Change from the measurement of financial assets		
Gains/losses arising in the current period	2,306	0
Change from the measurement of financial assets (after taxes)	**2,306**	**0**
Total amounts that will not be reclassified through profit and loss in future periods	**5,647**	**–4,626**
Amounts that will be reclassified to profit and loss in future periods under certain conditions		
Gains/losses (–) from currency translation of foreign subsidiaries		
Gains/losses (–) arising in the current period	–5,440	–11,067
Gains/losses (–) from currency translation of foreign subsidiaries (after tax)	**–5,440**	**–11,067**

EUR k	2024	2023
Gains/losses (–) from cash flow hedges		
Gains/losses (–) arising in the current period	–4,667	3,832
Plus/less (–) amounts reclassified to the income statement through profit and loss	–197	–5,305
Tax expenses (–)/tax income	1,536	416
Gains/losses (–) from cash flow hedges (after tax)	**–3,328**	**–1,057**
Gains/losses (–) from net investments in foreign operations	0	0
Gains/losses (–) arising in the current period	1,990	–1,228
Tax expenses (–)/tax income	–374	217
Gains/losses (–) from net investments in foreign operations (after tax)	**1,616**	**–1,011**
Total amounts that will be reclassified to profit and loss in future periods under certain conditions	**–7,152**	**–13,135**
Other comprehensive income	**–1,505**	**–17,761**
Total comprehensive income from continuing operations	**–49,538**	**6,988**
Total comprehensive income from discontinued operations	**–44,728**	**–21,335**
Total comprehensive income after taxes	**–94,266**	**–14,347**
Of which attributable to:		
Shareholders of the parent company	–97,403	–15,859
Non-controlling interests	1,284	800
Hybrid loan lender’s compensation claims	1,853	712

Consolidated Statement of Financial Position

as of December 31 of the respective financial year

Assets

EUR k

	Note	December 31, 2024	December 31, 2023
Property, plant and equipment	12	482,531	478,553
Intangible assets	12	157,341	147,781
Investments measured at equity	4	1,651	1,085
Other financial assets	16	93,068	11,757
Deferred tax assets	9	52,175	53,269
Other assets	17	67,913	47,442
Contract assets	15	72,524	73,766
Non-current assets		**927,203**	**813,653**
Inventories	13	172,314	186,207
Current trade accounts receivable	14	257,479	288,474
Other current financial assets	16	5,063	11,909
Current income tax receivables		4,040	3,232
Cash and short-term deposits	18	219,846	131,005
Other current assets	17	50,325	47,010
Current contract assets	15	63,522	52,931
Current assets		**772,589**	**720,768**
Total assets		**1,699,792**	**1,534,421**

Consolidated Statement of Financial Position

as of December 31 of the respective financial year

Equity and Liabilities

EUR k

	Note	December 31, 2024	December 31, 2023
Subscribed capital	19	39,009	39,009
Capital reserve	19	162,947	162,947
Own shares	19	–7,441	–7,441
Retained earnings	19	29,420	124,075
Accumulated other comprehensive income	19	–57,655	–54,645
Equity attributable to shareholders of the parent company		**166,280**	**263,945**
Hybrid loan	19	85,295	38,795
Non-controlling interests	19	15,349	10,615
Equity		**266,924**	**313,355**
Non-current financial liabilities	21	409,543	167,025
Non-current trade accounts payable	23	1,128	1,474
Other non-current financial liabilities	24	179,335	55,221
Retirement benefits and similar obligations	20	117,501	122,925
Deffered tax liabilities	9	37,557	29,013
Non-current provisions	22	15,761	0
Non-current contract liabilities	15	4,103	2,786
Non-current liabilities		**764,928**	**378,444**

EUR k

	Note	December 31, 2024	December 31, 2023
Current financial liabilities	21	89,085	286,628
Current trade accounts payable	23	401,161	404,051
Other current financial liabilities	24	27,444	23,169
Other current liabilities	25	102,765	93,476
Current income tax liabilities		6,515	4,193
Current provisions	22	38,525	29,022
Current contract liabilities	15	2,445	2,083
Current liabilities		**667,940**	**842,622**
Total liabilities		**1,432,868**	**1,221,066**
Total equity and liabilities		**1,699,792**	**1,534,421**

Consolidated Statement of Changes in Equity

for the financial year ending December 31, 2024
Equity attributable to shareholders of the parent company

EUR k

					Cumulative other comprehensive income								
	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	Change from the measurement of financial assets	Total	Hybrid loan	Non-controlling interests	Consolidated equity
As of January 1, 2024	**39,009**	**162,947**	**124,075**	**–7,441**	**1,381**	**–10,958**	**–15,853**	**–29,215**	**0**	**263,945**	**38,795**	**10,615**	**313,355**
Net profit/loss	0	0	–94,393	0	0	0	0	0	0	–94,393	1,853	–221	–92,761
Other comprehensive income	0	0	0	0	–3,328	–6,027	1,616	3,345	1,384	–3,010	0	1,505	–1,505
Total comprehensive income	**0**	**0**	**–94,393**	**0**	**–3,328**	**–6,027**	**1,616**	**3,345**	**1,384**	**–97,403**	**1,853**	**1,284**	**–94,266**
Transaction involving non-controlling interests	0	0	–262	0	0	0	0	0	0	–262	0	3,450	3,188
Distribution of hybrid loan lender´s compensation claims	0	0	0	0	0	0	0	0	0	0	–1,028	0	–1,028
Proceeds from hybrid loan	0	0	0	0	0	0	0	0	0	0	45,675	0	45,675
As of December 31, 2024	**39,009**	**162,947**	**29,420**	**–7,441**	**–1,947**	**–16,985**	**–14,237**	**–25,870**	**1,384**	**166,280**	**85,295**	**15,349**	**266,924**

Consolidated Statement of Changes in Equity

for the financial year ending December 31, 2023
Equity attributable to shareholders of the parent company

EUR k

					Cumulative other comprehensive income								
	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	Change from the measurement of financial assets	Total	Hybrid loan	Non-controlling interests	Consolidated equity
As of January 1, 2023	**39,009**	**162,947**	**122,276**	**–7,441**	**2,438**	**6**	**–14,842**	**–24,589**	**0**	**279,804**	**19,610**	**1,694**	**301,108**
Net profit/loss	0	0	1,799	0	0	0	0	0	0	1,799	712	903	3,414
Other comprehensive income	0	0	0	0	–1,057	–10,964	–1,011	–4,626	0	–17,658	0	–103	–17,761
Total comprehensive income	**0**	**0**	**1,799**	**0**	**–1,057**	**–10,964**	**–1,011**	**–4,626**	**0**	**–15,859**	**712**	**800**	**–14,347**
Transaction involving non-controlling interests	0	0	0	0	0	0	0	0	0	0	0	8,121	8,121
Distribution of hybrid loan lender´s compensation claims	0	0	0	0	0	0	0	0	0	0	–598	0	–598
Proceeds from hybrid loan	0	0	0	0	0	0	0	0	0	0	19,071	0	19,071
As of December 31, 2023	**39,009**	**162,947**	**124,075**	**–7,441**	**1,381**	**–10,958**	**–15,853**	**–29,215**	**0**	**263,945**	**38,795**	**10,615**	**313,355**

Consolidated Statement of Cash Flows

January 1 – December 31 of the respective financial year

EUR k	Note	2024	2023
1. Cash flow from operating activities			
Earnings before taxes		–67,950	9,177
Reconciliation of earnings before taxes with cash flow from operating activities			
Earnings from discontinued operations before taxes		44,234	21,335
Depreciation and impairment of property, plant and equipment	12	70,243	63,757
Amortization and impairment of intangible assets	12	2,553	2,703
Gains (–) /losses from the disposal of assets		492	343
Other non-cash changes		44,324	3,323
Financial result	8.2	31,778	30,264
Dividends received from investments measured at equity	4	721	544
Changes in operating assets and liabilities			
Decrease/increase (–) in trade accounts receivable and other assets	14, 15, 16, 17	–13,363	–72,638
Decrease/increase (–) in inventories	13	14,616	7,932
Decrease (–) / increase in provisions and retirement benefit provisions	20, 22	–37,784	–22,573
Decrease (–) / increase in accounts payable and other liabilities	23, 24, 25	–17,702	95,880
Income taxes paid	9	–15,066	–16,481
Cash flow from operating activities from continuing operations		**57,096**	**123,566**
Cash flow from operating activities from discontinued operations		–31,431	8,846
Cash flow from operating activities from continuing and discontinued operations		**25,665**	**132,412**
2. Cash flow from investing activities			
Purchases			
Purchase of property, plant and equipment	12	–62,163	–71,737
Purchase of intangible assets	12	–8,384	–8,489
Purchase of financial assets	16	–19,807	–8,922
Acquisition of subsidiaries	3	–1,363	0

EUR k	Note	2024	2023
Disposals			
Disposal of property, plant and equipment	12	1,501	1,883
Disposal of intangible assets	12	2	0
Disposal of financial assets	16	911	2,781
Payments made for the formation of plan assets	20	–1,445	–1,476
Interest received	8.2	9,170	5,053
Government grants received		0	21
Cash flow from investing activities from continuing operations		**–81,578**	**–80,886**
Cash flow from investing activities from discontinued operations		39,497	–3,374
Cash flow from investing activities from continuing and discontinued operations		**–42,081**	**–84,260**
3. Cash flow from financing activities			
Inflow from hybrid loans	19	45,671	19,071
Payments from compensation claims of the hybrid loan lender	19	–1,028	–598
Inflow from capital injection by minority shareholder	19	4,551	8,121
Inflow from shareholder loan		129,577	0
Outflow from loan to shareholder		–59,799	0
Payments received from raising financial liabilities	21	363,670	31,500
Payments made for the settlement of financial liabilities	21	–255,498	–39,004
Payments made for the settlement of lease liabilities	12	–19,662	–17,212
Interest paid	8.2	–37,317	–31,882
Cash flow from financing activities from continuing operations		**170,165**	**–30,004**
Cash flow from financing activities from discontinued operations		–10,401	–7,429
Cash flow from financing activities from continuing and discontinued operations		**159,764**	**–37,433**

EUR k	Note	2024	2023
4. Cash and cash equivalents at the end of the period			
Changes in cash and cash equivalents recognized in the cash flow statement (sub-total of items 1–3)		143,348	10,719
Effects of exchange rate differences of cash and cash equivalents		–1,313	5,183
Cash and cash equivalents as of January 1		51,451	35,549
Cash and cash equivalents as of December 31		**193,486**	**51,451**
5. Analysis of cash and cash equivalents			
Cash and short-term deposits	18	219,846	131,005
Bank overdrafts (including current liabilities under factoring contracts)	21	–26,360	–79,554
Cash and cash equivalents as of December 31		**193,486**	**51,451**

Notes to the Consolidated Financial Statements for the financial year ending December 31, 2024

1. Information about the GRAMMER Group and Basis of Reporting

GRAMMER AG is a public listed company incorporated under German law. The Company's registered office and business address is Grammer-Allee 2, 92289 Ursensollen, Germany. The Company's shares have been traded on the Frankfurt/Main and Munich stock exchanges via the Xetra electronic trading platform since 1996. GRAMMER AG is listed in the Prime Standard on the Frankfurt Stock Exchange.

- International Securities Identification Number (ISIN): DE0005895403
- German Securities ID (WKN): 589540
- Common Code: 006754821
- Ticker Symbol: GMM
- Commercial register number: HRB 1182, Local Court of Amberg

The GRAMMER Group is a global group of companies specializing in the development and production of complex components and systems for passenger vehicle interiors as well as driver and passenger seats for trucks, buses, trains and offroad commercial vehicles (tractors, construction machinery and forklifts). In the 2024 financial year, the Company employed an average of 12,116 persons (excluding apprentices, including 413 employees in Central Services) at 44 (previous year: 44) production and logistics sites around the world as well as at GRAMMER Group Central Services in Amberg and Ursensollen. Note 33 contains details of employees in continuing and discontinued operations.

GRAMMER AG is managed by an Executive Board composed of three members (previous year: two).

GRAMMER has classified its activities in the operating regions EMEA, AMERICAS and APAC which are the reportable business segments. These segments are described in greater detail in Note 6. The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB) and adopted by the European Union, and in accordance with the supplemental provisions of section 315e (1) HGB (German Commercial Code). The consolidated financial statements of GRAMMER AG (the "Company") were prepared by the Executive Board in accordance with section 315e (1) HGB on March 13, 2025.

GRAMMER AG is an indirectly held subsidiary of Ningbo Jifeng Auto Parts Co., Ltd., Ningbo City, China (Ningbo Jifeng) and is included in that company's consolidated financial statements. These are available in Chinese at http://www.sse.com.cn. Ningbo Jifeng indirectly holds 86.20% (previous year: 86.20%) of the voting rights in GRAMMER AG and is the next highest parent company of GRAMMER AG that prepares consolidated financial statements. The direct parent company of GRAMMER AG is Jiye Auto Parts GmbH, Frankfurt am Main, a fully consolidated subsidiary of Ningbo Jifeng.

2. Accounting and valuation methods

2.1. Summary of significant accounting policies and use of estimates and judgments

These consolidated financial statements for GRAMMER AG were prepared in accordance with section 315e HGB ("consolidated financial statements in accordance with international accounting standards") in conjunction with the International Financial Reporting Standards (IFRS) and related interpretations (SIC / IFRIC interpretations) as applicable in the European Union (EU) in accordance with Regulation (EC) no. 1606 / 2002 of the European Parliament and the Council. The term "IFRS" also includes the International Accounting Standards (IAS), which continue to apply.

The consolidated financial statements are generally prepared taking into account the going concern assumption using the historical cost principle, except where application of other methods of measurement are mandatory. The consolidated financial statements were prepared in Euro (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. The consolidated statement of financial position (balance sheet) applies the current / non-current distinction. Net income is presented in two separate statements: an income statement and a statement of comprehensive income. The income statement is prepared using the cost of sales method.

Estimates and judgments (IAS 8)

In certain cases, it is necessary to apply assessments and judgments. For instance, in preparing the consolidated financial statements, discretionary decisions, assumptions and estimates have to be made to a certain degree, which have an impact on the measurement and recognition of reported assets and liabilities, income and expenses and contingent assets and liabilities of the reporting period. Accounting estimates are monetary amounts in the financial statements that are subject to measurement uncertainty. The assumptions and estimates used in the consolidated financial statements are based on information currently available. In addition, they may include estimates that could have been different in the same reporting period for equally plausible reasons. GRAMMER cautions that future events often differ from forecasts and that estimates are routinely subject to revision. Assumptions and estimates consistently relate to the parameters in effect at the time of preparation of the consolidated financial statements. However, as a result of market development and conditions outside Group control, these may change over time. Such changes shall not be deemed to constitute a correction of an error and shall only be taken into account when they have occurred.

The current uncertainties, particularly with regard to the consequences of the Russia-Ukraine war, the conflict in the Middle East and other geopolitical tensions and trade disputes, the economic impact of this on the business development of GRAMMER and its subsidiaries, sell-side markets and supply chains, prices in relevant markets, interest rates and exchange rates, mean that the assumptions and estimates in the consolidated financial statements are subject to additional uncertainty.

In the consolidated financial statements these matters had a particular indirect impact on goodwill (note 12.3), government grants (note 8.1, 8.3 and 8.4), write-downs on trade accounts receivables (note 14), assets and liabilities from customer contracts (note 15) and provisions (note 22).

In particular, estimates and discretionary judgments are necessary in connection with impairment testing of goodwill, intangible assets and non-current assets and the recognition of deferred tax assets on unused tax losses as well as the definition of the assumptions underlying the actuarial calculations of retirement benefit expenses under defined benefit plans. Furthermore, estimates and discretionary judgments are applied to revenue from contracts with customers for the purpose of determining the transaction price and also to the formation of portfolios of financial instruments in the case of expected credit risks or losses. In addition, discretionary decisions must be made in assessing whether there is a legal or constructive obligation for which a provision must be recognized. In particular, all known circumstances, such as restructuring provisions, are taken into account to determine the existence of a constructive obligation. Estimates and discretionary judgments are particularly applied to determine the term of the lease. With respect to the inclusion of subsidiaries in the consolidated financial statements, GRAMMER also applies discretionary judgments in determining whether it has the de facto ability and possibility to determine the relevant activities as a controlling influence over the investee.

Climate-related aspects

GRAMMER AG pursues sustainability in its corporate strategy and operating activities, specifically with the "Sustainable Company" strategic initiative which covers all areas of the company. The focus in research and development is on using renewable or recycled materials as well as on the durability, reusability and disposal of products and materials. But climate-related aspects are also pursued in procurement, transportation and production. The GRAMMER Group supports the 1.5 degree goal of the Paris Agreement and has set itself the target of reducing its direct and indirect CO_2 emissions by 25% to 2025, by 50% to 2030 and by 100% to 2040.

The consolidated financial statements take into account the climate-related developments and risks related to this target. GRAMMER continued the implementation of the Corporate Sustainability Reporting Directive (CSRD), an EU directive on corporate sustainability reporting, in the 2024 financial year. The analysis and implementation process will be completed in the 2025 financial year. Reporting will take place for the first time in the 2026 financial year. Due to GRAMMER's specific product portfolio, climate-related aspects have an impact on the procurement and production process and less on the products sold by GRAMMER. In the Automotive product area, the transformation to electromobility brings with it additional opportunities rather than risks. In this connection estimates and judgments relate particularly to assumptions about future legal regulations and developments of the market environment which are subject to a high level of dynamism and also uncertainty. The Group continuously monitors legislation related to climate change. Due to the introduction of legislation or other regulations, there are no known consequences which have a material impact on the Group, such as the economic useful life of assets being reduced compared to the original forecasts.

Principles of consolidation (IFRS 10)

The consolidated financial statements include the financial statements of GRAMMER AG and the financial statements of the consolidated subsidiaries as of December 31 of each financial year. The financial statements of the parent company and the subsidiaries are prepared in accordance with uniform accounting and valuation methods. The reporting date of the financial statements of the companies included in the consolidated financial statements corresponds to the reporting date of the consolidated financial statements.

The consolidated financial statements include GRAMMER AG as well as subsidiaries on which GRAMMER AG directly or indirectly exerts control. GRAMMER AG controls a subsidiary if it has the power over it, participates in positive and negative returns from these companies and is also able to use its power over the subsidiary to affect the amount of such returns. This involves an assessment of all circumstances that result in GRAMMER AG having the de facto ability and possibility to determine the relevant activities as a controlling influence over the investee.

Assets, liabilities, income and expenses of a subsidiary which was acquired during the reporting period are recorded in the statement of financial position and statement of comprehensive income as of the day on which GRAMMER AG gains control over the subsidiary until the day on which control ceases.

Receivables and liabilities as well as income and expenses arising between consolidated companies are mutually netted. Intercompany profits from deliveries and services as well as dividends distributed within the Group are eliminated.

Business combinations (IFRS 3)

Business combinations are accounted for using the purchase method. Costs for the acquisition of a company are measured as the aggregate of the acquisition-date fair value of the consideration transferred and the amount of any minority interest.

Costs incurred in connection with the business combination are recognized as expenses in the period in which they arise.

In a business combination, all identifiable assets acquired, provisions assumed, liabilities and contingent liabilities of the acquiree are measured at their fair values at the acquisition date. Any agreed contingent consideration is also recognized at fair value as of the acquisition date. Any resulting difference is reported as goodwill. Following initial recognition, goodwill is measured at cost less any accumulated impairment expense. Please refer to the section on goodwill for details of impairment testing. Subsequent changes to the fair value of a contingent consideration representing an asset or liability are recognized either in profit and loss or in other comprehensive income in accordance with IFRS 9. If a contingent consideration is classified as equity, the original amount is not remeasured and subsequent settlement is taken directly to equity.

Subsidiaries are included in the consolidated financial statements by offsetting the carrying amount of the shares in subsidiaries against the Group's share of the equity of the respective subsidiary. Non-controlling interests refer to the share of results of operations and net assets not attributable to the Group. Therefore any profit or loss from this share is recognized in the income statement separately from the share of results of operations attributable to the shareholders of the parent company. In the balance sheet, it is recognized directly in equity in a line item separate from the equity attributable to the shareholders of the parent company.

Joint ventures (IFRS 11) and associates (IAS 28)

Joint ventures are companies on which GRAMMER AG and one or more outside parties jointly exercise control. Joint control arises if decisions on the main activities require the unanimous consent of the parties sharing control over the entity.

An associate is an entity over which GRAMMER AG has significant influence. Significant influence occurs when the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control. Where an entity holds 20% or more of the voting power (directly or indirectly) of an investee, it will be presumed that the investor exerts significant influence unless it can be clearly demonstrated that this is not the case.

The GRAMMER Group's shares in such joint ventures and associates are recognized by using the equity method.

By using the equity method, the shares in a joint venture or associate are initially recognized at cost. These costs are adjusted in subsequent periods to reflect any changes in the Group's share in the net assets of the joint venture or associate since the acquisition date. If the Group's share of net assets is negative, loss portions are recognized only if there is an obligation to offset losses. The Group determines on each reporting date whether there is any objective evidence suggesting that the share in the joint venture or the associate may be impaired. In the event of such evidence being found, the impairment equals the difference between the recoverable amount of the share in the joint venture or associate and the carrying amount, upon which the resultant loss is recognized through profit and loss within the share of earnings of joint ventures and associates in the statement of income. The carrying amount forms the upper limit of the impairment provided that there is no obligation to compensate for any losses.

Goodwill arising from the acquisition of an associate or a jointly controlled entity is included within the carrying amount of such entities. If such an entity is sold, the attributable amount of goodwill is included in the determination of the net gain or loss on the sale.

Accordingly, the consolidated statement of income includes the Group's share in the earnings of the joint venture or associate for the period under review. A loss attributable to GRAMMER is taken into account as long as it does not exceed the carrying amount of the investment in the joint venture or associate. Any adjustments recognized within the other comprehensive income of a subsidiary are likewise recognized in the Group's other comprehensive income. In addition, any changes are recorded directly in the equity of the joint ventures or associates in an amount equaling the share held by the Group and, as far as necessary, included in the statement of changes in equity. Unrealized gains and losses from transactions between the Group and the joint ventures or associates are eliminated in accordance with the shares held in the joint venture or associates.

Current / non-current distinction (IAS 1, IAS 12)

The Group classifies its assets and liabilities according to whether they are current or non-current. An asset is classified as current if it is expected to be realized within twelve months of the reporting date, the asset is held primarily for trading, or it entails cash or short-term deposits. All other assets are classified as non-current. A liability is classified as current if settlement of the liability is expected within twelve months of the reporting date or the liability is held primarily for trading purposes. All other liabilities are classified as non-current. Deferred tax assets and liabilities are classified as non-current assets or liabilities according to IAS 12.

Currency translation (IAS 21, IAS 29)

The consolidated financial statements were prepared in euro, which is GRAMMER AG's functional currency. The Group determines the functional currency for each subsidiary. The items included in the financial statements of the companies are measured on the basis of the relevant functional currency. Any resulting translation differences from this are recognized in profit or loss. The assets, provisions and liabilities of foreign subsidiaries whose functional currency is not the euro are translated into euro on the basis of their functional currency. The functional currency of the subsidiaries is the relevant local currency in most cases. The functional currency of the subsidiary is translated into the Group's reporting currency using the modified closing rate method under which items of the statement of financial position are translated at the end-of-year exchange rate and items of the income statement at average exchange rates. Any resulting translation differences from this are recognized directly in equity. In addition, currency translation differences arising from foreign-currency loans are recognized at fair value in other comprehensive income, accumulated in equity and reclassified to profit and loss for the period upon disposal.

If the functional currency of a subsidiary is the currency of a hyperinflationary economy, the financial statements of the subsidiary, including comparative information, are adjusted to be expressed in terms of the measuring unit current at the end of the reporting period.

For currency translation purposes, the following exchange rates were applied for the major currencies of relevance to the Group:

		Average exchange rate		End-of-year exchange rate	
		2024	**2023**	**2024**	**2023**
Argentina	ARS	0.001	0.004	0.001	0.001
Brazil	BRL	0.172	0.185	0.156	0.187
China	CNY	0.129	0.131	0.132	0.127
United Kingdom	GBP	1.181	1.149	1.206	1.151
Japan	JPY	0.006	0.007	0.006	0.006
Mexico	MXN	0.051	0.052	0.046	0.053
Poland	PLN	0.232	0.221	0.234	0.230
South Africa	ZAR	0.050	0.050	0.051	0.049
Czech Republic	CZK	0.040	0.042	0.040	0.040
Turkey	TRY	0.028	0.040	0.027	0.031
United States	USD	0.924	0.925	0.963	0.905

Revenue from contracts with customers (IFRS 15)

Revenue from contracts with customers is recognized when control over the goods or services passes to the customer. The revenue recognized equals the consideration that GRAMMER expects to receive upon the transfer of these goods or services. The five-step model is used to determine revenue recognition from contracts with customers. Within the scope of the identified contracts with customers, two independently definable performance obligations are identified with series development and series delivery, particularly for the Group, which are described separately below.

Revenue from series development

Customer tools, development services, devices and prototypes used in series development are generally combined to form a performance obligation referred to as "series development", as GRAMMER does not believe that the underlying goods and services can be independently identified and the goods and services are highly interdependent or interrelated. Revenue from this performance obligation is recognized over a certain period if the resulting asset has no alternative use for the Company and it has a legal right to receive payment for the service already rendered. Complete satisfaction of a performance obligation is determined using the input-based method as there is assumed to be a direct correlation between the costs already incurred and the progress of the development work and is based on the ratio of costs already incurred to the total expected costs (cost to cost). Only in cases where it is not yet possible to measure the performance obligation appropriately at certain stages of the contract is revenue recognized on the basis of costs incurred (at cost). Provisions are recognized immediately for expected contract losses from a performance obligation for series development (note on provisions). Recognition of this performance obligation is based on the individual contracts with the customers, primarily in the Automotive product area. No significant financing components for these contracts were identified. Customer claims and obligations under contracts for series development are recognized as "contract assets" or "contract liabilities", respectively.

Revenue from series delivery

In connection with series delivery, the production and delivery of series parts are bundled into a performance obligation known as "series delivery". GRAMMER transfers the power of control over the delivered series parts at a certain point in time and thus recognizes the revenue at the point in time at which the customer receives the power of control over these parts and derives the benefit from the series delivery. No significant financing components for these series delivery contracts were identified. In determining the transaction price for series deliveries, the Group considers the impact of consideration paid to customers. The consideration paid to the customer comprises amounts that GRAMMER pays to its customers that do not represent payment for an independently identifiable item or service delivered by the customer. The considerations paid to the customer is recognized by GRAMMER within other assets in an amount equaling the prepayment and deducted from the transaction price at the time at which the revenue in connection with the corresponding series delivery is recognized. Additional costs incurred in connection with the fulfillment of series supply contracts with customers are recognized as an asset if GRAMMER expects these costs to be generated. Capitalized costs are amortized on a straightline basis over the period of the expected future benefit and recognized in the statement of income under the cost of sales.

Contract assets

A contract asset is the right to receive consideration in exchange for goods or services transferred to a customer. If GRAMMER meets its contractual obligations by transferring goods or services to a customer before the customer remits the consideration or before payment becomes due, a contractual asset is recognized for the contingent claim for consideration.

Contract liabilities

A contract liability is GRAMMER's obligation to transfer goods or services to a customer for which it has received or will receive consideration. If a customer remits consideration before GRAMMER transfers the goods or services to it, a contract liability is recognized when payment is made or becomes due (whichever occurs first). Contract liabilities are recognized as revenue as soon as GRAMMER has fulfilled its contractual obligations.

Trade accounts receivable (IAS 32, IFRS 9)

The unconditional entitlement of the Group to receive consideration (i.e. due date occurs automatically as time elapses) is shown under trade accounts receivable. The accounting policies for trade accounts receivable are explained in the note on financial assets.

Warranty obligations (IAS 37)

The Group normally provides statutory warranties for any defects that existed at the time of sale. These assurance type warranties are recognized as provisions. Details of the accounting method for warranty provisions can be found in the note on provisions. There are no further warranty commitments that can be classified as an independently definable service.

Research and development expenses (IAS 38)

Research expenses are recognized in the cost of sales as expense directly upon arising (see Note 8.3). Market-related development expenses are recognized as intangible assets if the conditions for recognition are satisfied and the Group is able to prove this:

- The technical feasibility of completing the intangible asset so that it will be available for internal use or sale,
- the intention to complete the intangible asset and use or sell it,
- how the intangible asset will generate probable future economic benefits,
- the availability of resources for purposes of completing the asset and
- the ability to reliably measure the expenditure attributable to the intangible asset during its development.

After initial recognition, development expenses are accounted for using the purchase cost model, i.e. at cost less cumulative depreciation and impairment expense. Depreciation is calculated for the period in which the asset is expected to be used. Capitalized development expenses are tested for impairment annually as long as the asset has not yet been used or if there are any indications for impairment during the year.

Interest income and expense (IAS 1, IAS 32)

Interest income and expense are recognized in the period in which they arise and are recognized in the income statement as part of the financial result. Interest income and expenses are calculated using the effective interest rate method in the case of all financial instruments measured at amortized cost and interest-bearing financial assets measured at fair value through other comprehensive income. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Dividends (IAS 1)

Dividend income is recognized upon a legal right to payment arising.

Government grants (IAS 20)

Government grants are recognized when there is reasonable assurance that the grants will be received and the eligible Group company complies with the conditions attached to them. Grants related to expenses are recognized as liabilities and systematically recorded as income over the period necessary to net them with the corresponding expenses. A grant related to an asset is presented as deferred income and amortized on a straight-line basis over the expected useful life of the related asset. To the extent that loans or other subsidies from governments or their executive agencies are provided at an interest rate below the prevailing market rate, the resulting benefit is recognized as a government grant.

Taxes (IAS 12)

Tax items are calculated in the light of the applicable local tax legislation and tax rates. Due to their complexity, they may be subject to differences in interpretation between the taxpayers and the local tax authorities. The Group recognizes provisions for potential effects from tax audits based on estimates. The calculation of these provisions is based on various factors, such as experience from previous tax audits and different official interpretations of tax rules by the authorities. Taxes referring to items that are recognized directly in equity are also recognized directly in equity. The liability method is used to calculate deferred tax assets and liabilities with an impact on future taxes arising from differences between the carrying amounts of assets and liabilities recognized in the statement of financial position and their respective tax bases. Deferred tax liabilities are recognized for all taxable temporary differences. The following exceptions apply:

- Deferred tax assets from deductible temporary differences, which arise from the initial recognition of an asset or a liability in a transaction other than a business combination that at the time of the transaction had no influence on the net profit for the period as reported in the financial statements or on the taxable income are not recognized.
- Deferred tax assets arising from deductible temporary differences in connection with investments in subsidiaries and associates and interests in joint ventures are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and there is sufficient taxable income against which the temporary differences can be utilized.

Deferred tax assets are recognized on unused tax losses only if the corresponding tax advantages are likely to be utilized. In particular, the Group determines whether there has been a series of losses in the recent past. In assessing the likelihood that taxable profit will be available against which unused tax losses can be utilized, particular consideration is given to whether there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity to give rise to taxable amounts against which the unused tax losses can be utilized.

Accordingly, a discretionary judgment by management is required to determine the amount of deferred tax assets on the basis of the expected timing and amount of the future taxable profit. Reliable planning of future taxable results is also required. The recoverable value of deferred tax assets is reviewed annually.

Deferred tax assets and liabilities are measured on the basis of tax rates expected to apply in the period in which an asset is realized or a liability settled.

Deferred tax assets and liabilities are netted if the Group has a legally enforceable right to set off current income tax assets against current income tax liabilities and the deferred income taxes refer to income taxes of the same taxable entity levied by the same tax authority.

Property, plant and equipment (IAS 16, IAS 36, IAS 23)

Property, plant and equipment are recognized at cost less straight-line depreciation and accumulated impairment losses. If the cost of certain components is significant in proportion to the overall cost of the item of property, plant and equipment and if these components are subject to regular replacement, the Group recognizes these separately and depreciates them individually on a straight-line basis. The useful lives applied correspond to the period over which the relevant component is expected to be available for use. Any material residual values have been included in the calculation of the depreciation amounts.

Cost is recognized on the basis of directly attributable costs plus any allocable material and production overheads, including depreciation, and borrowing costs for long-term construction projects or similar manufacturing processes, as long as they qualify for recognition in accordance with IAS 23. Repair costs and interest on borrowed funds are recognized as current expenses. Property, plant and equipment are depreciated pro rata temporis over the expected useful life using the straight-line method. Write-downs are recognized when the carrying amount exceeds the value in use or the fair value less costs to sell of the assets. Should the reasons for write-downs recognized in previous years no longer apply, these are increased up to the amount of the asset's original cost. However, the amount of such an increase is limited to the amortized acquisition or production costs.

An item of property, plant and equipment is derecognized upon disposal or when an economic benefit can no longer be expected from its continued use. Any gains or losses arising from this derecognition as the net proceeds from the sale differ from the carrying amount are reported through profit and loss.

The residual carrying amounts of the assets, their useful lives and the depreciation methods applied are reviewed annually and, if necessary, adjusted.

Leases (IFRS 16)

A lease is a contract that transfers the right to use an asset (leased asset) for an agreed period of time in return for payment. As the lessee, GRAMMER recognizes a right-of-use asset and a corresponding lease liability over the lease term calculated at its present value using the effective interest method. The judgment as to whether a contract constitutes or contains a lease is made at the inception of the lease. Right-of-use assets and lease liabilities are recognized on the commencement date, i.e. the date on which the leased asset becomes available for use.

The following lease payments are included in the measurement of the lease liability:

- fixed payments, less any leasing incentives to be provided;
- variable lease payments that are tied to an index or interest rate;
- expected payments under residual value guarantees;
- the exercise price of a purchase option where exercise is reasonably certain;
- Penalties for terminating the lease if the calculation of the lease term takes into account the exercise of an option to terminate the lease.

Lease payments are discounted at the incremental borrowing rate as it is generally not possible for GRAMMER to readily determine the interest rate on which the lease is based. Right-of-use assets are recognized at cost and are composed of:

- the amount derived from the initial measurement of the lease liability;
- lease payments made on or before the leased asset becomes available less any lease incentives received;
- initial direct costs and
- dismantling obligations.

They are subsequently remeasured at amortized cost. Right-of-use assets are depreciated on a straight-line basis over the lease term or the expected useful life of the leased asset, whichever is the shorter. The guidance contained in IAS 36 on recognizing and measuring impairments also applies to right-of-use assets.

In the case of short-term leases (leases with a maximum duration of twelve months with no purchase option) and leases for low-value assets (office and business equipment, such as printers and small electronic devices), GRAMMER recognizes the lease payments on a straight-line basis through profit and loss. This procedure is also applied to intangible assets.

The lease term comprises the non-cancelable term of a lease, taking into account options to extend or terminate it as well as purchase options, provided that it is reasonably certain that the option will be exercised. The assessment of whether it is reasonably certain that a contractual option will be exercised is made at the inception of the lease. Consideration is given to all relevant facts and circumstances that provide an economic incentive to exercise or not exercise the option, such as costs associated with relocation, material leasehold improvements and the contractual terms, including any changes in those facts and circumstances that are expected to occur from the commencement date to the date the option is exercised. After the provision of the leased asset, the lease term is redefined if a material event or change in circumstances occurs that is within GRAMMER's control and affects the original determination of the lease term.

The lease liability is remeasured if the expected lease payments change, e.g. in the case of index-linked lease payments or due to new estimates regarding contractual options. The change to the carrying amount is recognized through equity by making a corresponding adjustment to the right-of-use asset.

Discontinued operations (IFRS 5)

Discontinued operations are reported when a component is classified as held for sale or has been disposed of during the reporting period, provided the component represents a separate, significant line of business or geographical area of operation and is part of a single, coordinated plan of disposal. A non-current asset or disposal group is classified as held for sale if its carrying amount will be recovered principally through a sale transaction or through a distribution to the owners rather than through continuing use. A non-current asset or disposal group classified as held for sale is measured at the lower of carrying amount and fair value less selling costs. Impairment losses are recognized for each initial or subsequent write-down of the asset or disposal group to fair value less selling costs. For assets that are classified as held for sale, the scheduled depreciation and amortization are omitted. In the consolidated statement of income and the consolidated statement of cash flows, discontinued operations are presented separately from continuing operations and prior periods are presented on a comparable basis. The consolidated result from discontinued operations includes only the result from transactions with third parties.

Intangible assets (IAS 38, IAS 36)

Intangible assets are initially recorded at cost. Costs of such intangible assets acquired under business combinations equal their fair value on their date of acquisition. They are subsequently recorded at cost less cumulative amortization and any cumulative impairment expense. Should the reasons for write-downs recognized in previous years no longer apply, these are increased up to the amount of the asset's original cost. However, the amount of such an increase is limited to the amortized acquisition or production costs.

A distinction is drawn between intangible assets with a definite useful life and those with an indefinite useful life. With the exception of goodwill, the GRAMMER Group does not have any intangible assets with an indefinite useful life. Intangible assets with a definite useful life are amortized over their useful lives using the same method as for depreciation of property, plant and equipment. They are also tested for impairment as soon as there is any indication that they might be impaired. If the expected useful life of the asset or the expected amortization schedule has changed, a different amortization period or amortization method is chosen. Such changes constitute a change of estimate. Intangible assets include patents and licenses. Patents may be either generated internally or acquired and are recognized at cost provided that the criteria for recognition of an intangible asset are satisfied and the Group can provide proof of the development costs. Licenses for the use of intellectual property are issued for individual use for a period of one to ten years. Patents and licenses are amortized on a straight-line basis over their respective useful life.

Goodwill (IAS 38, IAS 36)

Goodwill arising from a business combination is initially measured at cost and is defined as the excess of cost over the Group's share in the fair values of the identifiable provisions, liabilities and contingent liabilities of the entity acquired. Following initial recognition, goodwill is measured at cost less any accumulated impairment expense. Goodwill is not subject to scheduled amortization, but is tested for impairment annually or whenever there are any indications of impairment. In such a test, impairment is measured by the determination of the recoverable amount of the cash-generating unit that relates to the goodwill. The recoverable amount is the higher of the fair value of the asset less costs to sell and value in use. If the recoverable amount of the cash-generating unit is less than its carrying amount, an impairment loss is recognized. First, the carrying amount of the goodwill allocated to the cash-generating unit and then, in proportion to the total carrying amount of the cash-generating unit, the carrying amount of the other assets of the unit is impaired. Impairment losses on goodwill are not reversed. Impairment is tested annually and additionally on an ad-hoc basis at the level of the groups of cash-generating units at the Group that are expected to benefit from the synergies of the business combination. These units or groups of units represent the lowest level at which goodwill is monitored for internal management purposes. This requires an estimate to be made of the fair value less costs to sell of the cash-generating units to which the goodwill has been attributed. In order to estimate the fair value less costs to sell, the Group must estimate the expected future cash flows from the cash-generating unit as well as an appropriate discount rate in order to determine the present value of these cash flows. Forecasts of cash flows are based on historical data and management's best estimate of future events over the next five years. Cash flows beyond the forecast period are extrapolated on the basis of individual growth rates. The assumptions underlying the fair value less costs to sell and value in use entail estimated growth rates, weighted average cost-of-capital rates and tax rates. These estimates and the methods used to arrive at them may exert considerable influence on the applicable figures and ultimately also the amount of a possible impairment of goodwill.

Inventories (IAS 2)

According to IAS 2, inventories are valued at the lower of acquisition or production cost and net realisable value. Cost is measured in the Group using a moving average price and an adequate portion of the costs associated with the procurement of goods. In addition to directly attributable costs, the costs of conversion include reasonable portions of manufacturing and materials overheads as well as depreciation. Administrative expenses are recognized insofar as they relate to production. Interest expenses are not recognized. Due to the elimination of intercompany profits, the cost of inventories from intercompany deliveries is calculated on the basis of retrograde discounts on the internal transfer prices. If, as a result of decreased prices on the market, the net realizable value on the reporting date is lower, the inventories are recognized at such lower prices.

Cash and short-term deposits (IAS 32, IAS 7)

Cash and short-term deposits, as reported in the balance sheet, include cash on hand, bank balances and short-term deposits with original terms to maturity of less than three months. These are recognized at amortized cost. For the consolidated statement of cash flows, cash and cash equivalents includes the cash and short-term deposits defined above, less the bank overdrafts used (including short-term liabilities from factoring agreements).

Own shares (IAS 32)

If the GRAMMER AG or a Group company acquires any own shares, this is carried at cost and deducted from equity. The purchase, sale, issue or cancellation of own shares is recognized directly in equity. Any differences between the carrying amount and the consideration paid are recognized in equity.

Hybrid loans (IAS 32)

The recognition of the hybrid loan depends on the specific structure of the instrument. A hybrid loan is accounted for and measured as an equity instrument if certain conditions are cumulatively met. These include the fact that the hybrid loan has no final maturity, the lender has no termination rights and distributions are made at the discretion of GRAMMER. Hybrid loans are classified completely as equity according to IAS 32. They are reported below the item "Equity attributable to shareholders of the parent company", as they were obtained by a subsidiary of GRAMMER AG.

The hybrid loan is recognized at cost using the historical exchange rate. Changes in exchange rates over the historical exchange rate are recognized in other comprehensive income as a component of "Equity attributable to shareholders of the parent company". The hybrid loan lender's compensation claims are deducted from retained earnings and allocated to the hybrid loan.

Retirement benefits and other post-employment benefits (IAS 19)

The actuarial measurement of retirement benefit provisions is based on the projected unit credit method in respect of defined benefit plans in accordance with IAS 19. This valuation method is based not only on retirement benefit payments and vested benefits known as of the reporting date but also reflects future salary and pension increases. Actuarial gains or losses result from changes in the number of beneficiaries and differences between actual trends (e.g. salary or pension increases) compared to the assumptions on which the calculations were based and are recorded at fair value in the statement of comprehensive income in other comprehensive income and accumulated in equity in accumulated other comprehensive income. Current service cost, past service cost, gains and losses from plan curtailments and extraordinary plan settlements are recognized within cost of sales, administrative costs or selling costs depending on their function. Past service cost is recorded as expense upon the plan change taking effect. With respect to defined benefit plans, the GRAMMER Group has plan assets only in connection with one deferred compensation commitment. The net interest expenses and interest income on defined benefit plans resulting from the plan assets are recorded in net financial result. Other post-employment benefits for employees are measured in accordance with IAS 19. Actuarial calculations are based on material assumptions including on discount rates, expected salary and pension trends and mortality rates. The discount factors applied are determined on the basis of market yields on the reporting date on investment-grade corporate bonds with the appropriate maturity and currency denomination. Changes in market and economic conditions, particularly interest rates, may cause the underlying assumptions to differ from actual performance. Given the complexity of the measurements and their long-term nature, defined benefit obligations react extremely sensitively to any changes in the underlying assumptions. These assumptions are reviewed on each reporting date. The GRAMMER Group does not have any defined contribution pension plans for employees. Further details on retirement benefit obligations can be found in Note 20.

Provisions (IAS 37)

In accordance with IAS 37, provisions are recognized insofar as the Group, as a result of a past event, has present obligations towards third parties that will likely cause an outflow of resources and a reliable estimate can be made with respect to the amount of the obligation.

Where the Group expects at least a partial reimbursement of a provision (e.g. in the case of an insurance policy) for a particular matter, the reimbursement is recognized as a separate asset when it is virtually certain that reimbursement will be received. The expense relating to the provision is presented in the income statement net of the amount recognized for the reimbursement. Where the effect of the time value of money is material, provisions are discounted at a pre-tax rate that reflects the risks specific to the liability. When discounting, the increase in the amount of a provision reflecting the time value of money is recognized as interest expense. Provisions for warranty costs are recognized at the time of sale of the relevant products or performance of the relevant services. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation.

The measurement of provisions for warranties and litigation is largely based on estimates and assumptions. For warranty estimates, a significant number of assumptions are made relating to technical disruptions, costs and possible claims, which to some extent rely on operating management's past experience. These may specify and change over time as more specific information becomes available. Restructuring costs are provided for if the general criteria for the recognition of provisions in accordance with IAS 37 are satisfied. Termination benefits (IAS 19) are included in restructuring provisions. The Group is confronted with various legal disputes and regulatory processes in different countries. Warranty claims are also sometimes asserted in court proceedings. These can result in civil sanctions or monetary fines for the Group. The Group recognizes provisions for such litigation costs if it is probable that an obligation will arise from them that is likely to result in future cash outflows. If the Group has an onerous contract, the present contractual obligation is recognized and measured as a provision. However, before establishing a separate provision for an onerous contract, the Group recognizes any impairment loss that has occurred on assets dedicated to that contract. This does not apply to contract assets as these represent services already transferred to the customer. An onerous contract is a contract under which the unavoidable costs (i.e. the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the expected economic benefits. The unavoidable costs under a contract reflect the minimum net cost of exiting the contract, which is the lower of the cost of fulfilling it or any compensation or penalties arising from failure to fulfill it.

Share-based payment (IFRS 2)

The remuneration system for the Executive Board includes share-based remuneration as part of the variable performance-related remuneration. The share-based compensation is included in the total shareholder return (TSR) as part of the long-term incentive (LTI) and is calculated by comparing the GRAMMER share's performance over the four years of the performance period relative to the SDAX. The share-based payment is settled in cash and measured at its fair value on the reporting date. Pending payment of the LTI, the liability for the performance-related compensation is remeasured on each reporting date and on the settlement date and any changes in fair value are recognized through profit and loss under administrative expenses.

Financial assets (IFRS 9)

Financial assets are recognized on their settlement date and are initially measured at fair value plus transaction costs.

After initial recognition, financial assets are subsequently measured either at amortized cost, at fair value through other comprehensive income or at fair value through profit and loss. Financial assets are classified on the basis of the characteristics of the cash flows associated with them (cash flow criteria) and the GRAMMER Group's business model for managing financial assets (business model criteria). Financial assets that meet the cash flow criteria by generating cash flows that represent only payments of principal and interest on the outstanding principal amount can be measured at amortized cost or at fair value through other comprehensive income. This assessment is made on the basis of the individual financial instrument. Financial assets are assigned to the following categories within the GRAMMER Group:

- Financial assets at amortized cost (FAAC)
- Financial assets at fair value through other comprehensive income without reclassification of the cumulative gains and losses on derecognition (equity instruments) (FVOCI)
- Financial assets at fair value through profit or loss (FVtPL)

"Financial assets at amortized cost (FAAC)" include cash and short-term deposits, trade accounts receivable, loans and receivables (other financial assets). They are held within the purposes of the GRAMMER Group's business model, of which is to hold assets to generate contractual cash flows. The cash flow criteria are met for these financial assets. Gains and losses are recognized as profit or loss in the period when they are derecognized or impaired or are reduced through amortization. Subsequent to initial recognition, they are recognized at amortized cost using the effective interest rate method less possible impairment losses. Trade accounts receivable are recognized at their invoice amount.

Impairments of loans and receivables (other financial assets) are recognized in accordance with general principles. If their credit risk has not increased significantly since initial recognition, an impairment loss is recognized equaling the credit losses that are expected to occur within the next twelve months (12-month expected credit loss; Level 1). Expected credit losses are based on the difference between the contractual cash flows payable under the contract and the total cash flows expected to be received by the Group discounted using an approximation of the original effective interest rate. The expected cash flows include the cash flows from the sale of collateral held or other credit collateral that is an integral part of the terms of the contract. If credit risk has increased significantly since initial recognition, an impairment loss is recognized equaling the expected credit loss over the remaining term (lifetime expected credit loss; Levels 2 and 3). The expected credit loss is deducted from the carrying amount of the financial asset and recorded through profit and loss in a separate impairment account.

The simplified impairment model is applied to trade accounts receivable and contract assets and the lifetime expected losses duly recognized. The Group has drawn up an impairment matrix based on its past experience with credit losses and adjusted for forward-looking factors specific to borrowers and the economic environment. The practical simplification option for financial instruments is applied to cash and short-term deposits as they are exposed to only a minor credit risk. On each reporting date, it assesses whether the financial instrument has a low credit risk using all reasonable and reliable information available without unreasonable expense or time.

"Financial assets measured at fair value through profit or loss" (FVtPL) include financial assets classified as held for trading, financial assets initially recognized at fair value through profit and loss and financial assets which must be recognized at their fair value. Financial assets are classified as held for trading if they have been purchased for the purpose of selling or repurchasing in the near future. Derivatives, including embedded derivatives recognized separately, are also classified as held for trading with the exception of those derivatives that are designated as a hedge and are effective as such. They are initially recognized at fair value. Any gains and losses arising from them are not netted and are recognized through profit and loss in financial result. Trade accounts receivable that are to be sold as part of factoring operations also fall into this category.

Upon initial recognition, the Group may make an irrevocable decision to measure its equity instruments at "Fair value through other comprehensive income" (FVOCI) when they satisfy the definition of equity in IAS 32 and are not held for trading. Each individual instrument is classified separately. Gains and losses arising upon derecognition of the financial asset remain within other comprehensive income (OCI). Gains and losses from investments in equity instruments are recognized in other comprehensive income.

If the contractual rights to cash flows generated by an asset have lapsed or materially all risks and opportunities under the financial asset are transferred, it is derecognized. Trade accounts receivable and other financial assets are derecognized before the settlement date as soon as it is established that they are no longer recoverable.

Financial liabilities (IFRS 9)

Upon initial recognition, financial liabilities are classified as financial liabilities recognized at fair value through profit or loss, as loans, as liabilities or as derivatives that are designated as hedging instruments and effective as such. All financial liabilities are measured at fair value upon initial recognition. Financial liabilities are assigned to the following categories:

- Financial liabilities at amortized cost (FLAC)
- Financial liabilities at fair value through profit or loss (FLtPL)

"Financial liabilities at fair value through profit or loss" (FLtPL) include financial liabilities held for trading purposes and other financial liabilities designated as measured at fair value through profit or loss upon initial recognition and derivatives with a negative market value that are not designated as hedging instruments or are ineffective as such.

Financial liabilities are classified as held for trading if they were entered into for the purpose of being repurchased in the near future. The financial liabilities assigned to this category are measured at fair value not only upon initial recognition but also in subsequent periods. Any resultant gains and losses are recorded through profit and loss. The portion of the fair value changes attributable to the change in the GRAMMER Group's own credit risk is not recognized through profit and loss but in other comprehensive income. The Group did not make use of the option to allocate financial liabilities to this category in the current financial year or in the previous year.

"Financial liabilities at amortized cost" (FLAC) comprise financial liabilities that are not assigned to any other category of financial liabilities. This category usually includes mainly loans. They are measured at amortized cost using the effective interest method. In the case of current financial liabilities, amortized cost equals the repayment or settlement amount. Gains and losses are recognized as profit or loss when the liabilities are derecognized or as part of amortizations by using the effective interest method.

Financial liabilities are derecognized when the obligation specified in the contract is discharged, canceled or has expired. The exchange of an existing financial liability with another financial liability from the same lender with fundamentally different terms or a subsequent modification of the terms of an existing financial liability is accounted for as a derecognition of the original financial liability and recognition of the new financial liability. The difference between the carrying amounts is recognized in profit or loss for the period.

Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments, such as currency forwards, cross-currency swaps and interest rate swaps to hedge interest rate, exchange rate and other price risks. These derivative financial instruments are recognized at fair value at the time of agreement and remeasured at their fair value in subsequent periods. Depending on whether the fair value is positive or negative, they are recognized either as financial assets or as financial liabilities.

The GRAMMER Group classifies hedge relationships as cash flow hedges for accounting purposes. This hedges exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability, a highly probable forecast transaction or the foreign currency risk attributable to an unrecognized firm commitment.

At the inception of the hedge there is formal designation and documentation of the hedging relationship and the Group's risk management objective and strategy for undertaking the hedge.

Hedging instruments that meet all the criteria for hedge accounting are accounted for as follows:

The effective portion of the gain or loss from a hedging instrument is recognized in other comprehensive income in the statement of comprehensive income and accumulated in equity under accumulated other comprehensive income, whereas the ineffective portion is recognized immediately through profit or loss in the statement of income. Cumulative other comprehensive income is adjusted to the lower of the following amounts:

- the cumulative gain or loss on the hedge since its inception at the date when the hedged cash flows affect profit or loss, or
- the cumulative change in the fair value of the hedged item if the hedging instrument continues to exist as of the reporting date.

The Group uses currency forwards and cross-currency swaps to hedge the currency risk resulting from an expected transaction and forward commodity contracts to hedge the volatility risk of commodity prices. GRAMMER also uses interest rate swaps to hedge cash flows from variable-rate financial liabilities. As of the reporting date, the portfolio included currency forwards and cross-currency swaps, but no commodity futures contracts and interest rate swaps. In addition, there were fully effective hedging relationships for the forward exchange contracts. The compliance of critical conditions of the hedging instruments is taken into account. If the hedges do not satisfy the requirements of hedge accounting or they constitute the ineffective part of another effective hedge relationship, the change in fair value is recognized through profit and loss.

2.2. Application of new IFRS in 2024

The IASB has published the following standards and interpretations, application of which was mandatory the first time in 2024:

- Amendments to IAS 1: Non-current liabilities with covenants
- Amendments to IAS 1: Classification of liabilities as current or non-current
- Amendments to IFRS 16: Lease liability in a sale and leaseback
- Amendments to IAS 7 and IFRS 7: Supplier finance agreements

There were no material changes in the accounting policies applied beyond the newly applied standards. GRAMMER AG's loans payable include financial covenants requiring compliance with certain standard market financial ratios. The amendments to IAS 1 had no impact on the presentation of GRAMMER's loans payable in the consolidated financial statements, however the notes to the consolidated financial statements comply with the requirements of the amendments.

Amendments to IAS 1: Non-current liabilities with covenants

On October 31, 2022, the IASB published "Amendments to IAS 1: Non-current liabilities with covenants" to clarify how conditions that a company must satisfy within 12 months after the reporting period (covenants) affect the classification of a liability.

A company classifies a liability as non-current if it has the right to postpone settlement for at least 12 months after the balance sheet date. This right may be made conditional on a company complying with the conditions (covenants) set out in a loan agreement. The amendments stipulate that only those covenants that a company must satisfy on or before the balance sheet date affect the classification of a liability as current or non-current at the balance sheet date.

Obligations that a company must meet after the balance sheet date (i.e. future obligations) do not affect the classification of a liability at the balance sheet date. However, where non-current liabilities are subject to future obligations, companies must now disclose information that helps users understand the risk that these liabilities could become repayable within 12 months of the reporting date.

The amendments must be applied for the first time to annual accounting periods beginning on or after January 1, 2024. GRAMMER AG's loans payable include financial covenants requiring compliance with certain standard market financial ratios. The amendments to IAS 1 had no impact on the presentation of GRAMMER loans payable in the consolidated financial statements; the notes to the consolidated financial statements comply with the requirements of the amendments.

Amendments to IAS 1: Classification of liabilities as current or non-current

The IASB published "Amendments to IAS 1: Classification of liabilities as current or non-current" on January 23, 2020. The amendments concern paragraphs 69 to 76 of "IAS 1 Presentation of Financial Statements" and clarify the requirements for classifying liabilities as current or non-current. The amendments clarify the following:

- The right to defer the settlement of a liability is explained.
- The right to defer settlement of a liability must exist at the reporting date.
- For classification purposes, it is irrelevant whether the company expects to actually exercise this right.
- Only if a derivative embedded in a convertible debt instrument is an equity instrument that must be accounted for separately do the terms of the debt instrument not have to be taken into account when classifying it.

The amendments must be applied for the first time to annual accounting periods beginning on or after January 1, 2024 and are applicable retroactively. The changes had no impact on the consolidated financial statements of GRAMMER AG.

Amendments to IFRS 16: Lease liability in a sale and leaseback

On September 22, 2022, the IASB published "Amendments to IFRS 16: Lease liability in a sale and leaseback". The amendments clarify how a seller-lessee of a sale and leaseback transaction, which is accounted for as sale according to IFRS 15, has to apply the subsequent measurement regulation in line with IFRS 16 to the lease liability.

As a result of the amendment, subsequent to a sale the lessee has to measure the lease liability in such a way that he does not recognize any gain or loss relating to the retained right of use in the income statement.

The amendments must be applied for the first time to annual accounting periods beginning on or after January 1, 2024. The amendments have no impact on the consolidated financial statements of GRAMMER AG.

Amendments to IAS 7 and IFRS 7: Supplier finance agreements

The IASB published amendments to IAS 7 (Statement of Cash Flows) and IFRS 7 (Financial Instruments) on disclosures of supplier finance arrangements in May 2023. The amendments require reporting entities to provide additional disclosures on finance arrangements granted to their suppliers. Users of financial statements can use this information to assess their impact on the company's liabilities, cash flows and liquidity risk. The additional disclosure requirements should also improve comparability between entities. Overall, they are intended to increase the transparency, comparability and understandability of supplier finance arrangements.

The amendments must be applied for the first time to annual accounting periods beginning on or after January 1, 2024. The amendments have no impact on the consolidated financial statements of GRAMMER AG.

2.3. Published standards which are not yet subject to mandatory application

Endorsed by the EU but not yet applied

The IASB published the standards and interpretations listed below which have already been integrated into EU law as part of the comitology procedures but application of which was not yet mandatory in 2024:

- Amendments to IAS 21: Lack of exchangeability
- Amendments to IFRS 9 and IFRS 7: Classification and measurement of financial instruments
- IFRS 18: Presentation and disclosure in financial statements

The GRAMMER Group did not adopt these standards and amendments prematurely. Only those standards and amendments of relevance for GRAMMER's consolidated financial statements are described below in greater detail. The other standards published by the IASB and IFRIC are not relevant for the Group and therefore are not included here.

Amendments to IAS 21: Lack of exchangeability

The IASB published amendments to IAS 21 (The Effects of Changes in Foreign Exchange Rates) in August 2023 that require entities to provide more useful information in their financial statements as to when a currency is exchangeable into a foreign currency. This covers an area that has not previously been taken into account in the regulations.

The amendments require entities to use a uniform approach when assessing if a currency is not exchangeable and, if this is the case, when determining the exchange rate and the required disclosures in the notes.

The amendments must be applied for the first time to annual accounting periods beginning on or after January 1, 2025, whereby earlier application is permitted. The amendments are to be applied prospectively and specific transitional provisions must be observed. The impact on the scope of the disclosures in the notes had not yet been conclusively examined at the time the consolidated financial statements for the 2024 financial year.

Amendments to IFRS 9 and IFRS 7: Amendments to the classification and measurement of financial instruments

The IASB amended IFRS 9 following its Post-Implementation Review (PIR) of the classification and measurement requirements. The amendments include guidance on the classification of financial assets, including those with conditional features. The IASB also amended IFRS 7 (Financial instruments: disclosures). Companies must now provide additional disclosures about financial assets and financial liabilities that have certain contingent features.

The amendments introduce an additional SPPI test (Solely Payments of Principal and Interest) for financial assets with contingent features that are not directly related to a change in fundamental credit risks or costs, and include additional disclosure requirements for all financial assets and financial liabilities that have certain contingent features:

- which are not directly related to a change in the fundamental credit risks or costs; and
- are not measured at fair value through profit or loss.

In addition, the IASB amended IFRS 9 to allow an entity to treat a financial liability settled in cash through an electronic payment system as settled before the settlement date if certain criteria are met.

The amendments must be applied for the first time to annual accounting periods beginning on or after January 1, 2026, whereby earlier application is permitted. The impact on the scope of the disclosures in the notes had not yet been conclusively examined at the time the consolidated financial statements for the 2024 financial year.

IFRS 18: Presentation and disclosure in financial statements

In April 2024, the IASB published IFRS 18 (Presentation and disclosure in financial statements) to improve the comparability of financial statements and disclosures of similar companies. The standard will replace IAS 1 (Presentation of financial statements) and impacts the presentation of the primary financial statements and the notes.

For the statement of income, the standard requires the presentation of separate categories of income and expenses for operating activities, investing activities and financing activities based on an entity's main business activities. It also prescribes newly defined subtotals for the "operating income" and the "profit before financing and income taxes". The "operating income" subtotal will explicitly exclude investment and financing results – e.g. results of companies accounted for using the equity method will no longer be included in operating income but will be reported in the category "Capital expenditure".

IFRS 18 will also require that management-defined key performance indicators (non-GAAP indicators) must be explained and included in a separate note to the consolidated financial statements. For each key performance indicator defined by management, companies must explain in a note to the financial statements why the indicator provides useful information, how it is calculated and how it is reconciled to an amount determined in accordance with IFRS accounting standards.

The new standard must be applied for the first time to annual accounting periods beginning on or after January 1, 2027, including interim financial statements, and must be applied retrospectively. Early application is permitted. As of the balance sheet date, GRAMMER AG had not yet completed its assessment of the impact of the standard, but it is expected that the presentation of the consolidated income statement will change significantly and that further disclosures will have to be made in the notes.

Not yet endorsed by the EU

At the time the consolidated financial statements were prepared, there were no standards or interpretations published by the IASB that had not yet been adopted into EU law as part of the comitology procedures.

3. Scope of consolidation

Information on subsidiaries

The consolidated financial statements include the financial statements of GRAMMER AG as the parent and the following subsidiaries:

	Name of subsidiary	Domicile	Main activity	Equity interest (%) 2024	2023
1. Fully consolidated subsidiaries					
1.	GRAMMER do Brasil Ltda.	Atibaia, Brazil	Automotive / Commercial Vehicles	100.00	100.00
2.	GRAMMER Seating Systems Ltd.	Bloxwich, United Kingdom	Distribution company	100.00	100.00
3.	GRAMMER Koltuk Sistemleri Sanayi ve Ticaret A.S.	Bursa, Turkey	Commercial Vehicles	99.40	99.40
4.	GRAMMER Inc.	Shannon (MS), United States	Automotive / Commercial Vehicles	100.00	100.00
5.	GRAMMER CZ s.r.o.	Tachov, Czech Republic	Automotive / Commercial Vehicles	100.00	100.00
6.	GRAMMER Japan Ltd.	Tokyo, Japan	Distribution company	100.00	100.00
7.	GRAMMER AD	Trudovetz, Bulgaria	Automotive / Commercial Vehicles	98.84	98.84
8.	GRAMMER System GmbH	Amberg, Germany	Automotive	100.00	100.00
9.	GRAMMER Automotive Metall GmbH	Amberg, Germany	Automotive	100.00	100.00
10.	GRAMMER Automotive Slovenija d.o.o.	Slovenj Gradec, Slovenia	Automotive	100.00	100.00
11.	GRAMMER Industries, LLC	Troy (MI), United States	Automotive	100.00	100.00
12.	GRAMMER Automotive Puebla S.A. de C.V.	Puebla, Mexico	Automotive / Commercial Vehicles	100.00	100.00
13.	GRAMMER Automotive Polska Sp. z o.o.	Bielsko-Biala, Poland	Automotive	100.00	100.00
14.	GRAMMER Interior (Tianjin) Co., Ltd.	Tianjin, China	Commercial Vehicles	100.00	100.00
15.	GRAMMER Interior (Changchun) Co., Ltd.	Changchun, China	Automotive	100.00	100.00
16.	GRAMMER Interior (Shanghai) Co., Ltd.	Shanghai, China	Automotive / Commercial Vehicles	100.00	100.00
17.	GRAMMER System d.o.o.	Aleksinac, Serbia	Automotive	100.00	100.00
18.	GRAMMER Railway Interior GmbH	Amberg, Germany	Commercial Vehicles	100.00	100.00
19.	GRAMMER Deutschland GmbH	Kümmersbruck, Germany	Commercial Vehicles	100.00	100.00
20.	GRAMMER Electronics N.V.	Aartselaar, Belgium	Commercial Vehicles	100.00	100.00
21.	GRAMMER Interior (Beijing) Co., Ltd.	Beijing, China	Automotive	100.00	100.00
22.	GRAMMER Automotive CZ s.r.o.	Česká Lípa, Czech Republic	Automotive	100.00	100.00
23.	GRAMMER Seating (Ningbo) Co., Ltd.	Ningbo City, China	Automotive / Commercial Vehicles	100.00	100.00
24.	GRAMMER Automotive South Africa (Pty) Ltd.	Bedfordview, South Africa	Automotive	100.00	100.00

Name of subsidiary		Domicile	Main activity	Equity interest (%) 2024	2023
1. Fully consolidated subsidiaries					
25.	GRAMMER Argentina S.A.	Buenos Aires, Argentina	Commercial Vehicles	99.96	99.96
26.	GRAMMER Italia srl.	Jesi, Italy	Distribution company	100.00	100.00
27.	GRAMMER Interior Components GmbH	Hardheim, Germany	Automotive	100.00	100.00
28.	GRAMMER Seating (Shaanxi) Co., Ltd.	Weinan City, China	Commercial Vehicles	90.00	90.00
29.	Toledo Molding & Die, LLC [2]	Toledo (OH), United States	Automotive / Commercial Vehicles	0.00	100.00
30.	TMD Mexico LLC [3]	Wilmington (DE), United States	Automotive	0.00	100.00
31.	TMD International Holdings LLC [4]	Wilmington (DE), United States	Automotive	0.00	100.00
32.	Toledo Molding de Mexico S.R.L. de C.V. [5]	Queretaro, Mexico	Automotive	0.00	100.00
33.	Changchun GRAMMER FAWSN Vehicle Parts Co., Ltd. [1]	Changchun, China	Automotive	100.00	49.00
34.	GRAMMER Vehicle Parts (Shenyang) Co., Ltd.	Shenyang, China	Automotive	100.00	100.00
35.	GRAMMER (China) Holding Co., Ltd.	Hefei City, China	Holding company	100.00	100.00
36.	GRAMMER Vehicle Parts (Harbin) Co., Ltd.	Harbin, China	Commercial Vehicles	60.00	60.00
37.	GRAMMER Vehicle Parts (Qingdao) Co., Ltd.	Qingdao City, China	Commercial Vehicles	60.00	60.00
38.	GRAMMER CZ Servicecenter s.r.o.	Tachov, Czech Republic	Service company	100.00	100.00
39.	GRAMMER Vehicle Interiors (Hefei) Co., Ltd.	Hefei City, China	Automotive	100.00	100.00
40.	GRAMMER Americas, LLC	Wilmington (DE), United States	Commercial Vehicles	100.00	100.00
41.	GRAMMER Vehicle Parts (Changzhou) Co., Ltd.	Changzhou City, China	Automotive / Commercial Vehicles	100.00	100.00
42.	GRAMMER Business Center d.o.o. [6]	Nis, Serbia	Service company	100.00	0.00
43.	GRAMMER Bosnia d.o.o. [7]	Zepce, Bosnia and Herzegovina	Automotive	100.00	0.00
2. Consolidated joint ventures and associated companies accounted for at equity					
1.	GRA-MAG Truck Interior Systems LLC	London (OH), United States	Commercial Vehicles	50.00	50.00
2.	AllyGram Systems and Technologies Private Limited	Pune, India	Development company	30.00	30.00

[1] Effective January 18, 2024, GRAMMER's share in Changchun GRAMMER FAWSN Vehicle Parts Co., Ltd. increased to 100.00%.

[2] The company Toledo Molding & Die, LLC was sold on September 20, 2024.

[3] The company TMD Mexico LLC was sold on September 20, 2024.

[4] The company TMD International Holdings LLC was sold on September 20, 2024.

[5] The company Toledo Molding de Mexico S.R.L. de C.V. was sold on September 20, 2024.

[6] The company GRAMMER Business Center d.o.o. was included in the consolidated financial statements for the first time on December 31, 2024.

[7] The company GRAMMER Bosnia d.o.o. was included in the consolidated financial statements for the first time on December 31, 2024.

In addition to GRAMMER AG, five (2023: five) domestic and 34 (2023: 36) foreign companies that are directly or indirectly controlled by GRAMMER AG within the meaning of IFRS 10 are consolidated.

The companies accounted for at equity are the joint venture GRA-MAG Truck Interior Systems LLC, London, OH, United States (GRA-MAG LLC), 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.

The uniform reporting date for all of the consolidated companies is December 31, 2024.

2024

	Germany	International	Total
Fully consolidated companies (including GRAMMER AG)	6	34	**40**
Companies accounted for at equity	0	2	**2**
Companies	**6**	**36**	**42**

2023

	Germany	International	Total
Fully consolidated companies (including GRAMMER AG)	6	36	**42**
Companies accounted for at equity	0	2	**2**
Companies	**6**	**38**	**44**

Within GRAMMER Group, investments are held in all subsidiaries that ensure a controlling influence.

The companies GRAMMER System GmbH, GRAMMER Automotive Metall GmbH, GRAMMER Railway Interior GmbH, GRAMMER Deutschland GmbH and GRAMMER Interior Components GmbH make partial use of the accounting conveniences provided for in section 264 (3) HGB.

4. Investments in joint ventures and associates

GRA-MAG LLC

GRAMMER AG holds a 50% share in the capital of GRA-MAG Truck Interior Systems LLC, London, OH, United States (GRA-MAG LLC). GRA-MAG LLC is a joint venture in the United States, which is active in the AMERICAS region and primarily develops and assembles seats and seating systems for trucks. As in the previous year, the Group's shares in GRA-MAG LLC are recognized in accordance with the equity method of accounting. The share in GRA-MAG LLC as of December 31, 2024 has a value of EUR 664 thousand (2023: EUR 0 thousand). Since GRA-MAG LLC reported positive equity for the first time in the 2024 financial year, a share of net profit of EUR 2,443 thousand was recognized in profit and loss.

The summarized financial information corresponds to the amounts reported in the annual financial statements of the joint venture as of December 31, 2024 prepared in accordance with IFRS.

EUR k

Income statement 100%	2024	2023
Revenue	70,050	68,918
Cost of sales including systematic depreciation of EUR 497 thousand (2023: EUR 327 thousand)	–58,719	–57,873
Selling expenses	–121	–71
Administrative expenses	–5,793	–5,450
Interest expense	–460	–578
Earnings before taxes	**4,957**	**4,946**
Income taxes	–72	–91
Net profit/loss	**4,885**	**4,855**
Group's share of profit or loss (50%)	2,443	2,428

EUR k

Statement of financial position 100%	2024	2023
Non-current assets	1,818	2,103
Current assets	12,016	13,234
Assets	**13,834**	**15,337**
Non-current liabilities	11,495	12,195
Current liabilities	1,012	6,679
Liabilities	**12,507**	**18,874**
Equity	**1,327**	**–3,537**
Share held by the Group	50%	50%
Goodwill from first-time consolidation	2,043	2,043
Carrying amount of the investment	664	0

The aforementioned items include cash and short-term deposits of EUR 3,226 thousand (2023: EUR 3,158 thousand) as well as current and non-current financial liabilities of EUR 1,976 thousand (2023: EUR 3,007 thousand) and EUR 11,495 thousand (2023: EUR 12,195 thousand).

The gains / losses (–) of GRA-MAG LLC break down as follows:

EUR k

Gains/losses (50%)	2024	2023
Losses of GRA-MAG LLC as of January 1	–1,338	–3,766
Gains of GRA-MAG LLC in the period under review	2,443	2,428
Gains/losses (–) of GRA-MAG LLC as of December 31	**1,105**	**–1,338**

As of December 31, 2024 and 2023, the joint venture did not have any contingent liabilities or capital commitments. The GRAMMER Group is not involved in any joint activities within the scope of IFRS 11.

Other immaterial investments accounted for using the equity method

GRAMMER AG holds a 30% interest in the capital of AllyGram Systems and Technologies Private Limited, Pune, India (ALLYGRAM). ALLYGRAM is an associate in India that provides development services for the global GRAMMER sites. As in the previous year, the Group's shares in ALLYGRAM are recognized by using the equity method. The equity measurement in ALLYGRAM is recognized at equity and amounts to EUR 987 thousand as of December 31, 2024 (2023: EUR 1,085 thousand). Accordingly, the share of net profit of EUR 584 thousand (2023: EUR 521 thousand) was recognized in profit and loss along with the share of dividends received in the amount of EUR 723 thousand (2023: EUR 556 thousand). In addition, foreign currency differences of EUR 33 thousand (2023: EUR −46 thousand), actuarial losses of EUR 0 thousand (2023: EUR 0 thousand) and gains from cash flow hedges of EUR 6 thousand (2023: EUR −3 thousand) were recognized in cumulative other comprehensive income. In the 2024 financial year, there was a payment of a dividend resolved in the previous year equivalent to EUR 723 thousand.

5. Company sales and combinations

Company sales

Effective September 20, 2024, GRAMMER sold the TMD Group, consisting of Toledo Molding & Die, LLC and its subsidiaries TMD Mexico LLC, TMD International Holdings LLC and Toledo Molding de Mexico S.R.L. de C.V. (hereinafter "TMD Group") by means of a share deal. The TMD Group primarily develops and produces thermoplastic components for the automotive industry.

As the TMD Group was sold on September 20, 2024, the results of the TMD Group and the deconsolidation effect were reported in the consolidated income statement and the cash flow statement under the result from discontinued operations. The TMD Group thus left the scope of consolidation of GRAMMER AG.

Financial information on the discontinued operation for the period up to the date of disposal and the balance sheet items disposed of are set out below.

Financial performance

The information presented on the results of operations relates to the period of nine months ended September 30, 2024 (column 2024) and the financial year ended December 31, 2023 (column 2023).

Statement of income

EUR k	2024	2023
Revenue	156,246	249,880
Expenses including selling costs	−194,346	−282,817
Result from discontinued operations before taxes	**−38,100**	**−32,937**
Income taxes	−404	11,602
Result from discontinued operations after taxes	**−38,504**	**−21,335**
Losses from the disposal of the TMD Group after income taxes	−6,224	0
Result from discontinued operations	**−44,728**	**−21,335**

Cash flows from discontinued operations are shown separately in the consolidated cash flow statement.

Consolidated statement of financial position

The carrying amounts of assets and liabilities at the time of disposal are as follows:

EUR k	Discontinued upon sale
Property, plant and equipment	32,406
Intangible assets	13,925
Deferred tax assets	2,615
Other non-current assets	582
Non-current contract assets	75
Non-current assets	**49,603**
Inventories	11,909
Current trade accounts receivable	33,037
Current income tax receivables	202
Cash and short-term deposits	1,340
Other current assets	1,163
Current contract assets	4,276
Current assets	**51,927**
Assets	**101,530**
Other non-current financial liabilities	16,638
Retirement benefits and similar obligations	69
Non-current liabilities	**16,707**
Current trade accounts payable	25,841
Other current financial liabilities	1,614
Other current liabilities	7,690
Current income tax liabilities	3
Current provisions	1,108
Current contract liabilities	28
Current liabilities	**36,284**
Liabilities	**52,991**
Net assets disposed of	**48,539**

Consideration received or still outstanding:	
Consideration received	39,127
Consideration still outstanding	3,631
Total payment	**42,758**
Net assets disposed of	–48,539
Recycling of currency effects through total comprehensive income – equity	17,558
Recycling of currency effects through total comprehensive income – shares	–12,716
Elimination of hidden liabilities	216
Preliminary deconsolidation effect	**–723**
Transaction costs	–5,501
Deconsolidation effect	**–6,224**

The deconsolidation effect (loss) of EUR –6,224 thousand is attributable to EBIT of EUR –6,132 thousand and to the deferred tax result of EUR –91 thousand.

Legal and consulting costs amounting to EUR 5,501 thousand were incurred in connection with the sale, which are included in the result from discontinued operations.

Currency effects that were included in total comprehensive income during the first-time and subsequent consolidation of the TMD Group were recycled during deconsolidation.

Business combinations

With effect from December 31, 2024, the GRAMMER Group took over the European business of the Ningbo Jifeng Group. The transaction was legally carried out as an asset deal, whereby the business operations of three companies were transferred to Germany, the Czech Republic and Bosnia as a whole. In the consolidated financial statements, the transaction represents a business combination in accordance with IFRS 3. All assets and liabilities, associated patents and regulatory approvals were taken over. Contracts with employees, suppliers and customers will be renegotiated as of January 1, 2025.

The main activity of the acquired European business consists in the development of individual components, assemblies and systems for vehicle interiors, for which 1,154 employees are employed at the time of the takeover. GRAMMER is thus consolidating its production capacities in Europe. Three plants in Eastern Europe and a development and administration site in Germany are being acquired. The business operations of the German sites will be transferred from Jifeng Automotive Interior GmbH to GRAMMER AG. The business operations of Jifeng Automotive Interior CZ s.r.o. will be transferred to GRAMMER Automotive CZ s.r.o. The business operations of two plants in Bosnia will be transferred from Jifeng Automotive Interior bh d.o.o. to the newly established company GRAMMER Bosnia d.o.o. (BIH), which was included in the scope of consolidation for the first time on December 31, 2024.

No cash and cash equivalents were acquired, resulting in a total purchase price of EUR 46,502 thousand. The initial accounting for the business combination was based on the purchase price allocation as of December 31, 2024. There may be changes in the accounting for the business combination due to purchase price mechanisms such as attributable liquid funds or changes in working capital. In accordance with IFRS 3, corrections can be made within one year of initial accounting.

Consolidated statement of financial position

The preliminary purchase price was allocated to the acquired assets and liabilities based on the preliminary purchase price allocation as follows:

EUR k	Provisional fair value recognized on acquisition
Property, plant and equipment	22,935
Intangible assets	6,365
Deferred tax assets	121
Other assets	2,675
Non-current assets	**32,096**
Inventories	13,439
Current trade accounts receivable	11,489
Other current assets	934
Current assets	**25,862**
Assets	**57,958**
Non-current financial liabilities	7,297
Deferred tax liabilities	121
Non-current liabilities	**7,418**
Current trade accounts payable	12,294
Other current liabilities	557
Current provisions	4,986
Other current financial liabilities	1,138
Current liabilities	**18,975**
Liabilities	**26,393**
Total identifiable net assets at fair value	**31,565**
Goodwill from the acquisition	14,937
Consideration transferred	**46,502**
Cash acquired through the asset deal	0
Cash paid	–46,502
Actual cash outflow resulting from the business combination	**–46,502**

All identifiable assets acquired and liabilities assumed were recognized at their fair value as of the acquisition date. The entire contractually agreed amounts are expected to be recoverable. Based on the provisional fair value of the acquired net assets, goodwill amounts to EUR 14,937 thousand. The GRAMMER Group considers the value of the goodwill to be based on the growth opportunities for the GRAMMER Group resulting from the acquisition. Further synergies arise from savings through the merging of functions as well as the expansion of purchasing volumes or the substitution of third-party supplies with products from the GRAMMER Group. The goodwill is fully allocated to the EMEA operating segment as a cash-generating unit. Total costs amounting to EUR 1,507 thousand were incurred in connection with the acquisition in the 2024 financial year and were recognized in administrative expenses.

Since the transaction was legally carried out as an asset deal and the transferring companies do not prepare their financial statements in accordance with IFRS, a hypothetical additional revenue and profit or loss after taxes from January 1, 2024 cannot be disclosed even after making every reasonable effort.

6. Segment reporting

The segments described below cover the internal reporting and organizational structure of the GRAMMER Group in the 2024 financial year. Determination of the Company's key management indicators is based on the data contained in the IFRS consolidated financial statements. For management purposes, the Group is classified by region and has three reportable business segments:

The EMEA region (Europe, Middle East, Africa) comprises all European companies as well as the companies in Turkey and South Africa. The AMERICAS region includes all companies in North, Central and South America, while APAC (Asia Pacific) is made up of all Chinese companies and Japan. Alongside the three segments, Central Services comprises the higher-level general corporate functions, which are allocated to GRAMMER AG.

The EMEA region is the largest of the three reportable segments within the GRAMMER Group. Based on the total revenue of the three reporting segments (excluding eliminations across segments), 52.9% (2023: 57.2%) of revenue was generated in the EMEA region in the 2024 financial year, followed by the APAC region at 27.2% (2023: 25.2%) and the AMERICAS region at 19.9% (2023: 17.6%).

In financial year 2024, a total of EUR 224.5 million (2023: EUR 221.0 million) in revenue was generated with one major customer. This represented 11.7% (2023: 10.8%) of GRAMMER Group's total revenue.

Revenue, earnings before interest and taxes (EBIT), operating EBIT and the operating EBIT margin of the product areas are monitored separately by management so that decisions can be made on allocating resources and the units' profitability can be determined. These line items represent material line items for segment control. Group financing (including financing income and expenses, other financial result) as well as income taxes are managed uniformly and autonomously within the Group and not allocated to the individual segments. Similarly, expenses for the Central Service departments are not broken down by segment. The Central Services Division carries out Group-wide functions in controlling, taxes and risk management, marketing and communications, purchasing, development, operations, finance, internal audit, investor relations, IT, human resources, accounting, legal affairs and compliance.

Transfer prices between the Group's operating segments are based on market prices established at arm's length. Segment income, expenses and earnings include intragroup transactions between the segments. These transfers within the segments are eliminated at the segment level and transfers between the segments upon consolidation at the Group level.

No further supply and service relationships were entered into or planned with discontinued operations after their departure from the Group.

Reporting segments

The following tables include information on income and earnings as well as selected information on the assets and liabilities of the Group's business segments:

2024

TEUR

	EMEA	AMERICAS	APAC	Central Services	Eliminations	GRAMMER Group
Revenue from sales to external customers	1,004,354	543,679	529,940	0	0	**2,077,973**
Inter-segment revenue	39,932	4,262	6,668	0	–50,862	**0**
Revenue	**1,044,286**	**547,941**	**536,608**	**0**	**–50,862**	**2,077,973**
Discontinued operations	0	–156,246	0	0	0	**–156,246**
Revenue according to the consolidated statement of income	**1,044,286**	**391,695**	**536,608**	**0**	**–50,862**	**1,921,727**
Cost of sales	–953,647	–381,962	–448,662	–15,291	67,144	**–1,732,418**
Segment earnings (EBIT)	**9,767**	**–19,816**	**46,566**	**–29,546**	**1,091**	**8,062**
Financial income						**9,170**
Financial expenses						**–45,774**
Other financial result						**4,826**
Earnings before taxes						**–23,716**
Income taxes						**–24,317**
Net profit / loss from continuing operations						**–48,033**
Net profit / loss from discontinued operations						**–44,728**
Net profit / loss						**–92,761**
Other segment information						
Capital expenditure						
Property, plant and equipment	34,417	11,379	38,585	3,500	0	**87,881**
Intangible assets	156	36	153	8,000	0	**8,345**
Depreciation and amortization						
Depreciation of property, plant and equipment	–32,012	–12,125	–20,487	–5,619	0	**–70,243**
Amortization of intangible assets	–263	–94	–154	–2,042	0	**–2,553**
Non-cash items						
Changes in retirement benefit provisions	4,757	589	12	2,678	0	**8,036**

2023

TEUR

	EMEA	AMERICAS	APAC	Central Services	Eliminations	GRAMMER Group
Revenue from sales to external customers	1,163,835	618,923	522,130	0	0	**2,304,888**
Inter-segment revenue	47,085	3,114	10,153	0	–60,352	**0**
Revenue	**1,210,920**	**622,037**	**532,283**	**0**	**–60,352**	**2,304,888**
Discontinued operations	0	–249,880	0	0	0	**–249,880**
Revenue according to the consolidated statement of income	**1,210,920**	**372,157**	**532,283**	**0**	**–60,352**	**2,055,008**
Cost of sales	–1,076,851	–370,823	–428,720	–17,500	71,250	**–1,822,644**
Segment earnings (EBIT)	**60,129**	**–20,283**	**61,224**	**–30,033**	**1,342**	**72,379**
Financial income						**6,976**
Financial expenses						**–39,646**
Other financial result						**2,405**
Earnings before taxes						**42,114**
Income taxes						**–17,365**
Net profit / loss from continuing operations						**24,749**
Net profit / loss from discontinued operations						**–21,335**
Net profit / loss						**3,414**
Other segment information						
Capital expenditure						
Property, plant and equipment	40,038	12,843	27,034	4,440	0	**84,355**
Intangible assets	174	34	441	7,840	0	**8,489**
Depreciation and amortization						
Depreciation of property, plant and equipment	–30,844	–11,078	–16,104	–5,731	0	**–63,757**
Amortization of intangible assets	–304	–56	–72	–2,270	0	**–2,702**
Non-cash items						
Changes in retirement benefit provisions	5,517	566	8	2,783	0	**8,874**

Information on product areas

The following tables include information on externally generated revenue and non-current assets of the Group's product areas for the financial years ending December 31, 2024 and 2023.

2024

EUR k

By product area	Automotive	Commercial Vehicles	Central Services	GRAMMER Group
Revenue EMEA	607,730	436,556	0	**1,044,286**
Revenue AMERICAS	276,319	115,376	0	**391,695**
Revenue APAC	404,565	132,043	0	**536,608**
Eliminations	–19,133	–31,729	0	**–50,862**
Revenue	**1,269,481**	**652,246**	**0**	**1,921,727**
Non-current assets (property, plant and equipment as well as intangible assets)	403,728	112,651	123,493	**639,872**

2023

EUR k

By product area	Automotive	Commercial Vehicles	Central Services	GRAMMER Group
Revenue EMEA	644,579	566,341	0	**1,210,920**
Revenue AMERICAS	275,667	96,490	0	**372,157**
Revenue APAC	378,726	153,557	0	**532,283**
Eliminations	–19,909	–40,443	0	**–60,352**
Revenue	**1,279,063**	**775,945**	**0**	**2,055,008**
Non-current assets (property, plant and equipment as well as intangible assets)	399,607	107,132	119,595	**626,334**

The product areas of the GRAMMER Group focus on creating and implementing global market, customer and product strategies. In the Automotive product area, 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. The Group sells these products to automotive OEMs and their system suppliers. The Commercial Vehicles product area 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 product area, 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.

7. Revenue from contracts with customers

The GRAMMER Group generates revenue from the transfer of goods and services both over time and on a point-in-time basis in the following segments:

2024

EUR k

Point in time of revenue recognition	EMEA	AMERICAS	APAC	Elimi-nations	GRAMMER Group
Goods transferred at a specific point in time	981,070	370,512	504,842	–47,485	**1,808,939**
Goods and services transferred over time	63,216	21,183	31,766	–3,377	**112,788**
Intragroup transactions	–39,932	–4,262	–6,668	50,862	**0**
Total revenue from contracts with customers	**1,004,354**	**387,433**	**529,940**	**0**	**1,921,727**

2023

EUR k

Point in time of revenue recognition	EMEA	AMERICAS	APAC	Elimi-nations	GRAMMER Group
Goods transferred at a specific point in time	1,147,474	352,592	498,241	–58,644	**1,939,663**
Goods and services transferred over time	63,446	19,565	34,042	–1,708	**115,345**
Intragroup transactions	–47,085	–3,114	–10,153	60,352	**0**
Total revenue from contracts with customers	**1,163,835**	**369,043**	**522,130**	**0**	**2,055,008**

50% of the net contract liabilities of EUR 4,865 thousand reported as of December 31, 2023 were recognized as revenue in the 2024 financial year (2023: approx. 76% of EUR 7,457 thousand).

In 2024 and 2023, there was likewise no material revenue from performance obligations which had been fulfilled in part or in full in earlier periods.

8. Other income and expenses

8.1. Other operating incomee

Other operating income primarily includes income from recharged handling costs of EUR 4,006 thousand (2023: EUR 2,788 thousand), income from the sale of metal waste of EUR 3,412 thousand (2023: EUR 3,949 thousand) and miscellaneous other income of EUR 5,478 thousand (2023: EUR 5,908 thousand). Miscellaneous other income mainly consists of income from the reversal of provisions from previous years. Other operating income also comprises government grants of EUR 4,026 thousand (2023: EUR 3,338 thousand) and income from recharged expenses and rental income of EUR 3,518 thousand (2023: EUR 1,660 thousand). In addition, it includes a refund claim for other taxes of EUR 1,882 thousand (2023: EUR 335 thousand) in connection with the quasi-VAT levies PIS and COFINS (Programa de Integraçao Social / Contribuiçao para o Financiamento da Seguridade Social) in Brazil. The refund claim includes taxes paid twice. Brazilian courts confirmed the refund claim in 2021. The government grants were received for the acquisition of certain items of property, plant and equipment as well as in the form of income subsidies. The conditions for these grants were satisfied in full and there is currently no risk that they will not be complied with in the future.

8.2. Financial result

The following table breaks down financial result:

TEUR	2024	2023
Interest income on bank balances	6,572	5,053
Income from other financial assets	735	1,395
Income from other assets	1,863	528
Financial income	**9,170**	**6,976**
Interest on loans and overdrafts	–38,245	–32,048
Other interest costs	–320	–95
Interest cost of retirement benefit provisions	–4,813	–5,294
Loss from financial assets and liabilities at fair value through profit or loss	–23	–30
Interest element of lease payments	–2,373	–2,179
Financial expenses	**–45,774**	**–39,646**
Currency translation gains/losses from cash at bank and in hand	–863	4,835
Exchange rate differences from intercompany finance	5,689	–2,430
Other financial result	**4,826**	**2,405**
Financial result	**–31,778**	**–30,265**

The lower financial result was essentially the result of higher interest on loans and current accounts as a result of generally higher interest rates as well as the refinancing that took place in 2024. This is offset by higher financial income, also due to the higher interest rates. Income from other assets includes interest income on the refund claim for other taxes of EUR 1,863 thousand (2023: EUR 528 thousand) in connection with the quasi-VAT PIS and COFINS (Programa de Integraçao Social / Contribuiçao para o Financiamento da Seguridade Social) in Brazil. In the other financial result, the performance of the US dollar resulted in foreign exchange gains on intercompany loans in the current financial year.

8.3. Explanations of the functional costs, depreciation and impairments included in the consolidated statement of income

Cost of sales

The cost of sales includes the manufacturing costs attributable to revenue and the cost of merchandise amounting to EUR 1,649,477 thousand (2023: EUR 1,742,133 thousand). This item also includes costs for operating below capacity and any other production-related overheads and administrative expenses. This item also includes the cost of additions to warranty provisions. Expenses relating to the development and expansion of individual plant locations in preparation for forthcoming series production ("industrialization costs") are included in the cost of sales to the extent that these expenses cannot be deferred. Non-capitalized development costs incurred in the Commercial Vehicles product area are also included here. The cost of sales also includes exceptional expenses from non-recurring business transactions of EUR 3,532 thousand (2023: EUR 0 thousand) in the 2024 financial year. In the 2024 financial year, these comprised expenses for restructuring measures of EUR 3,532 thousand (2023: EUR 0 thousand). In the 2024 financial year, the cost of sales includes government grants for research projects and higher energy costs of EUR 19 thousand (2023: EUR 149 thousand) that served to reduce this expense item.

Selling expenses

The selling expenses of EUR 27,227 thousand (2023: EUR 26,048 thousand) relate to expenses of the sales and distribution function and primarily refer to costs incurred by the Sales, Advertising and Marketing departments as well as overheads allocated to these functions or activities. Freight, commissions and forwarding charges are also included in selling expenses.

Administrative expenses

Administrative expenses include all administrative expenditure which cannot be assigned directly to other functions, including expenditure on general administration, management and central departments. Other administrative expenses also include income from exchange rate movements in the amount of EUR 19,130 thousand (2023: EUR 20,528 thousand) and mainly relate to foreign exchange gains between the origination and settlement of foreign currency receivables and liabilities as well as foreign exchange gains resulting from measurement at the reporting date. Foreign exchange losses amounting to EUR 16,138 thousand (2023: EUR 31,197 thousand) are also recognized under other administrative expenses. Administrative expenses also include various exceptional expenses from non-recurring business transactions of EUR 32,992 thousand (2023: EUR 0 thousand) in the 2024 financial year. In the 2024 financial year, these comprised directly attributable costs for expenses for restructuring measures of EUR 27,823 thousand (2023: EUR 0 thousand), expenses from M&A of EUR 4,330 thousand (2023: EUR 0 thousand) and expenses from refinancing of EUR 839 thousand (2023: EUR 0 thousand).

Amortization, depreciation and impairment losses on intangible assets and property, plant and equipment

Amortization of intangible assets totaled EUR 2,553 thousand (2023: EUR 2,702 thousand) and is recognized in the cost of sales, selling expenses and administrative expenses depending on origin. This item also contains capitalized development costs of EUR 1,277 thousand (2023: EUR 1,366 thousand) that are included in the cost of sales. Depreciation of property, plant and equipment amounted to EUR 70,243 thousand (2023: EUR 63,757 thousand), including scheduled depreciation of EUR 17,681 thousand (2023: EUR 15,790 thousand) for right-of-use assets. No expenses due to a lower recoverable amount (impairment losses) were incurred in the 2024 financial year. Depreciation, amortization and impairment on intangible assets and property, plant and equipment are recognized in the income statement under cost of sales, selling expenses and general administrative expenses.

8.4. Personnel expenses

Personnel expenses from continuing operations are presented in the following table:

EUR k	2024	2023
Wages and salaries including allocations to personnel-related provisions	388,609	357,169
Social security contributions	84,675	81,207
Employee benefits expense	**473,284**	**438,376**

9. Income taxes

The key components of income taxes for 2024 and 2023 break down as follows:

EUR k	2024	2023
Consolidated statement of income		
Actual income taxes		
Actual tax expenses – Germany	–3,056	–1,475
Actual tax expenses – international	–14,153	–9,980
Total actual tax expenses	**–17,209**	**–11,455**
Deferred taxes		
Deferred tax liabilities (–) / deferred tax assets – Germany	–5,516	–2,095
Deferred tax liabilities (–) / deferred tax assets – international	–1,592	–3,815
Deferred tax liabilities (–) / deferred tax assets	**–7,108**	**–5,910**
Tax expense (–) / income reported in the consolidated statement of income	**–24,317**	**–17,365**
Income taxes are attributable to:		
Gains from continuing operations	–24,317	–17,365
Gains from discontinued operations	–494	11,602
	–24,811	**–5,763**

The low income tax expense in Germany is due primarily to a tax loss at the German tax group. International tax expenses increased year-on-year as companies such as those in China, Brazil and Japan generated significant taxable income giving rise to current taxes.

In 2024, the TMD Group as a discontinued operation accounted for deferred tax expenses of EUR 494 thousand (2023: deferred tax income of EUR 11,602 thousand). No tax expenses or income arose for GRAMMER Group from the deconsolidation of the TMD Group. Of the deferred tax expense for the current year, EUR 6.9 million is attributable to the reversal of temporary differences.

The deferred tax expense in Germany is higher than in the previous year because the deferred taxes on loss carryforwards were written down. Overall, the Group's deferred tax expense is therefore higher than in the previous year.

The significant deterioration in the tax rate compared to the previous year is mainly due to the impairment of deferred taxes on loss carryforwards in Germany and Belgium as well as the non-capitalization of current losses in Germany and the United States due to the loss history in Germany / the United States and the negative planning in Belgium. In this case, there is no substantial evidence indicating that sufficient taxable income towards which the unused losses can be used will arise in the future.

As of the balance sheet date, the Group had loss carryforwards totaling EUR 561.0 million (2023: EUR 374.0 million). No deferred tax assets were recognized for tax losses of EUR 437.0 million (2023: EUR 248.4 million). If the Group had been able to recognize all unconsidered deferred tax assets from the 2024 financial year and preceding years, net profit and equity would have increased by a total of EUR 89.1 million (2023: EUR 56.9 million). This amount only includes deferred taxes on loss carryforwards. Deferred taxes on temporary differences were recognised in full.

Reconciliation between the income tax expenses reported in the consolidated income statement and the product of the reported earnings before taxes and the applicable tax rate for the Group for financial years 2024 and 2023 is as follows:

EUR k	2024	2023[1]
Earnings before taxes from continuing operations	**–23,716**	**9,177**
Income taxes at the effective rate in Germany of 28.9% (2023: 28.9%)	6,854	–2,652
Effects from minimum taxation and withholding taxes	–2,180	–1,619
Actual income taxes relating to previous years	–2,104	867
Effects of the non-recognition of deferred taxes for the current year	–10,771	–12,039
Change in deferred taxes from previous years	–5,636	7,438
Tax reduction from tax-exempt income	1,494	201
Non-deductible expenses	–10,299	–1,359
Other tax effects	197	462
Effect of changes in tax rates / tax law	0	–758
Effect of foreign tax groups on tax rate	–1,872	3,696
Income taxes from continuing operations at the effective tax rate of 102.5% (2023: –62.8%)	**–24,317**	**–5,763**

[1] The previous year's figures were not adjusted for the values of the TMD Group as the TMD Group was part of a tax group and an isolated elimination does not make economic sense.

In the 2024 financial year, deferred tax assets on loss carryforwards of EUR 10.8 million (2023: EUR 12.0 million) were not recognized, primarily impacting the United States and German tax groups. This is because there is not enough positive taxable income to recognize loss carryforwards.

In China in particular, deferred tax assets on loss carryforwards could continue to be capitalized in the 2024 financial year due to the good earnings situation and the positive earnings prospects of some companies.

Deferred tax assets break down as follows for each balance sheet item as of the relevant reporting date:

EUR k	2024	2023
Property, plant and equipment (excluding right-of-use assets)	–17,476	–19,863
Right-of-use assets	–8,835	–8,483
Intangible assets	–19,772	–19,189
Other assets	–5,951	–5,267
Trade accounts receivable, current	–68	–54
Contract assets	–16,698	–3,127
Other current financial assets	–1,851	–3,334
Non-current financial liabilities	–97	–351
Other	–8,711	–4,923
Deferred tax liabilities (non-netted)	**–79,459**	**–64,591**
Retirement benefits and similar obligations	14,254	16,116
Provisions	3,363	3,697
Tax losses carried forward	20,100	22,288
Contract assets	6	243
Property, plant and equipment	5,816	10,833
Intangible assets	2,672	2,254
Other current liabilities	4,891	862
Current trade accounts receivable	8,263	6,416
Other financial liabilities	6,620	6,769
Other current financial liabilities	2,578	5,849
Inventories	11,781	6,299
Non-current financial liabilities	3,001	7
Other	10,732	7,214
Deferred tax assets (non-netted)	**94,077**	**88,847**
Net deferred tax liabilities (–) / deferred tax assets	**14,618**	**24,256**

On balance, the deferred tax assets recognised and netted in the consolidated balance sheet exceed the deferred tax liabilities recognised and netted in the consolidated balance sheet by EUR 14,618 thousand (2023: EUR 24,256 thousand).

The change in the deferred taxes is described below:

EUR k	2024	2023
As of January 1	**24,256**	**18,314**
Deferred tax liabilities (–) / deferred tax assets through profit and loss	–7,111	–5,910
Deferred tax liabilities (–) / deferred tax assets through statement of comprehensive income	–293	2,278
Effect of deconsolidation	–2,818	11,603
Currency translation effects	584	–2,029
As of December 31	**14,618**	**24,256**

The statutory rate of corporate income tax in Germany was 15% for the 2024 and 2023 assessment periods, plus a solidarity surcharge of 5.5%. Together with municipal trade tax, which is not deductible as a business expense in Germany, this results in a tax rate of approximately 28.9% in 2024 (2023: 28.9%).

Deferred tax assets and liabilities are calculated using the tax rates that are expected to apply when the asset is realized or the liability settled. Deferred tax assets and liabilities were measured on the basis of the overall tax rate of 28.9% (2023: 28.9%). As in the previous year, the local income tax rates for foreign entities varied between 10% and 34%. Deferred tax assets are recognized only if the management deems their recoverability to be probable. Relevant impairments are based on all known positive and negative factors relating to future taxable income. The estimates made may change over time. Assessment of the value of deferred tax assets is based on the probability of measurement differences being reversed and the recoverability of unused tax losses that led to their creation.

The Group assumes that, due to the significant increase in earnings expecations, it will have sufficient taxable income to make use of existing unused tax losses for which deferred tax assets have been recognized. The unused tax losses in individual countries may be carried forward for periods of up to 5 years, or even indefinetely, or in some cases even be carried back. The companies that generated losses in the current year or in the previous year and whose deferred tax assets are not covered by deferred tax liabilities have recognized deferred tax assets that exceed the deferred tax liabilities in the amount of EUR 18.0 million (2023: EUR 17.0 million).

GRAMMER AG is not the ultimate parent entity in the sense of the OECD Pillar 2 Minimum Tax. Furthermore, the ultimate parent entity does not pass on any potential top-up taxes to GRAMMER AG.

Deferred taxes were not recorded on outside basis differences (i.e. differences between net assets, incl. goodwill at subsidiaries or the relevant tax value of interests in subsidiaries), as reversal of differences, e.g. through distributions, are taxable and because no significant tax effects are expected in the foreseeable future. The outside basis differences amount to EUR 15.4 million as of December 31, 2024 (2023: EUR 1.8 million adjusted). The distribution of dividends to shareholders did not have any consequences for income tax in 2024 or 2023.

10. Consolidated earnings per share

Basic earnings per share are calculated by dividing the net profit / loss attributable to the shareholders of the parent company from the consolidated statement of income by the nominal number of shares outstanding during the financial year, less the Company's own shares that were bought back in 2006 (330,050 shares). The Company's share capital amounts to EUR 39,009,080.32 and is divided into 15,237,922 shares. All shares with the exception of own shares accord the same rights; shareholders have a right to receive payment of the approved dividend and may exercise one vote for each share at the Annual General Meeting. The number of outstanding shares is calculated based on the weighted average.

In addition to basic earnings per share, diluted earnings per share must be disclosed if a company has potential shares (financial instruments and other contracts entitling the holders to subscribe to no-par value shares of the Company, such as convertible bonds and options). As the GRAMMER Group did not issue any such financial instruments or enter into any such contracts as of December 31, 2024, its basic and diluted earnings per share are identical.

Consolidated earnings per share

	2024	2023
Weighted average number of ordinary shares used to calculate basic / diluted earnings	14,907,872	14,907,872
Earnings from continued operations in EUR thousand (excluding non-controlling interests / hybrid loan lenders)	–49,665	23,134
Basic / diluted earnings per share from continuing operations in EUR	–3.33	1.55
Earnings from discontinued operations in EUR thousand (excluding non-controlling interests / hybrid loan lenders)	–44,728	–21,335
Basic / diluted earnings per share from discontinued operations in EUR	–3.00	–1.43
Earnings in EUR thousand (excluding non-controlling interests / hybrid loan lenders)	–94,393	1,799
Basic / diluted earnings per share in EUR	–6.33	0.12

The hybrid loans issued in 2020, 2023 and 2024 are classified as equity (see Note 19). The related compensation claim of the hybrid loan lender represents payments for a component of equity that reduces the earnings available for distribution to the shareholders of the parent company and therefore has been included in the determination of (basic / diluted) earnings per share.

11. Dividends paid and proposed

Appropriation of profit by GRAMMER Group is based on net profit / loss in the financial statements of GRAMMER AG, which are prepared in accordance with the German Commercial Code. In its annual financial statements, GRAMMER AG reported a net loss of EUR –261.3 million as of December 31, 2024 (2023: EUR –146.1 million). This includes the net loss for the 2024 financial year of EUR –115.2 million. As GRAMMER AG does not report a net profit, no dividend will be proposed. In addition, the suspension of dividends for the term of the new syndicated loan agreement concluded this financial year was agreed as a condition. Details of the new syndicated loan can be found in Note 21 Financial liabilities. The net loss as of December 31, 2024 will be carried forward. No dividends were distributed in 2024 or 2023.

Further details can be found in Note 19.

Dividends approved and distributed during the financial year:

Dividends on ordinary shares

EUR k

	2024	2023
Final dividend for 2024: EUR 0.00 (2023: EUR 0.00)	0	0

12. Property, plant and equipment and intangible assets

EUR k

Amount on December 31, 2024	Historical cost							
	Amount on January 1, 2024	Additions	Disposals	Effects from exchange rate differences	Acquisitions through business combinations	Disposals from the scope of consolidation	Reclassifications	Amount on December 31, 2024
Land and buildings	**196,270**	2,337	–1,086	–380	306	–7,285	777	**190,939**
Technical equipment and machines	**410,869**	26,993	–9,148	4,267	10,964	–77,375	15,102	**381,672**
Operating and business equipment	**265,286**	13,751	–10,130	1,545	2,455	–658	8,069	**280,318**
Prepayments made and assets under construction	**41,902**	20,825	–424	462	775	–1,136	–25,698	**36,706**
Right-of-use assets	**129,476**	26,317	–11,653	585	8,435	–34,185	0	**118,975**
Property, plant and equipment	**1,043,803**	**90,223**	**–32,441**	**6,479**	**22,935**	**–120,639**	**–1,750**	**1,008,610**
Concessions, industrial rights	**148,565**	993	–1,433	–981	6,366	–84,788	1,750	**70,472**
Goodwill	**123,799**	0	0	–778	14,938	–20,045	0	**117,914**
Capitalized development costs	**57,936**	7,352	–115	61	0	0	0	**65,234**
Prepayments made	**0**	0	0	0	0	0	0	**0**
Intangible assets	**330,300**	**8,345**	**–1,548**	**–1,698**	**21,304**	**–104,833**	**1,750**	**253,620**
Property, plant and equipment and intangible assets	**1,374,103**	**98,568**	**–33,989**	**4,781**	**44,239**	**–225,472**	**0**	**1,262,230**

EUR k

Amount on December 31, 2024	Depreciation and amortization							Carrying amount	
	Amount on January 1, 2024	Additions	Disposals	Effects from exchange rate differences	Disposals from the scope of consolidation	Reclassifications	Amount on December 31, 2024	January 1, 2024	Amount on December 31, 2024
Land and buildings	**70,887**	6,204	–332	–244	–1,891	–8	**74,616**	**125,383**	**116,323**
Technical equipment and machines	**246,042**	29,367	–8,315	1,692	–67,178	0	**201,608**	**164,827**	**180,064**
Operating and business equipment	**184,650**	20,275	–9,466	783	–521	8	**195,729**	**80,636**	**84,589**
Prepayments made and assets under construction	**0**	0	0	0	0	0	**0**	**41,902**	**36,706**
Right-of-use assets	**63,671**	19,615	–11,098	581	–18,643	0	**54,126**	**65,805**	**64,849**
Property, plant and equipment	**565,250**	**75,461**	**–29,211**	**2,812**	**–88,233**	**0**	**526,079**	**478,553**	**482,531**
Concessions, industrial rights	**123,762**	6,348	–1,207	–918	–70,863	0	**57,122**	**24,803**	**13,350**
Goodwill	**31,454**	0	0	–778	–20,045	0	**10,631**	**92,345**	**107,283**
Capitalized development costs	**27,303**	1,277	–115	61	0	0	**28,526**	**30,633**	**36,708**
Prepayments made	**0**	0	0	0	0	0	**0**	**0**	**0**
Intangible assets	**182,519**	**7,625**	**–1,322**	**–1,635**	**–90,908**	**0**	**96,279**	**147,781**	**157,341**
Property, plant and equipment and intangible assets	**747,769**	**83,086**	**–30,533**	**1,177**	**–179,141**	**0**	**622,358**	**626,334**	**639,872**

EUR k

Amount on December 31, 2023	Historical cost							
	Amount on January 1, 2023	Additions	Disposals	Effects from exchange rate differences	Acquisitions through business combinations	Disposals from the scope of consolidation	Reclassifications	Amount on December 31, 2023
Land and buildings	**196,446**	2,463	–2,681	–977	0	0	1,019	**196,270**
Technical equipment and machines	**395,223**	21,811	–9,616	–8,577	0	0	12,028	**410,869**
Operating and business equipment	**251,731**	18,832	–6,913	–5,058	0	0	6,694	**265,286**
Prepayments made and assets under construction	**33,385**	32,516	–173	–853	0	0	–22,973	**41,902**
Right-of-use assets	**130,006**	12,617	–9,580	–3,567	0	0	0	**129,476**
Property, plant and equipment	**1,006,791**	**88,239**	**–28,963**	**–19,032**	**0**	**0**	**–3,232**	**1,043,803**
Concessions, industrial rights	**148,340**	1,723	–1,052	–3,698	0	0	3,252	**148,565**
Goodwill	**126,496**	0	0	–2,697	0	0	0	**123,799**
Capitalized development costs	**54,378**	7,111	–3,435	–118	0	0	0	**57,936**
Prepayments made	**25**	–3	0	–2	0	0	–20	**0**
Intangible assets	**329,239**	**8,831**	**–4,487**	**–6,515**	**0**	**0**	**3,232**	**330,300**
Property, plant and equipment and intangible assets	**1,336,030**	**97,070**	**–33,450**	**–25,547**	**0**	**0**	**0**	**1,374,103**

EUR k

Amount on December 31, 2023	Depreciation and amortization							Carrying amount	
	Amount on January 1, 2023	Additions	Disposals	Effects from exchange rate differences	Disposals from the scope of consolidation	Reclassi-fications	Amount on December 31, 2023	January 1, 2023	Amount on December 31, 2023
Land and buildings	66,902	5,902	–1,540	–463	0	86	**70,887**	**129,544**	**125,383**
Technical equipment and machines	232,191	28,312	–8,952	–5,016	0	–493	**246,042**	**163,032**	**164,827**
Operating and business equipment	174,493	18,928	–6,371	–2,807	0	407	**184,650**	**77,238**	**80,636**
Prepayments made and assets under construction	0	0	0	0	0	0	**0**	**33,385**	**41,902**
Right-of-use assets	55,878	18,878	–9,287	–1,798	0	0	**63,671**	**74,128**	**65,805**
Property, plant and equipment	**529,464**	**72,020**	**–26,150**	**–10,084**	**0**	**0**	**565,250**	**477,327**	**478,553**
Concessions, industrial rights	119,313	8,379	–1,047	–2,883	0	0	**123,762**	**29,027**	**24,803**
Goodwill	34,151	0	0	–2,697	0	0	**31,454**	**92,345**	**92,345**
Capitalized development costs	29,490	1,366	–3,435	–118	0	0	**27,303**	**24,888**	**30,633**
Prepayments made	0	0	0	0	0	0	**0**	**25**	**0**
Intangible assets	**182,954**	**9,745**	**–4,482**	**–5,698**	**0**	**0**	**182,519**	**146,285**	**147,781**
Property, plant and equipment and intangible assets	**712,418**	**81,765**	**–30,632**	**–15,782**	**0**	**0**	**747,769**	**623,612**	**626,334**

12.1. Property, plant and equipment and intangible assets

Depreciation is generally based on the following useful economic lives:

Land	No depreciation
Buildings and fixtures	10–40 years
Building fittings	5–40 years
Technical equipment and machines	5–25 years
Other equipment, operating and business equipment	2–15 years
Right-of-use assets (leased assets)	2–25 years
Concessions, industrial rights	3–12 years
Capitalized development costs	7–10 years

As in the past, property, plant and equipment are depreciated and intangible assets are amortized using the straight-line method over the expected useful life of the assets. Intangible assets comprise concessions and industrial property rights. Capitalized development costs comprise internally generated patents, which are amortized on a straight-line basis over an expected useful life of seven to ten years. In the 2024 financial year, research and development costs from continuing operations totaled EUR 80,109 thousand (2023: EUR 78,396 thousand). Of this figure, EUR 7,352 thousand (2023: EUR 7,111 thousand) from continuing operations meets the IAS 38 capitalization criteria. Most of this amount was recognized as an expense in the income statement

An impairment test of property, plant and equipment and other intangible assets was carried out in the AMERICAS region in the 2024 reporting year as a precautionary measure. The region was further divided for this purpose into two cash-generating units (CGUs) based on product categories and strategic units: (i) GRAMMER Automotive Puebla S.A. de C.V., GRAMMER Inc. and GRAMMER Industries, LLC, and (ii) GRAMMER Americas, LLC, GRAMMER do Brasil Ltda. and GRAMMER Argentina.

The CGUs were evaluated as to whether or not they meet the following criteria:

- Cash inflows are largely independent of the cash inflows from other assets or groups of assets (IAS 36.6; IAS 36.68) and are received from parties external to the entity (IAS 36.69).
- An active market exists for the output produced by the group of assets on which they could be sold to generate cash flows, even if some or all of this output is used internally (IAS 36.0).

All defined CGUs within the AMERICAS region meet these criteria.

The CGUs in the AMERICAS region were evaluated for potential indications of impairment (triggering event) using the IAS 36 catalog. CGUs (i) and (ii) were tested based on their operating performance, which shows negative profitability and a significant deterioration compared to the 2024 budget. The two impairment tests confirmed the recoverability of the assets.

No indications of impairment were found in the EMEA and APAC regions.

12.2. Leases

GRAMMER has entered into various leases for buildings, technical equipment and machinery, operating and business equipment and motor vehicles with terms ranging between 2 and 25 years. Most of the leases do not provide for any options for extending them or for purchasing the leased asset, with the exception of buildings or limited items of equipment. In the case of buildings, these are largely standard renewal options, which provide either for a renewal option that may be unilaterally exercised by GRAMMER or for renegotiation for continued use after the lease has expired. Expenses of EUR 809 thousand (2023: EUR 421 thousand) for short-term leases and EUR 470 thousand (2023: EUR 468 thousand) for low-value leases were recognized through profit and loss in 2024. The disposal of the TMD Group means that right-of-use assets totaling EUR 15,542 thousand have been discontinued.

The right-of-use assets shown in Note 12 under which GRAMMER has a right to use the corresponding assets in accordance with IFRS 16 break down as follows:

EUR k

Amount on December 31, 2024	Historical cost							
	Amount on January 1, 2024	Additions	Disposals	Effects from exchange rate differences	Acquisitions through business combinations	Disposals from the scope of consolidation	Reclassifications	Amount on December 31, 2024
Land and buildings	**111,631**	22,859	–6,964	692	8,133	–32,191	0	**104,160**
Technical equipment and machines	**2,402**	102	–799	–43	169	–1,057	0	**774**
Operating and business equipment	**5,159**	200	–712	–16	0	–739	0	**3,892**
Motor vehicles	**10,284**	3,156	–3,178	–48	133	–198	0	**10,149**
Right-of-use assets	**129,476**	**26,317**	**–11,653**	**585**	**8,435**	**–34,185**	**0**	**118,975**

EUR k

Amount on December 31, 2024	Depreciation and amortization							Carrying amount	
	Amount on January 1, 2024	Additions	Disposals	Effects from exchange rate differences	Disposals from the scope of consolidation	Reclassifications	Amount on December 31, 2024	January 1, 2024	December 31, 2024
Land and buildings	**53,654**	15,842	–6,897	655	–16,691	0	**46,563**	**57,977**	**57,597**
Technical equipment and machines	**1,886**	340	–779	–27	–1,043	0	**377**	**516**	**397**
Operating and business equipment	**2,684**	882	–670	–15	–711	0	**2,170**	**2,475**	**1,722**
Motor vehicles	**5,447**	2,551	–2,752	–32	–198	0	**5,016**	**4,837**	**5,133**
Right-of-use assets	**63,671**	**19,615**	**–11,098**	**581**	**–18,643**	**0**	**54,126**	**65,805**	**64,849**

EUR k

Amount on December 31, 2023	Historical cost							
	Amount on January 1, 2023	Additions	Disposals	Effects from exchange rate differences	Acquisitions through business combinations	Disposals from the scope of consolidation	Reclassifications	Amount on December 31, 2023
Land and buildings	**108,859**	8,218	–2,071	–3,375	0	0	0	**111,631**
Technical equipment and machines	**4,815**	548	–2,898	–63	0	0	0	**2,402**
Operating and business equipment	**6,403**	581	–2,012	–13	0	0	200	**5,159**
Motor vehicles	**9,929**	3,270	–2,599	–116	0	0	–200	**10,284**
Right-of-use assets	**130,006**	**12,617**	**–9,580**	**–3,567**	**0**	**0**	**0**	**129,476**

EUR k

Amount on December 31, 2023	Depreciation and amortization						Carrying amount	
	Amount on January 1, 2023	Additions	Disposals	Effects from exchange rate differences	Disposals from the scope of consolidation	Reclassifica-tions	Amount on December 31, 2023	January 1, 2023	December 31, 2023
Land and buildings	**42,772**	14,608	–2,071	–1,655	0	0	**53,654**	**66,087**	**57,977**
Technical equipment and machines	**4,050**	693	–2,811	–46	0	0	**1,886**	**765**	**516**
Operating and business equipment	**3,677**	1,053	–1,996	–7	0	–43	**2,684**	**2,726**	**2,475**
Motor vehicles	**5,379**	2,524	–2,409	–90	0	43	**5,447**	**4,550**	**4,837**
Right-of-use assets	**55,878**	**18,878**	**–9,287**	**–1,798**	**0**	**0**	**63,671**	**74,128**	**65,805**

The following lease payments (including guaranteed residual values) are payable in subsequent periods under the right-of-use assets recognized:

TEUR	Less than 1 year	1 to 5 years	More than 5 years
2024			
Lease payments	20,246	39,135	16,694
Less interest expense from discounting	–1,893	–4,424	–1,664
Present value (statement of financial position)	**18,353**	**34,711**	**15,030**
2023			
Lease payments	18,488	39,061	23,020
Less interest expense from discounting	–1,866	–5,158	–2,005
Present value (statement of financial position)	**16,622**	**33,903**	**21,015**

Possible future cash outflows of EUR 22,718 thousand (2023: EUR 23,772 thousand) for options to extend leases, the exercise of which is not yet reasonably certain, are not included in lease liabilities. There were future possible cash outflows from leases that had not yet commenced of EUR 20 thousand in the 2024 financial year (2023: EUR 64 thousand).

12.3. Goodwill

The EMEA, AMERICAS and APAC regions represent the reportable operating segments as well as groups of cash-generating units (CGUs) of the GRAMMER Group and reflect the internal management structure of the GRAMMER Group. Goodwill recognized in the consolidated financial statements and acquired in the past has so far been allocated to these groups of CGUs for the purposes of impairment testing in accordance with IAS 36.

Goodwill attributable to the operating segments can be broken down as follows as of December 31, 2024:

EUR k

Operating Segments	Goodwill in 2024	Goodwill in 2023	2024 growth rate [1]	2023 growth rate [1]	Discount factor in 2024	Discount factor in 2023
EMEA	52,363	37,425	1%	1%	7.5%	8.7%
APAC	54,920	54,920	1%	1%	7.8%	8.9%
Goodwill	**107,283**	**92,345**				

[1] Perpetual annuity

Goodwill is generally tested for impairment at the level of the groups of CGUs that are expected to benefit from the synergies of the business combination annually as of December 31. Impairment tests are additionally carried out at the level of the groups of CGUs on an ad hoc basis. The recoverable amount from the CGUs is determined on the basis of the present value of estimated future cash flows less costs to sell based on budgets and medium-term plans approved by management for a period of five years. These budgets are based particularly on assumptions regarding macroeconomic trends and trends in sell-side and commodity prices. These are subject to additional uncertainty due to the consequences of geopolitical tensions in the Middle East and Taiwan, the Russia-Ukraine war and the elections in the US in 2024 and in Germany in 2025. This uncertainty relates to the persistently low growth in the automotive sector as well as tariff increases that might be imposed by the USA. In addition to these market forecasts, historical data is also taken into account. The high prices for raw materials and energy are expected to persist and to be passed on to customers. Reduced purchasing costs, ongoing improvement measures and productivity increases will offset the agreed discounts for series orders, nomination fees and higher personnel costs in connection with collective wage increases in the 2025 planning year. This is extrapolated to the following years while taking account of expected developments. Climate-related aspects have been factored into raw material and energy prices as well as capital expenditure. To arrive at the perpetual annuity extending beyond the five-year time horizon, the cash flow was extrapolated in the light of the expected sustainable growth rate of 1% (2023: 1%). The fair value calculated for the CGUs is assigned to Level 3 of the fair value hierarchy. The Group uses the same calculation methods and parameters for all three segments when testing for impairment.

The key assumptions used in determining the value in use of a CGU are the revenue performance, the EBIT margins, the free cash flows, the discount rate and its parameters as well as the sustainable growth rate. The free cash flows are calculated on the basis of the budget of the five-year plan adjusted for efficiency improvements that are expected or have already been initiated. The discount factor is calculated on the basis of a cost of equity and a cost of debt rate. The cost of equity rate applied is based on a risk-free interest rate of 2.5% after tax (2023: 2.8%), a risk premium for general market risks of 6.5% after tax (2023: 7.0%) and a premium for a CGU's specific country risk. To determine operating and leverage risks, beta factors are derived from a group of comparable companies (peer group) and used to measure the positive cash flows of the specific CGU. The cost of debt rate is derived by reference to the peer group relevant for GRAMMER. The cash flows were discounted at an interest rate after tax of 7.5% to 7.8% (2023: 8.7% to 8.9%). A growth rate of 1% (2023: 1%) was recognized.

The impairment tests carried out in 2024 confirmed the recoverability of the goodwill of the groups of CGUs in the EMEA and APAC regions.

A scenario analysis of the recoverable amount of the CGUs in the EMEA and APAC regions was carried out to determine the risk exposure of the cash flows. The scenario analysis is based on a variation of the discount factor of between 5.0% and 12.0% (2023: 5.0% and 12.0%).

In the case of the EMEA CGU, this shows that the separate application of a discount factor of 10.6% (2023: 11.2%) triggers an impairment loss. Alternatively, an impairment loss would be recognized in the event of a 2.3 percentage-point reduction in the sustainable EBIT margins (2023: 1.8) and a 38% reduction in sustainable revenue (2023: 30%).

The analysis shows that no impairments arise in the CGUs of the APAC region below the above discount factor range or alternatively the sustainable EBIT margin or the sustainable revenue.

13. Inventories

Inventories break down as follows:

EUR k

	December 31, 2024	December 31, 2023
Raw materials, supplies and consumables	121,290	130,686
Work in progress	22,206	22,430
Finished goods and services	26,870	29,913
Prepayments made	1,948	3,178
Inventories	**172,314**	**186,207**

Inventories are initially recognized at cost and subsequently measured at the lower of cost and net realizable value. Inventories were written down to the lower fair value in the amount of EUR 6,580 thousand (2023: EUR 4,596 thousand). Write-downs of EUR 4,159 thousand (2023: EUR 1,970 thousand) and reversals of write-downs of EUR 516 thousand (2023: EUR 581 thousand) were recognized in 2024.

14. Trade accounts receivable

Generally, trade accounts receivable are non-interest-bearing and have a term of between 30 and 60 days.

EUR k

	December 31, 2024	December 31, 2023
Trade accounts receivable – gross	266,781	291,834
Impairment	–8,822	–2,908
Provisions for verity risks	–480	–452
Trade accounts receivable	**257,479**	**288,474**

The decrease in trade accounts receivable is primarily due to the deconsolidation of the TMD Group. As of the reporting date, trade accounts receivable were reduced by non-recourse factoring in the amount of EUR 71,685 thousand (2023: EUR 77,149 thousand). The risks arising from the factored receivables relevant for risk assessment are credit risk and the risk of delayed payment. With regard to a contract with a bank, the Group continues to recognize trade accounts receivable in the amount of its continuing exposure, i.e. the amount of the maximum default reserve plus the maximum possible interest expense for overdue receivables, and thus recognizes a corresponding liability. As of December 31, 2024, impairments of EUR 8,822 thousand (2023: EUR 2,908 thousand) were recognized on trade accounts receivable. There is also a provision for verity risks based on an individual valuation discount.

Details are given in the table below:

EUR k

	Impairment	Provisions for verity risks	Total
Amount on January 1, 2024	**2,908**	**452**	**3,359**
Additions	6,535	234	**6,769**
Utilization	–480	–138	**–618**
Write-backs	–257	0	**–257**
Disposals from the scope of consolidation	0	–68	**–68**
Effects from exchange rate differences	116	0	**116**
Amount on December 31, 2024	**8,822**	**480**	**9,302**
Amount on January 1, 2023	**3,658**	**673**	**4,331**
Additions	290	68	358
Utilization	–98	–287	–385
Write-backs	–468	0	–468
Disposals from the scope of consolidation	0	0	0
Effects from exchange rate differences	–475	–2	–477
Amount on December 31, 2023	**2,908**	**452**	**3,359**

The following table shows the default risk position for trade accounts receivable and contract assets determined using an impairment matrix:

EUR k

			Past due in the following time bands				
	Total	**Not overdue**	**Up to 30 days**	**31–60 days**	**61–90 days**	**91–180 days**	**More than 180 days**
2024							
Trade accounts receivable – gross	**266,781**	241,159	9,619	4,401	1,477	672	9,453
Contract assets – gross	**136,046**	136,046	0	0	0	0	0
Impairment	**8,822**	729	76	96	46	29	7,846
2023							
Trade accounts receivable – gross	**291,834**	263,408	18,402	3,602	1,623	1,069	3,731
Contract assets – gross	**126,697**	126,697	0	0	0	0	0
Impairment	**2,908**	303	129	181	113	71	2,111

15. Balances of contract assets and contract liabilities

Contract assets as defined in IFRS 15 break down as follows:

EUR k	December 31, 2024	December 31, 2023
Non-current contract assets	72,524	73,766
Current contract assets	63,522	52,931
Contract assets	**136,046**	**126,697**

As of December 31, 2024, performance obligations for series development in the amount of EUR 170,230 thousand (2023: EUR 199,276 thousand) had not yet been fulfilled in part or in full as scheduled. Approximately 38% of these performance obligations are expected to be recognized as revenue within one year.

Contract liabilities break down as follows:

EUR k	December 31, 2024	December 31, 2023
Non-current contract liabilities	4,103	2,786
Current contract liabilities	2,445	2,083
Contract liabilities	**6,548**	**4,869**

Contract liabilities arise from customer prepayments for series development activities.

16. Other financial assets

Other financial assets break down as follows:

EUR k	December 31, 2024	December 31, 2023
Outstanding loans	1,963	2,702
Investments in associates	45	32
Other receivables	61,979	0
Financial assets at fair value through other comprehensive income	29,023	8,916
Derivative financial assets	58	107
Non-current other financial assets	**93,068**	**11,757**
Other receivables	4,298	8,512
Derivative financial assets	765	3,397
Current other financial assets	**5,063**	**11,909**

Loans include the loan to GRA-MAG LLC, a joint venture accounted for using the equity method, of EUR 1,963 thousand (2023: EUR 2,702 thousand). The reduction is due to scheduled repayments.

The financial assets recognized at fair value through other comprehensive income include two investments in China established in 2023 that GRAMMER neither controls nor has significant influence over. The carrying amount is initially equal to cost. In the 2024 financial year, the change in fair value was recognized directly in equity in cumulative other comprehensive income. The fair value was measured at level 3 by applying the discounted cash flow method on the basis of the planned values of the units to be measured. The measurement was carried out using an average cost of capital of 8.7%. A 1% increase in the cost of capital to 9.7% would result in an effect of EUR –5.7 million in cumulative other comprehensive income, while a 1% reduction in the cost of capital to 7.7% would result in an effect of EUR +7.4 million in cumulative other comprehensive income. Other non-current receivables also include two loans with Ningbo Jifeng Auto Parts Co. totaling EUR 61,979 thousand. Other current receivables result primarily from current accounts receivable from associates, creditors with debit accounts and amounts due from employees. They are due for payment in approximately 30 days. Financial assets are neither past due nor impaired.

17. Other assets

Other assets break down as follows:

EUR k

	December 31, 2024	December 31, 2023
Non-current other assets	67,913	46,818
Deferrals	0	624
Non-current other assets	**67,913**	**47,442**
Current other assets	45,258	41,322
Deferrals	5,067	5,688
Current other assets	**50,325**	**47,010**

Non-current other assets include security deposit agreements that are classified as non-current depending on the term of the underlying contract. Assets also include consideration paid to customers totaling EUR 42,336 thousand (2023: EUR 34,112 thousand). This asset is recognized on a straight-line basis over the duration of the series as a reduction in revenue. Impairment is recognized if necessary. The majority of these assets are classified as non-current other assets. EUR 6,986 thousand (2023: EUR 7,170 thousand) of these assets were recognized as a reduction in revenue in the 2024 financial year. Receivables from other taxes include the refund claim of EUR 2,580 thousand (2023: EUR 0 thousand) from the two quasi-VAT levies PIS and COFINS (Programa de Integração Social / Contribuição para o Financiamento da Seguridade Social) in Brazil.

GRAMMER has included assets in connection with the costs to fulfill contracts for series deliveries of EUR 2,042 thousand (2023: EUR 1,375 thousand) in current other assets and of EUR 17,327 thousand (2023: EUR 10,273 thousand) in non-current other assets. No other impairments were recognized (2023: EUR 0 thousand).

Other current assets are chiefly made up of receivables arising from pass-though taxes such as value added tax and other taxes totaling EUR 22,262 thousand (2023: EUR 25,477 thousand) as well as temporary security deposit agreements of EUR 752 thousand (2023: EUR 327 thousand). Receivables from other taxes include the refund claim of EUR 2,841 thousand (2023: EUR 4,656 thousand) from the two quasi-VAT levies PIS and COFINS (Programa de Integração Social / Contribuição para o Financiamento da Seguridade Social) in Brazil.

There were no material restrictions on ownership or disposal with respect to the other receivables and assets reported. There were no impairments.

As a result of the disposal of the TMD Group, other assets were reduced by EUR 836 thousand in the 2024 financial year.

18. Cash and short-term deposits

Cash and short-term deposits break down as follows as of the reporting date:

EUR k

	December 31, 2024	December 31, 2023
Cash and short-term deposits	219,846	131,005

The Group has balances at different banks in various currencies that are translated at the end-of-year exchange rate as of the reporting date. The bank balances have variable interest rates and can be withdrawn on demand. Short-term deposits are made for various terms of between one day and three months depending on the Group's current liquidity requirements. These accrue interest at the current interest rates for short-term deposits.

For the purposes of the consolidated cash flow statement, holdings of cash and cash equivalents as of December 31 are as follows:

EUR k

	December 31, 2024	December 31, 2023
Cash and short-term deposits	219,846	131,005
Bank overdrafts (including current liabilities under factoring contracts)	–26,360	–79,554
Cash and cash equivalents	**193,486**	**51,451**

19. Equity

Subscribed capital

The subscribed capital of GRAMMER AG as of December 31, 2024 amounts to EUR 39,009 thousand (2023: EUR 39,009 thousand) and is divided into 15,237,922 (2023: 15,237,922) no-par value shares. All shares accord the same rights. The shareholders have a right to payment of the approved dividends (with the exception of the company's own shares) and may exercise one vote per share at the Annual General Meeting.

Capital reserve

The capital reserve totals EUR 162,947 thousand as of December 31, 2024 (2023: EUR 162,947 thousand). It includes premiums from the capital increases in 1996, 2001, 2011, 2017 and 2020, less transaction costs.

Own shares

As of December 31, 2024, GRAMMER AG holds a total of 330,050 shares as own shares, all of which were acquired in 2006 for a total purchase price of EUR 7,441 thousand. These shares have a total value of EUR 844,928 and represent 2.166% (2023: 2.166%) of the share capital.

On August 16, 2006, the Executive Board of GRAMMER AG decided to make use of the authorization of the Annual General Meeting of June 28, 2006 to acquire own shares in accordance with section 71 (1) no. 8 AktG. The authorization from the shareholders allowed the company to acquire up to 10% of its share capital, i.e. up to 1,049,515 of its own shares. The share repurchase was carried out for the purposes set out in the resolution adopted by the Annual General Meeting, which provides for both the acquisition of companies or participating interests, sale through the stock exchange or through an offer directed to all shareholders and the recall of shares. This authorization was valid from August 16, 2006 to December 1, 2007. The repurchase of the shares under this Executive Board resolution complied with the safe harbor rules of sections 14 (2) and 20a (3) of the old version of the WpHG (German Securities Trading Act) in conjunction with Commission Regulation (EC) no. 2273 / 2003 of December 22, 2003. The 330,050 shares were acquired on the stock exchange at the purchase price specified in the resolution of the Annual General Meeting. The Executive Board has not yet proposed how the shares will be utilized.

As of December 31, 2024, 15,237,922 (2023: 15,237,922) ordinary shares were outstanding.

Retained earnings

Retained earnings comprise the statutory reserve of GRAMMER AG, which totaled EUR 1,183 thousand on both December 31, 2024 and December 31, 2023. This is not available for the payment of dividends.

Retained earnings additionally include net income earned in the past by the companies included in the consolidated financial statements insofar as it has not been paid out as dividends. These declined from EUR 124,075 thousand to EUR 29,420 thousand due to the net loss after taxes of EUR –94,393 thousand attributable to the shareholders of the parent company. The increase in the shareholding in Changchun GRAMMER FAWSN Vehicle Parts Co., Ltd. resulted in a reclassification of EUR –262 thousand from the minority interests to the other retained earnings of the Group. In the previous year, this figure included the net profit after taxes of EUR 1,799 thousand.

Cumulative other comprehensive income

Accumulated other comprehensive income mainly comprises adjustments arising from the currency translation of the financial statements of foreign subsidiaries and the effects of the subsequent measurement of financial instruments in equity, as well as the related deferred taxes.

Accumulated other comprehensive income also includes the changes in actuarial gains and losses in accordance with IAS 19 and the related deferred taxes as well as the accumulated foreign currency effects on loans classified as part of the net investment in a foreign operation in accordance with IAS 21 and the related current taxes. In addition, there is the change from the measurement of financial assets at fair value.

Hybrid loan

A perpetual subordinated hybrid loan of EUR 19,148 thousand was granted by Ningbo Jifeng Auto Parts Co., Ltd., China, a company of the Ningbo Jifeng Group (the majority shareholder of GRAMMER AG), to GRAMMER Interior (Shanghai) Co., Ltd., China, one of GRAMMER AG's Chinese subsidiaries, on March 30, 2020 to strengthen the equity base. The hybrid loan has an indefinite term and was paid out in full to this subsidiary.

The hybrid loan bears interest at 3% p.a. and its term is not limited by contract. The hybrid loan is allocated to the subsidiary's equity in accordance with IAS 32. It is at the sole discretion of the subsidiary to decide whether and when the hybrid loan will be repaid. The lender, Ningbo Jifeng Auto Parts Co., Ltd., has no right to summarily terminate the loan agreement and unilaterally demand repayment of the loan. The timing of interest payments under the hybrid loan is determined solely at GRAMMER's discretion.

A perpetual subordinated hybrid loan was granted by Ningbo Jifeng Auto Parts Co., Ltd., China, a company of the Ningbo Jifeng Group (the majority shareholder of GRAMMER AG), to GRAMMER (China) Holding Co., Ltd., China, one of GRAMMER AG's Chinese subsidiaries, on October 31, 2023 to further strengthen the equity base. The equivalent of EUR 19,071 thousand was paid out on November 16, 2023. The hybrid loan has an indefinite term and was paid out in full to this subsidiary.

The hybrid loan bears interest at 6.0% p.a. and is not contractually limited in its term. The hybrid loan is allocated to the subsidiary's equity in accordance with IAS 32. It is at the sole discretion of the borrower to decide whether and when the hybrid loan will be repaid. The lender, Ningbo Jifeng Auto Parts Co., Ltd., has no right to summarily terminate the loan agreement and unilaterally demand repayment of the loan. The timing of interest payments under the hybrid loan is determined solely at GRAMMER's discretion.

Two additional perpetual subordinated hybrid loans were granted by Ningbo Jifeng Auto Parts Co., Ltd., China, a company of the Ningbo Jifeng Group (the majority shareholder of GRAMMER AG), to two Chinese subsidiaries of GRAMMER AG, GRAMMER Vehicle Parts (Changzhou) Co., Ltd. and GRAMMER Vehicle Interiors (Hefei) Co., Ltd., on December 16, 2024 to further strengthen the equity base. The equivalent of EUR 45,675 thousand was paid out on December 23, 2024. The two hybrid loans were entered into for an indefinite period and were paid out in full to these subsidiaries. They each bear interest at 3.6% p.a. and are not contractually limited in their term. The two hybrid loans are allocated to the equity of the subsidiaries in accordance with IAS 32. It is at the sole discretion of the respective borrower to decide whether and when the hybrid loan is repaid. The lender, Ningbo Jifeng Auto Parts Co., Ltd., has no right to summarily terminate the loan agreements and unilaterally demand repayment of the loans. The timing of interest payments under the hybrid loans is determined solely at GRAMMER's discretion.

As of April 20, 2024, the compensation claims from the hybrid loans of 2020 and 2023 comprising interest equivalent to EUR 1,028 thousand (2023: EUR 598 thousand) accrued for the period from March 30, 2023 to March 29, 2024 were paid out to the hybrid lender, Ningbo Jifeng Auto Parts Co., Ltd., a company of the Ningbo Jifeng Group (the majority shareholder of GRAMMER AG). The hybrid loans totaling EUR 85,295 thousand reported in equity as of December 31, 2024 comprise the hybrid loan from 2020 in the amount of EUR 19,581 thousand plus interest accrued since March 30, 2024 of EUR 608 thousand (2023: EUR 569 thousand) less the disbursement of EUR 588 thousand, the hybrid loan from 2023 in the equivalent amount of EUR 19,214 thousand plus interest accrued since March 30, 2024 of EUR 1,203 thousand (2023: EUR 143 thousand) less the disbursement of EUR 440 thousand and the two hybrid loans from 2024 in the equivalent amount of EUR 45,675 thousand plus interest accrued since December 23, 2024 of EUR 42 thousand.

Non-controlling interests

Non-controlling interests in the equity are attributed to shareholders in GRAMMER Koltuk Sistemleri Sanayi ve Ticaret A.S., Turkey, GRAMMER AD, Bulgaria, GRAMMER Seating (Shaanxi) Co., Ltd., China, GRAMMER Argentina S.A., Argentina, and GRAMMER Vehicle Parts (Harbin) Co., Ltd., China. The shareholders decided in April to increase the share capital of GRAMMER Vehicle Parts (Harbin) Co., Ltd. As it was decided to increase the capital in proportion to the existing shares, GRAMMER's 60% share in the capital is not affected. The equivalent of EUR 4,551 thousand was paid by the minority shareholder in January 2024. As the shares in GRAMMER Vehicle Parts (Qingdao) Co., Ltd., China, are held by GRAMMER Vehicle Parts (Harbin) Co., Ltd., its components of profit or loss are still attributable to non-controlling interests on a pro rata basis. GRAMMER's share in Changchun GRAMMER FAWSN Vehicle Parts Co., Ltd. increased to 100% for a consideration of EUR 1,363 thousand with effect from January 18, 2024.

Authorizations

By resolution of the Annual General Meeting on June 23, 2021, the authorization of the Executive Board contained in article 5 (3) of the Articles of Association of GRAMMER AG to increase the company's share capital, subject to the approval of the Supervisory Board, on one or more occasions on or before July 7, 2025 by a total of up to EUR 9,402,263.04 in return for contributions in cash or in kind (Authorised Capital 2020) was canceled. Moreover, the Executive Board is authorized by resolution to increase the company's share capital, subject to the approval of the Supervisory Board, by a maximum of up to EUR 19,504,537.60 by issuing new bearer shares in return for contributions in cash or in kind on one or more occasions on or before June 22, 2026 (Authorised Capital 2021). Shareholders shall in principle be granted a subscription right; the statutory subscription right may also be granted in such a way that the new shares are taken over by one or more banks or equivalent companies pursuant to section 186 (5) sentence 1 AktG with the obligation to offer them to the shareholders for subscription. The Executive Board was authorized to disapply shareholders' pre-emptive rights under certain conditions, within defined limits and with the approval of the Supervisory Board. The Authorized Capital remained unchanged at EUR 19,504,537.60 as of December 31, 2024.

20. Retirement benefits and other post-employment benefits

The GRAMMER Group has arranged defined benefit plans that are in place in Germany.

Provisions for pension obligations are recognized on the basis of benefit plans providing retirement, disability and dependent survivor benefits. Benefits paid by the Group vary in accordance with the legal, tax and economic factors in the relevant countries and generally depend on the length of employment and the remuneration paid to the employee.

In the case of the foreign subsidiaries, the provisions primarily contain other post-employment benefits.

The present value of the defined benefit obligations and the related current and past service cost have been calculated in accordance with IAS 19 using the projected unit credit method. Under this method, the necessary expense for the accrued benefits is allocated to the period that is attributable to the unit of accrued benefits arising in the year in question in the light of vesting conditions.

When retirement benefit obligations are measured, assumptions regarding the relevant factors affecting the amount of the benefit are made. These assumptions are based on actuarial calculations performed by an actuary for the GRAMMER Group.

The calculation of the defined benefit obligation (DBO) for retirement benefit commitments is based primarily on the following actuarial assumptions:

DBO measurement parameters

in %

	2024	2023
Interest rate	3.50	3.30
Salary trend	2.50	2.50
Income trend for individual commitments	2.50	2.50
Inflation rate/pension trend	2.00	2.00

Measurement parameters for other benefits

in %

	2024	2023
Interest rate	3.70–27.00	3.30–25.00
Salary trend	2.50–5.80	2.50–5.80
Inflation rate	2.00–22.34	2.00–20.77

The measurement parameters also include liabilities from other countries that tend to have higher interest rates than Germany due to different structures. For example, the interest rate is 10.2% (2023: 10.3%) in Mexico and 27.0% (2023: 25.0%) in Turkey, while the salary trend in Mexico is 5.8% (2023: 5.8%) and the inflation rate in Turkey is approximately 22.3% (2023: 20.8%).

As in the previous year, the actuarial interest rate of Aon Solutions Germany GmbH, Hamburg, was applied in the calculation for the 2024 financial year. This interest rate is derived from the vested obligations in the light of the specific structure of the payment flows. The calculation is based on the pension obligations of the GRAMMER companies, which form the basis of the pension provisions as of December 31, 2024.

The calculation of the interest rate is based on the yield structure curve of investment-grade EUR-denominated corporate bonds, the coupon yields of the "iBoxx € Corporates AA index" for various maturity classes and the yield structure curve for (fictitious) zero-coupon bonds with no credit risk (source: Deutsche Bundesbank). The calculations are performed on the basis of the end-of-day prices as of December 31, 2024.

Mortality and disability are calculated on the basis of the 2018 G Heubeck biometric tables or comparable foreign mortality tables. The inflation rate / pension trend remains on a par with the previous year at 2.0% (2023: 2.0%). The probability of fluctuation was computed specifically for the Group.

In the 2024 financial year, annuities were paid on retirement benefit commitments in the amount of EUR 4,291 thousand (2023: EUR 3,938 thousand). A total of EUR 2,398 thousand (2023: EUR 2,036 thousand) was paid out for other post-employment benefits.

The following amounts were recognized in the income statement:

EUR k	Pension plan	Other benefits
2024		
Service cost	3,006	217
Current service cost	3,111	217
Past service cost	–105	0
Net interest expense	4,263	549
Service cost and net interest expense	**7,269**	**766**

EUR k	Pension plan	Other benefits
2023		
Service cost	2,696	880
Current service cost	2,910	880
Past service cost	–214	0
Net interest expense	4,521	777
Service cost and net interest expense	**7,217**	**1,657**

The item service cost includes current and past service cost. Past service cost corresponds to the gains or losses from plan adjustments or curtailments which are recognized immediately upon arising.

As there are no plan assets for funding future pension obligations under defined benefit plans, the net interest expense for the defined benefit plans is identical to the interest expense.

Service cost is generally included in the personnel costs in the different segments; the interest expense for pension commitments is recognized in the financial expenses.

The following items are reported in the statement of comprehensive income and recognized in equity in the cumulative other comprehensive income:

EUR k	Pension plan	Other benefits
2024		
Cumulative amount recognized in other comprehensive income as of January 1, 2024	38,767	2,247
Amount recognized in the year under review	–5,595	780
Cumulative amount recognized in other comprehensive income as of December 31, 2024	**33,172**	**3,027**

EUR k	Pension plan	Other benefits
2023		
Cumulative amount recognized in other comprehensive income as of January 1, 2023	32,290	2,228
Amount recognized in the year under review	6,477	19
Cumulative amount recognized in other comprehensive income as of December 31, 2023	**38,767**	**2,247**

The changes in the present value of the defined benefit obligations break down as follows:

EUR k

	Pension plan	Other benefits
Amount on January 1, 2024	**129,743**	**2,828**
– Changes in the scope of consolidation	–59	0
+ Service cost	3,006	217
+ Interest expense	4,263	549
Changes in estimates: gains (–)/losses (+)	–5,476	780
Changes in demographic assumptions	6	0
Changes in financial assumptions	–3,040	780
Changes based on historical data	–2,442	0
– Actual payments	–4,291	–2,398
– Disposal of obligations	0	20
Exchange rate differences	81	–244
Amount on December 31, 2024	**127,267**	**1,752**
Amount on January 1, 2023	**120,282**	**4,702**
+ Service cost	2,696	880
+ Interest expense	4,521	777
Changes in estimates: gains (–)/losses (+)	6,543	19
Changes in demographic assumptions	–5	3
Changes in financial assumptions	6,211	0
Changes based on historical data	337	16
– Actual payments	–3,938	–2,036
– Disposal of obligations	–307	81
Exchange rate differences	–54	–1,595
Amount on December 31, 2023	**129,743**	**2,828**

In the past, retirement benefits for the members of the Executive Board took the form of a capital account plan, to which the company added an amount calculated annually for each member of the Executive Board.

A defined benefit plan in different forms applies to employees at German sites and members who have already left the Executive Board. In this context, a Contractual Trust Agreement remains in place.

As of December 31, 2024, the capital payments deposited in the Contractual Trust Agreement (trust account) amounted to EUR 11,518 thousand (2023: EUR 9,646 thousand), which also includes an amount of EUR 2,542 thousand (2023: EUR 2,543 thousand) for former members of the Executive Board and management. This capital benefit represents plan assets and is netted against the retirement benefit obligations reported in the statement of financial position. The assets of the Contractual Trust Agreement are invested in a capital preservation fund comprising global equities, fixed-income securities and cash. The fund is exposed to the general risks of the equity and fixed-income markets.

Changes in the fair value of the plan assets are shown in the following table:

EUR k

	2024	2023
Fair value of plan assets on January 1	**9,646**	**7,819**
Interest income on plan assets	310	285
Adjustments	117	66
Contributions to plan assets	1,445	1,476
Fair value of plan assets on December 31	**11,518**	**9,646**

The material actuarial assumptions used to calculate the defined benefit obligation are the discount rate, expected salary and pension increases and mortality rates. The following sensitivity analyses have been performed in the light of the possible changes that may reasonably occur in the individual assumptions as of the reporting data, where all other assumptions remain constant.

Discount factor

EUR k

	2024 1% reduction	2024 1% increase	2023 1% reduction	2023 1% increase
Effect on DBO	16,581	–13,405	18,181	–14,595
Effect on current service cost	168	–131	204	–158
Effect on net interest expense	–675	487	–724	514

Future salary increases

EUR k

	2024 0.5% reduction	2024 0.5% increase	2023 0.5% reduction	2023 0.5% increase
Effect on DBO	–1,111	1,172	–1,320	1,429

Inflation rate

EUR k

	2024 0.5% reduction	2024 0.5% increase	2023 0.5% reduction	2023 0.5% increase
Effect on DBO	–5,958	6,503	–6,397	6,995

Mortality rate

EUR k

	2024 10% reduction	2024 10% increase	2023 10% reduction	2023 10% increase
Effect on DBO	3,501	–3,132	3,690	–3,300

As most of the defined benefit obligations relate to the German companies, the sensitivity analysis is confined to these companies.

In the above sensitivity analyses, the present value of the defined benefit obligation was calculated using the projected unit credit method as of the reporting date, i.e. the same method as that used to calculate the defined benefit liability recorded in consolidated balance sheet.

It can be assumed that the above sensitivity analysis is not representative of the actual change which would occur in the defined benefit obligation as it is unlikely for deviations from the assumptions applied to arise in isolation in view of the fact that some of the assumptions are linked to each other.

The following table sets out the expected future cash outflows for the existing pension plans:

Expected cash outflows

EUR k

	Expected cash outflows in 2024	Expected cash outflows in 2023
Short-term (< 1 year)	4,913	4,619
Medium-term (1 to 5 years)	20,264	19,696
Long-term (> 5 years)	90,943	95,987

21. Financial liabilities

Financial liabilities break down as follows:

EUR k	Current	Non-current	Total
2024			
Bank overdrafts (including current liabilities under factoring contracts)	26,360	0	**26,360**
Loans	59,733	360,439	**420,172**
Bonded loans	2,992	49,104	**52,096**
Financial liabilities	**89,085**	**409,543**	**498,628**

EUR k	Current	Non-current	Total
2023			
Bank overdrafts (including current liabilities under factoring contracts)	79,554	0	**79,554**
Loans	199,235	89,650	**288,885**
Bonded loans	7,839	77,375	**85,214**
Financial liabilities	**286,628**	**167,025**	**453,653**

The previous syndicated loan and smaller bilateral loans have been replaced by a new financing structure. This consists of a syndicated loan from five banks in China amounting to EUR 150 million, and a syndicated revolving operating credit facility from five banks in Germany amounting to EUR 80 million. The syndicated credit facility provided by the German banks can be drawn on either as a bank overdraft or in the form of fixed-rate loans with interest periods of up to six months. Interest is charged on the basis of a money market rate plus a fixed margin. A small number of key GRAMMER companies are liable for the entire syndicated loan via guarantees. The syndicated loan tranche C amounting to EUR 235 million, in which KfW participated, was refinanced as early as the spring by a bilateral loan line amounting to EUR 197 million with a term of three years, which has been provided by a Chinese bank.

Both financing arrangements, which were provided from China, were entered into nominally in RMB and hedged by means of cross-currency swaps in fixed-interest EUR loans.

In addition, GRAMMER received subordinated loans from the majority shareholder Ningbo Jifeng totaling around EUR 130 million. The maturities of the new financing structure range between two and a half and three years.

Details on the financial covenants can be found in Note 31 "Capital management". Qualitative disclosures on the assessment of the nature and extent of the risks associated with financial instruments to which GRAMMER is exposed as of the reporting date can be found in the section 3 "Opportunity and risk report" of the GRAMMER Group's Management Report.

In addition, long-term mortgage-backed fixed-rate (development) loans with a carrying amount of EUR 24.4 million (2023: EUR 31.3 million) are available to finance the construction of the new GRAMMER Campus.

Bank overdrafts
Overdrafts are primarily amounts drawn under corresponding credit facilities as well as current bank borrowings under factoring agreements due for settlement within a very short space of time.

Loans
This item includes short and medium-term bilateral loans. Depending on the facility, the loans are structured to allow revolving utilization.

Bonded loans
In addition to deferred interest and the discount, this item includes promissory note loans and private placements totaling EUR 52.1 million (2023: EUR 85.2 million). The amount of the bonded loans declined slightly due to pro rata repayments and currency effects. The bonded loans have fixed or variable interest rates and differing maturity dates extending up to 2031. Deferred interest for the existing bonded loans is included in the current part. EUR 30.9 million was reclassified from non-current to current bonded loans in line with their maturity.

Reconciliation of changes in financial liabilities for the financial year ending December 31, 2024

EUR k

	December 31, 2023	Change recognized in the cash flow statement	Reclassification	Change due to currency translation effects	Other non-cash changes	Effects of changes in the scope of consolidation and business combinations	December 31, 2024
Current financial liabilities	**207,074**	−235,610	92,926	−383	−1,280	0	**62,727**
Current financial liabilities from leases	**16,622**	−22,296	17,798	343	6,362	−476	**18,353**
Non-current financial liabilities	**167,025**	336,954	−92,926	0	−1,510	0	**409,543**
Long-term shareholder loans	**0**	129,577	0	0	0	0	**129,577**
Non-current financial liabilities from leases	**54,918**	0	−17,798	125	21,837	−9,341	**49,741**
Total	**445,638**	**208,625**	**0**	**85**	**25,409**	**−9,817**	**669,941**

Reconciliation of changes in financial liabilities for the financial year ending December 31, 2023

EUR k

	December 31, 2022	Change recognized in the cash flow statement	Reclassification	Change due to currency translation effects	Other non-cash changes	Effects of changes in the scope of consolidation and business combinations	December 31, 2023
Current financial liabilities	**225,122**	−23,239	6,766	−277	−1,299	0	**207,074**
Current financial liabilities from leases	**16,668**	−22,273	18,005	−547	4,769	0	**16,622**
Non-current financial liabilities	**157,807**	15,500	−6,766	−163	647	0	**167,025**
Long-term shareholder loans	**0**	0	0	0	0	0	**0**
Non-current financial liabilities from leases	**63,211**	0	−18,005	−1,038	10,750	0	**54,918**
Total	**462,808**	**−30,012**	**0**	**−2,025**	**14,867**	**0**	**445,638**

In line with the presentation of changes in financial liabilities in the consolidated statement of cash flows, the current financial liabilities shown in the table do not include bank overdrafts or current liabilities under factoring contracts with banks. The other non-cash changes arise from changes in discounts and interest.

22. Provisions

Provisions break down as follows:

EUR k

	Amount on January 1, 2024	Addition	Utilization	Amounts not used and written back	Reclassi-fication	Acquisitions through business combinations	Disposals from the scope of consolidation	Effects from exchange rate differences	Amount on December 31, 2024	Current provisions 2024	Non-current provisions 2024
Market-related provisions	**18,282**	23,108	–11,687	–6,751	50	4,986	–1,108	438	**27,318**	27,318	0
Obligations relating to personnel	**8,507**	31,605	–12,981	–673	–50	0	0	–38	**26,370**	10,609	15,761
Other provisions	**2,233**	1,671	–1,715	–1,612	0	0	0	21	**598**	598	0
Provisions	**29,022**	**56,384**	**–26,383**	**–9,036**	**0**	**4,986**	**–1,108**	**421**	**54,286**	**38,525**	**15,761**

EUR k

	Amount on January 1, 2023	Addition	Utilization	Amounts not used and written back	Reclassi-fication	Acquisitions through business combinations	Disposals from the scope of consolidation	Effects from exchange rate differences	Amount on December 31, 2023	Current provisions 2023	Non-current provisions 2023
Market-related provisions	**21,905**	14,175	–12,756	–3,828	–355	0	0	–859	**18,282**	18,282	0
Obligations relating to personnel	**7,487**	3,291	–1,591	–882	226	0	0	–24	**8,507**	8,507	0
Other provisions	**2,679**	4,844	–3,508	–1,838	129	0	0	–73	**2,233**	2,233	0
Provisions	**32,071**	**22,310**	**–17,855**	**–6,548**	**0**	**0**	**0**	**–956**	**29,022**	**29,022**	**0**

Market-related obligations include provisions for risks arising after development work has been completed and risks arising from the sale of parts and products. For the most part, these comprise warranty claims calculated on the basis of previous claims and estimated future claims. These encompass Group liability for the proper functioning of the products sold and obligations to compensate buyers for damages and costs caused by use of the products. In addition, provisions for anticipated losses from onerous contracts from series development are included. The additions relate to provisions for warranty claims in the amount of EUR 5,064 thousand (2023: EUR 5,882 thousand), provisions for anticipated losses from onerous contracts from series development in the amount of EUR 12,332 thousand (2023: EUR 5,692 thousand) and provisions for quality costs in the amount of EUR 6,320 thousand (2023: EUR 0 thousand). EUR 3,992 thousand (2023: EUR 4,476 thousand) of the utilizations is attributed to provisions for warranty claims, while EUR 5,930 thousand (2023: EUR 5,986 thousand)is attributed to provisions for anticipated losses from onerous contracts from series development. EUR 1,591 thousand (2023: EUR 844 thousand) of unutilized, reversed amounts is attributed to provisions for warranty claims, while EUR 2,073 thousand (2023: EUR 2,334 thousand) is attributed to provisions for price differences. The disposal of the TMD Group resulted in the reversal of provisions totaling EUR 1,108 thousand. The acquisition of the Jifeng Automotive Interior Group resulted in the addition of provisions totaling EUR 4,986 thousand.

Personnel provisions contain obligations related to personnel and social benefits such as anniversary bonuses. As of December 31, 2024, they additionally include restructuring provisions of EUR 18,890 thousand (2023: EUR 1,365 thousand). These increased mainly as a result of additions totaling EUR 29,833 thousand and decreased as a result of utilizations totaling EUR 11,635 thousand.

Other provisions include a number of identifiable specific risks and contingent liabilities, for example provisions for litigation costs, which are recognized at their probable amounts.

23. Trade accounts payable

Trade accounts payable break down as follows:

EUR k	December 31, 2024	December 31, 2023
Non-current trade accounts payable	1,128	1,474
Current trade accounts payable	401,161	404,051
Trade accounts payable	**402,289**	**405,525**

Trade accounts payable include outstanding obligations arising from the Group's provision of goods and services. Outstanding invoices and liabilities for goods received are recognized in trade accounts payable in accordance with their nature. Trade accounts payable generally do not bear interest and usually have a term of up to 90 days. Specifically, the non-current trade accounts payable include a liability under a hire purchase agreement with a remaining term of four years. Trade accounts payable are subject to the supplier's customary retention of title.

24. Other financial liabilities

Other financial liabilities break down as follows:

EUR k	December 31, 2024	December 31, 2023
Derivative financial liabilities	4,156	1,069
Liabilities from leases	18,353	16,622
Liabilities to associated companies	2,387	1,092
Miscellaneous other current financial liabilities	2,548	4,386
Other current financial liabilities	**27,444**	**23,169**
Derivative financial liabilities	18	303
Liabilities from leases	49,741	54,918
Shareholder loans	129,576	0
Other non-current financial liabilities	**179,335**	**55,221**

Other financial liabilities mainly comprise non-current and current liabilities from leases. The increase in comparison with the 2023 financial year results mainly from a new shareholder loan of EUR 129,576 thousand. The reduction in the lease liabilities results from the disposal of the TMD Group in the amount of EUR 18,252 thousand. The offsetting effect from renewing existing leases and entering into new ones significantly mitigates the reduction caused by the TMD Group.

25. Other liabilities

Other liabilities break down as follows:

EUR k	December 31, 2024	December 31, 2023
Other liabilities	75,756	71,451
of which personnel-related liabilities	30,351	32,320
of which liabilities for consulting	2,588	2,373
Liabilities from other taxes and charges	15,632	10,377
Prepayments received	3,862	2,783
Social security obligations	6,516	7,038
Deferred income	999	1,827
Other current liabilities	**102,765**	**93,476**
Prepayments received	0	0
Other non-current liabilities	**0**	**0**
Other liabilities	**102,765**	**93,476**

Social security liabilities are largely liabilities to social security agencies. Other liabilities mainly comprise liabilities to employees from outstanding annual leave, overtime, flex-time or similar benefits. The item also includes liabilities relating to value-added tax and short-term accrued expenses.

Other liabilities in the 2024 financial year are reduced by EUR 7,690 thousand as a result of the disposal of the TMD Group.

The increase in other liabilities of EUR 9,289 thousand incurred in the 2024 financial year despite the disposal of the TMD Group is essentially due to an increase in short-term accruals within other liabilities of EUR 5,899 thousand and liabilities for severance payments of EUR 6,818 thousand. In addition, the liabilities from nomination fees increased by EUR 3,656 thousand.

26. Statement of Cash Flows

The statement of cash flows presents the cash flows broken down into cash inflows and outflows from operating activities, investing activities and financing activities, irrespective of the classification of the individual items in the statement of financial position. In the financial year 2024, the individual areas of the cash flow statement were also subdivided into continuing and discontinued operations due to the sale of the TMD Group.

Cash flow from operating activities is derived indirectly from net profit before tax, which is adjusted for non-cash expenses (primarily depreciation, amortization and impairment) and income. Cash flow from operating activities is calculated under consideration of the change in working capital. Investing activities comprise payments for property, plant and equipment, intangible assets and financial assets, but not additions of right-of-use assets. Financing activities also include changes to other financial liabilities and lease liabilities as well as cash outflows for the compensation claim of the hybrid lender. In the 2024 financial year, they also included cash inflows from a new hybrid loan granted to Chinese group companies by the main shareholder.

Generating proceeds of EUR 39.5 million, the sale of the TMD Group had a positive impact on the cash flow from investing activities from discontinued operations in the 2024 financial year. EUR 46.5 million is also shown as a cash outflow from investing activities for the assets and liabilities acquired as part of the takeover of the business operations of the Ningbo Jifeng Interior Group in the EMEA region. At the GRAMMER Group, cash and cash equivalents are cash and short-term deposits with a maturity of up to three months less bank overdrafts (including current liabilities under factoring contracts). Cash and cash equivalents totaling EUR 108.7 million (2023: EUR 77.6 million) are subject to Chinese foreign exchange control regulations, which stipulate that official approval is required to transfer funds to foreign group companies. Management assumes that the approvals will be issued promptly when dividend payments are planned, but points out the risk of unforeseen delays.

27. Legal disputes

Some GRAMMER Group companies are involved in legal disputes or could be involved in other legal disputes. This could bring about claims for compensation or other claims. Suitable amounts and, where necessary, receivables from insurers are recognized for these receivables and claims.

A US subsidiary of GRAMMER AG has been a defendant in several lawsuits in the USA, one of which has been filed as a class action. Under the lawsuits, claims are being asserted for allegedly defective products. The amount in dispute has not been set. GRAMMER was able to get some of these lawsuits, in particular the class action lawsuit, dismissed in the reporting year. GRAMMER is defending itself against the other actions that are still pending, although the outcome of the proceedings cannot be foreseen at present.

There are currently no other pending lawsuits or legal action that could significantly impact GRAMMER's economic position, nor have there been any in the past.

28. Contingent liabilities

Contingent liabilities break down as follows:

EUR k	2024	2023
Guarantees	1,247	937

Guarantees have been issued primarily as performance bonds.

29. Related party disclosures

Information on the Group structure, subsidiaries and the parent company can be found in Note 3.

Terms of related party transactions

This section describes the sales to and purchases from related parties. Outstanding amounts at the end of the financial year are unsecured, non-interest bearing and are settled by cash payment. No guarantees exist for receivables from or liabilities to related parties. An impairment test is performed annually by reviewing the financial position of the related party and the market in which it operates. As in the previous year, no impairment losses were recognized on accounts receivable from related parties as of December 31, 2024.

The table below contains the amounts arising from transactions with related parties for the financial year in question:

EUR k

Related parties		Sales to related parties	Purchases from related parties	Receivables from related parties	Liabilities to related parties
GRA-MAG Truck Interior Systems LLC	**2024**	12,007	0	1,893	0
	2023	13,789	0	3,861	0
Ningbo Jifeng Auto Parts Co., Ltd.	**2024**	1,107	22,940	3,168	16,964
	2023	802	8,115	251	2,750
Jifeng Automotive Interior GmbH	**2024**	974	514	951	46,501
	2023	0	356	0	356
Jifeng Automotive Interior CZ s.r.o.	**2024**	2,548	249	45	0
	2023	2,323	77	139	2
Ningbo Jifeng Technology Co., Ltd.	**2024**	0	3,800	0	888
	2023	0	4,303	0	720
Ningbo Jiye Trading Co., Ltd.	**2024**	0	–32	0	–47
	2023	0	1,535	0	–2
Tianjin Jifeng Auto Parts Co., Ltd.	**2024**	0	28	0	13
	2023	0	34	0	22
Jifeng Seating (Hefei) Co., Ltd. (formerly Hefei Jiye Auto Parts Co., Ltd.)	**2024**	76	2,125	0	527
	2023	229	1,595	5	734
Hefei Jifeng Auto Parts Co., Ltd.	**2024**	0	0	0	0
	2023	0	107	0	0
Shenyang Jifeng Auto Parts Co., Ltd.	**2024**	0	735	0	18
	2023	0	585	0	9
Jifeng Seating Shanghai Co., Ltd.	**2024**	295	0	293	0
	2023	24	0	0	0
Ningbo Jixin Auto Parts Ltd. Co.	**2024**	15	0	0	0
	2023	17	0	0	0
AllyGram Systems and Technologies Private Limited	**2024**	0	5,028	0	904
	2023	0	4,369	0	1,095
GRAMMER Vehicle Parts (Tianjin) Co., Ltd.	**2024**	13	0	5	732
	2023	1,072	0	466	0
GRAMMER Vehicle Parts (Changchun) Co., Ltd.	**2024**	–17	0	250	0
	2023	2,669	0	2,669	0
GRAMMER Jifeng Automotive Interior, Kitzingen	**2024**	974	47,059	951	46,501
	2023	0	0	0	0
GRAMMER Jifeng Automotive Seating GmbH, Ursensollen	**2024**	406	0	174	0
	2023	0	0	0	0

Acquisition of the European business of the Ningbo Jifeng Group by GRAMMER

GRAMMER took over the European business of the Ningbo Jifeng Automotive Interior Group, a wholly owned subsidiary of Ningbo Jifeng Auto Parts Co., Ltd., on July 31, 2024. The transfer of beneficial ownership was completed on December 31, 2024. The transaction was implemented as an asset deal, in which the business operations were transferred in their entirety and measured as a business combination in accordance with IFRS 3. The determination of the purchase price totaling EUR 46,502 thousand was confirmed by an external fairness opinion. Information on this can be found in Note 5.

GRA-MAG Truck Interior Systems LLC

The Group holds a 50% interest in the capital of GRA-MAG Truck Interior Systems LLC (2023: 50%). GRA-MAG Truck Interior Systems LLC has 50 employees (2023: 48) as of December 31, 2024. The accounts receivable from GRA-MAG Truck Interior Systems LLC included a loan of EUR 1,963 thousand (2023: EUR 2,702 thousand) as of December 31, 2024.

AllyGram Systems and Technologies Private Limited

The Group holds a 30% interest in the capital of AllyGram Systems and Technologies Private Limited (ALLYGRAM). ALLYGRAM provides development services for the GRAMMER Group, which are invoiced on the basis of hourly rates. ALLYGRAM had 115 employees as of December 31, 2024 (2023: 116).

Ningbo Jihong Investment Co., Ltd.

Ningbo Jihong Investment Co., Ltd., Ningbo City, China is the ultimate parent company of GRAMMER AG. There are no relationships with Ningbo Jihong Investment Co., Ltd. for the delivery of goods and services. According to the most recently published notifications of voting rights pursuant to section 40 WpHG dated December 11, 2019, Ms. Bifeng Wu together with Yiping Wang and Jimin Wang (the Wang family) are reported as the ultimate controlling party of the GRAMMER Group.

Ningbo Jifeng Auto Parts Co., Ltd.

GRAMMER AG received subordinated loans totaling EUR 130 million from the majority shareholder Ningbo Jifeng Auto, Ltd. in the 2024 financial year to strengthen its financial resources over the long term. Furthermore, two Chinese subsidiaries of GRAMMER AG - GRAMMER Interior (Changchun) Co., Ltd. and GRAMMER Interior (Tianjin) Co., Ltd. - each issued a loan to the majority shareholder Ningbo Jifeng Auto, Ltd. totaling EUR 62 million in the 2024 financial year.

GRAMMER Jifeng Automotive Seating GmbH

GRAMMER AG holds a 20% interest in the capital of GRAMMER Jifeng Automotive Seating GmbH, which was jointly founded with the majority shareholder Ningbo Jifeng Auto Parts Co., Ltd. in the 2024 financial year.

Ningbo Jifeng Auto Parts Co., Ltd. / Jiye Auto Parts GmbH / Jifeng Automotive Interior GmbH / Jifeng Automotive Interior CZ s.r.o. / Ningbo Jifeng Technology Co., Ltd. / Ningbo Jiye Trading Co., Ltd. / Tianjin Jifeng Auto Parts Co., Ltd. / Jifeng Seating (Hefei) Co., Ltd. (formerly Hefei Jiye Auto Parts Co., Ltd.) / Hefei Jifeng Auto Parts Co., Ltd. / Shenyang Jifeng Auto Parts Co., Ltd. / GRAMMER Vehicle Parts (Tianjin) Co., Ltd. / GRAMMER Vehicle Parts (Changchun) Co., Ltd.

Jifeng Automotive Interior CZ s.r.o., Česká Lípa, Czech Republic, Jiye Auto Parts GmbH, Frankfurt a. M., Germany, Jifeng Automotive Interior GmbH, Kitzingen, Germany, 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. (formerly Hefei Jiye Auto Parts Co., Ltd.), Hefei, China, Hefei Jifeng Auto Parts Co., Ltd., Hefei, China, and Shenyang Jifeng Auto Parts Co., Ltd., Shenyang, China, as well as the new companies GRAMMER Vehicle Parts (Tianjin) Co., Ltd., Tianjin, China and GRAMMER Vehicle Parts (Changchun) Co. Ltd., Changchun, China, which were established in 2023, are controlled by Ningbo Jifeng Auto Parts Co., Ltd., as is the direct parent company of GRAMMER AG (Jiye Auto Parts GmbH). GRAMMER maintains direct relations with these companies for the delivery of goods and the provision of services. A cost coverage agreement is in place between Ningbo Jifeng Auto Parts Co., Ltd. and GRAMMER AG in particular for the reimbursement of expenses incurred in the provision of information to the Ningbo Jifeng Group in connection with the preparation of the annual financial statements. For the 2024 financial year, GRAMMER AG invoiced internal and external costs totaling EUR 357 thousand (2023: EUR 355 thousand) to Ningbo Jifeng Auto Parts Co., Ltd. No other rechargeable costs arose in the financial year 2024. Accordingly, all internal costs and all external costs were recharged in full by GRAMMER AG. Internal costs are determined on the basis of the hours worked by the department in question and external costs incurred.

As of March 30, 2020, October 31, 2023 and December 16, 2024, hybrid loans in the amount of EUR 19,581 thousand, EUR 19,214 thousand and EUR 45,675 thousand were granted by Ningbo Jifeng Auto Parts Co., Ltd. to Chinese subsidiaries of GRAMMER AG. The hybrid loans were concluded for an indefinite period and are allocated to Equity. As of April 20, 2024 , the Hybrid loan lender's compensation claims from the 2020 hybrid loan and from the 2023 hybrid loan, consisting of accrued interest for the period from March 30, 2023 to March 29, 2024, were paid out to the hybrid loan lender in the equivalent of EUR 1,028 thousand (2023: EUR 598 thousand). The hybrid loan balance as of December 31, 2024 amounted to EUR 85,295 thousand due to the interest accrued since March 30, 2024.

A sales cooperation agreement is in place between Ningbo Jifeng Auto Parts Co., Ltd. and GRAMMER AG. No direct service relationships are established between Ningbo Jifeng and GRAMMER AG as a result of the joint purchasing activities. Ningbo Jifeng Auto Parts Co., Ltd. and GRAMMER AG have entered into a cooperation agreement to develop and produce automotive interior components and armrests for the Chinese market. Settlement for this is based on the unit price for the goods supplied in the course of the cooperation.

A proxy voting agreement was entered into between Shanghai Jifeng Seating Co., Ltd. and GRAMMER (China) Holding Co., Ltd. in 2023. Under this agreement, Shanghai Jifeng Seating Co., Ltd. exercises the shareholder rights of GRAMMER (China) Holding Co., Ltd. in respect of two subsidiaries of the joint venture GRAMMER Vehicle Parts (Harbin) Co., Ltd., in which GRAMMER (China) Holding Co., Ltd. holds a 60% interest, and GRAMMER (China) Holding Co., Ltd. is required to follow the instructions issued in this regard. This proxy voting agreement does not result in any direct service relationships between Shanghai Jifeng Seating Co., Ltd. and GRAMMER (China) Holding Co., Ltd.

The business of the companies Jifeng Automotive Interior GmbH, Jifeng Automotive Interior CZ s.r.o. and Jifeng Automotive Interior bh d.o.o. was transferred to GRAMMER with effect from December 31, 2024.

Disclosures relating to the Executive Board / Supervisory Board

No companies in GRAMMER Group entered into any significant transactions with members of the Executive Board or the Supervisory Board of GRAMMER AG or with any companies on whose management or supervisory boards such persons are represented. This also applies to family members of such persons. The remuneration of the Management Board and the Supervisory Board is presented in Note 33.

30. Additional information on financial instruments

The following table shows all financial instruments of the Group recognized in GRAMMER AG, classified according to measurement category, carrying amount and fair value:

EUR k

	Measurement category in accordance with IFRS 9	Carrying amount on December 31, 2024	Measured in accordance with IFRS 9			Measured in accordance with IFRS 16	Fair value on December 31, 2024
			Amortized cost	Fair value through other comprehensive income	Fair value through profit or loss		
Assets							
Cash and short-term deposits	FAAC	219,846	219,846				**219,846**
Trade accounts receivable	FAAC	257,479	257,479				**257,479**
Other financial assets							
Loans and receivables	FAAC	68,240	68,240				**68,240**
Investments in associates	FVOCI	29,068		29,068			**29,068**
Financial assets held for trading	FVtPL	0			0		**0**
Derivatives with hedge relationship	n.a.	823		823			**823**
Equity and liabilities							
Trade accounts payable	FLAC	402,289	402,289				**402,201**
Current and non-current financial liabilities	FLAC	498,628	498,628				**497,764**
Other financial liabilities							
Other financial liabilities	FLAC	134,511	134,511				**121,342**
Liabilities from leases	n.a.	68,094				68,094	**68,094**
Derivatives with no hedge relationship	FLtPL	198			198		**198**
Derivatives with hedge relationship	n.a.	3,976		3,976			**3,976**

EUR k	Measurement category in accordance with IFRS 9	Carrying amount on December 31, 2024	Measured in accordance with IFRS 9			Measured in accordance with IFRS 16	Fair value on December 31, 2024
			Amortized cost	Fair value through other comprehensive income	Fair value through profit or loss		
Of which aggregated by category in accordance with IFRS 9:							
Assets							
Financial assets at amortized cost	FAAC	545,565	545,565				**545,565**
Financial assets at fair value through other comprehensive income	FVOCI	29,068		29,068			**29,068**
Financial assets at fair value through profit and loss	FVtPL	0			0		**0**
Equity and liabilities							
Financial liabilities at amortized cost	FLAC	1,035,428	1,035,428				**1,021,307**
Financial liabilities at fair value through profit and loss	FLtPL	198			198		**198**

EUR k

	Measurement category in accordance with IFRS 9	Carrying amount on December 31, 2023	Measured in accordance with IFRS 9			Measured in accordance with IFRS 16	Fair value on December 31, 2023
			Amortized cost	Fair value through other comprehensive income	Fair value through profit or loss		
Assets							
Cash and short-term deposits	FAAC	131,005	131,005				**131,005**
Trade accounts receivable	FAAC	288,474	288,474				**288,474**
Other financial assets							
Loans and receivables	FAAC	11,214	11,214				**11,214**
Investments in associates	FVOCI	8,948		8,948			**8,948**
Financial assets held for trading	FVtPL	509			509		**509**
Derivatives with hedge relationship	n.a.	2,995		2,995			**2,995**
Equity and liabilities							
Trade accounts payable	FLAC	405,525	405,525				**405,400**
Current and non-current financial liabilities	FLAC	453,653	453,653				**436,914**
Other financial liabilities							
Other financial liabilities	FLAC	5,478	5,478				**5,478**
Liabilities from leases	n.a.	71,540				71,540	**71,540**
Derivatives with no hedge relationship	FLtPL	193			193		**193**
Derivatives with hedge relationship	n.a.	1,179		1,179			**1,179**

EUR k

	Measurement category in accordance with IFRS 9	Carrying amount on December 31, 2023	Measured in accordance with IFRS 9			Measured in accordance with IFRS 16	Fair value on December 31, 2023
			Amortized cost	Fair value through other comprehensive income	Fair value through profit or loss		
Of which aggregated by category in accordance with IFRS 9:							
Assets							
Financial assets at amortized cost	FAAC	430,693	430,693				**430,693**
Financial assets at fair value through other comprehensive income	FVOCI	8,948		8,948			**8,948**
Financial assets at fair value through profit and loss	FVtPL	509			509		**509**
Equity and liabilities							
Financial liabilities at amortized cost	FLAC	864,656	864,656				**847,792**
Financial liabilities at fair value through profit and loss	FLtPL	193			193		**193**

The maximum credit risk as of the reporting date corresponds to the carrying amount of each category of financial assets listed.

Because of the short term-nature of cash and short-term deposits, trade accounts receivable and other current receivables, it is assumed that the carrying amounts equate to their fair values.

The fair value of other non-current receivables with remaining terms of over one year equate to the present value of the payments associated with the assets taking account of the prevailing interest rate parameters.

Trade accounts payable and other liabilities usually have short residual maturities. Longer-term trade accounts payable are determined on the basis of the respective yield curves and the risk premium applicable to GRAMMER.

The fair values of liabilities to banks, bonded loans and other non-current financial liabilities are determined as the present values of the payments associated with the liabilities calculated on the basis of the respective yield curves and the risk premium applicable for GRAMMER.

Fair value measurement

The table below sets out the quantitative parameters for measuring the fair value of the assets and liabilities on the basis of the fair value hierarchy as of December 31, 2024:

EUR k	Total	Level 1	Level 2	Level 3
Assets recognized at fair value				
Other financial assets				
Other investments	29,023	0	0	29,023
Derivative financial assets				
Currency forwards	823	0	823	0
Liabilities recognized at fair value				
Derivative financial liabilities				
Currency forwards	4,174	0	4,174	0
Liabilities for which a fair value is recognized				
Interest-bearing liabilities				
Liabilities under hire purchase contracts	1,386	0	1,386	0
Current and non-current financial liabilities	497,764	0	497,764	0
Other financial liabilities	116,408	0	116,408	0

The table below sets out the quantitative parameters for measuring the fair value of assets and liabilities on the basis of the fair value hierarchy as of December 31, 2023:

EUR k	Total	Level 1	Level 2	Level 3
Assets recognized at fair value				
Other financial assets				
Other investments	0	0	0	0
Derivative financial assets				
Currency forwards	3,504	0	3,504	0
Liabilities recognized at fair value				
Derivative financial liabilities				
Currency forwards	1,372	0	1,372	0
Liabilities for which a fair value is recognized				
Interest-bearing liabilities				
Liabilities under hire purchase contracts	1,676	0	1,676	0
Current and non-current financial liabilities	436,914	0	436,914	0
Other financial liabilities	0	0	0	0

The levels of the fair value hierarchy reflect the significance of the inputs used to measure fair value. 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, Level 2 and Level 3 in the reporting period.

The table below shows the gains and losses on financial instruments:

EUR k	2024	2023
Financial assets at amortized cost	4,498	–6,708
Financial assets and financial liabilities at fair value through profit and loss	–514	316
Financial liabilities at amortized cost	–1,888	–7,550
Net gains / losses from financial instruments	**2,096**	**–13,942**

Net gains / losses from financial assets measured at amortized cost include currency translation gains or losses, changes to impairments recognized in profit or loss, gains or losses from derecognition as well as payments received and reversals of previously impaired receivables.

Net gains or losses from financial assets and financial liabilities measured at fair value through profit or loss include changes in the fair value of derivative financial instruments to which hedge accounting is not applied, including interest income and interest expenses. No interest income or expenses arose in the total comprehensive income in the 2024 financial year or in the reference year.

The net gains or losses from financial liabilities measured at amortized cost primarily include currency translation gains and losses from financial liabilities.

The GRAMMER Group has entered into master contracts with several banks. The derivative assets and liabilities outstanding as of the reporting date do not satisfy the offsetting criteria provided for in IAS 32.42. Accordingly, they are reported separately in the balance sheet. However, the master contracts include offsetting arrangements that apply in the event of insolvency.

The following table sets out the carrying amounts of the financial instruments which are subject to these agreements:

EUR k	Gross and net amounts of financial instruments in the statement of financial position	Offsetting agreement	Net amount
December 31, 2024			
Financial assets			
Currency forwards	818	–529	289
Financial liabilities			
Currency forwards	–4,174	529	–3,645

EUR k	Gross and net amounts of financial instruments in the statement of financial position	Offsetting agreement	Net amount
December 31, 2023			
Financial assets			
Currency forwards	3,504	–1,206	2,298
Financial liabilities			
Currency forwards	–1,372	1,206	–166

As offsetting is not used in the statement of financial position, gross and net figures are aggregated in one column.

31. Financial derivatives and risk management

The main primary financial liabilities used in the Group encompass bonded loans, private placements, bank loans, bank overdrafts, liabilities from leases and trade accounts payable. The Group has various financial assets, such as trade accounts receivable, cash and short-term deposits or money market funds, that result directly from its operating activities.

In addition, the Group enters into derivative financial instruments when necessary, which are used in risk management primarily to hedge interest rate and currency risks.

Financial risks

The Group is exposed to market, credit and liquidity risks as well as currency and interest rate risks. Consequently, the Executive Board has implemented a risk management system, which is also monitored by the Supervisory Board. The risk management system is integrated in the area of responsibility of the Chief Financial Officer, while the Executive Board bears ultimate overall responsibility. The rules are designed to promote responsible treatment of risks and prudent actions among all Group employees. Management of risk is the responsibility of the Company management. Together with experts for financial risk, the management of the Company prepares a suitable framework for managing financial risks. This framework ensures that the activities of the Company that entail financial risk are carried out with the relevant guidelines and procedures, and that financial risks are identified, assessed and managed in line with these guidelines and taking into account the Group's risk tolerance.

All derivative transactions entered into for risk management purposes are managed by expert teams that have the necessary knowledge and experience and are subject to adequate supervision. The guidelines for management of the risks set out below have been audited and approved by the Company management.

Credit risk

Credit risk is defined as the risk of the Group suffering a loss (risk of default) because a counterparty fails to fulfill its obligations. The Group guidelines stipulate that transactions may only be entered into with creditworthy third parties to reduce the risks of non-performance. The creditworthiness of major customers, especially in the automotive sector, is subject to particular monitoring due to risks from deliveries of goods. If no rating information is available, the Group uses other available financial information and its own records to assess major customers. Customers who wish to enter into credit-based transactions for the first time are also regularly subjected to a creditworthiness check. Down payments or prepayments are used to reduce the risk of default by customers. Receivables are monitored on an ongoing basis to ensure that the Group is not exposed to any material credit risk. The Group does not see any significant concentrations of credit risks as major transactions are characterized by short-term maturity structures and the high credit ratings of the key-account customers.

Market risk

Market risk refers to the risk that the fair value or future cash flows of financial instruments vary due to fluctuations in market prices. Market risk encompasses the following three risk types: exchange rate risk, interest rate risk and other price risks, such as share price risk. Financial instruments exposed to market risk include interest-bearing loans, deposits, financial assets valued at fair value directly in equity through other comprehensive income and derivative instruments. The sensitivity analyses in the sections below refer to the situation as of December 31, 2024 and 2023 respectively. They were prepared on the basis of the hedging relationships outstanding on December 31, 2024 and on the assumption that the net debt, the ratio of fixed to variable interest rates on liabilities and derivatives and the proportion of financial instruments denominated in foreign currencies remain constant.

All depictions of the potential financial effects are approximations and are based on the assumptions of the relevant sensitivity analysis and method. The actual effects on the Group may deviate considerably as a result of actual market developments.

Commodity price risk

Procurement prices, especially for commodities such as steel, foam and plastics, are subject to significant fluctuations depending on the market situation. As these cannot always be passed on to customers, this results in price risks. To hedge these risks, the Company seeks long-term supply contracts and consolidates volumes to limit volatility. Commodity futures contracts recognized as derivatives under IFRS 9 can also be transacted in order to hedge price risks arising from purchases of raw materials. The Group carefully monitors the development of markets as a basis for decision making about the implementation of hedging.

Currency risk

As a consequence of its international focus and business activities, GRAMMER is exposed to currency risks. These primarily arise from sales transactions in the ordinary course of business in international markets outside the Eurozone and as a result of recognized assets and liabilities of the GRAMMER Group. The main currencies in the GRAMMER Group are the euro, the Czech koruna, the Polish zloty, the US dollar, the Turkish lira and the Chinese yuan. By transacting business in currencies other than the functional currencies of the respective Group companies, risks may arise from future payment flows. Exchange rate fluctuations may lead to unforeseeable and unfavorable earnings and cash flow volatilities.

Individual cash flows in the respective currency are aggregated in accordance with the GRAMMER Group's currency management guidelines, resulting in a net currency surplus or shortfall in periodic observations. Aggregated currency surpluses or currency requirements are hedged in advance on a rolling basis within the framework of the currency management guideline on the basis of the budgeted business plan. The hedging ratios of the respective currency exposures are increased over time.

The risk is mitigated by the fact that business transactions are mainly settled in the respective functional currency of the invoicing unit. In addition, where it is possible and cost-effective, commodities and services are purchased in the corresponding foreign currency and production takes place in local markets. A shortfall or surplus of foreign currency holdings is hedged by means of currency forwards after all the measures already mentioned have been carried out. The aim of hedging transactions is to offset the volatility that can arise from cash inflows or outflows.

The operating units are not permitted to raise or invest financial resources in foreign currencies for speculative purposes.

Cash flow hedges

During the reporting period, currency hedges were in place in PLN, CZK and MXN where the conditions for cash flow hedging were satisfied. The following foreign currency-related hedging instruments, broken down by maturity, are held:

EUR k	Maturity			
	1–6 months	**7–12 months**	**13–18 months**	**Total**
2024				
Currency forwards (sales expected with a high probability)				
Notional amount (in EUR thousand)	27,329	24,145	11,376	**62,850**
Average forward exchange rate (EUR / CZK)	25.065	25.471	25.492	
Currency forwards (sales expected with a high probability)				
Notional amount (in EUR thousand)	12,808	11,620	5,382	**29,810**
Average forward exchange rate (EUR / PLN)	4.450	4.432	4.459	
Currency forwards (sales expected with a high probability)				
Notional amount (in EUR thousand)	22,274	10,398	0	**32,672**
Average forward exchange rate (EUR / MXN)	18.994	18.932	0	

EUR k	Maturity			
	1–6 months	7–12 months	13–18 months	Total
2023				
Currency forwards (sales expected with a high probability)				
Notional amount (in EUR thousand)	29,195	24,802	16,131	**70,128**
Average forward exchange rate (EUR / CZK)	24.491	24.716	24.716	
Currency forwards (sales expected with a high probability)				
Notional amount (in EUR thousand)	10,365	10,498	6,195	**27,058**
Average forward exchange rate (EUR / PLN)	4.727	4.591	4.591	
Currency forwards (sales expected with a high probability)				
Notional amount (in EUR thousand)	24,084	19,723	12,435	**56,242**
Average forward exchange rate (EUR / MXN)	19.430	20.018	20.428	

As of December 31, 2024, currency forwards with a positive market value of EUR 822 thousand (2023: EUR 2,995 thousand) and with a negative market value of EUR –3,976 thousand (2023: EUR –1,179 thousand) were designated as cash flow hedges. The settlement results are recognized in the financial result. There were no significant ineffective portions of hedging transactions to report in the year under review.

The effects of foreign currency-related hedging instruments on the Group's net assets, financial position and results of operations are as follows:

EUR k	December 31, 2024	December 31, 2023
Carrying amount (other current financial assets)	822	2,995
Carrying amount (other current financial liabilities)	–3,976	–1,179
Nominal value	125,332	153,427
Hedge relationship1[1]	1:1	1:1
Change in the fair value of outstanding hedges since January 1	–4,969	–1,472
Change in the value of the hedged transaction to determine the effectiveness of the hedge relationship	4,950	1,472

Effect on cumulative other comprehensive income:	**2024**	**2023**
Cash flow hedge amount on January 1	**1,381**	**2,438**
Change in the fair value of the hedge (effective part)	–4,667	3,831
Reclassified from other comprehensive income to profit or loss	–197	–5,305
Tax expenses (–) / tax income	1,536	417
Cash flow hedge amount on December 31	**–1,947**	**1,381**

[1] Currency forwards are in the same currency as the highly probable future sales (therefore 1:1 hedge relationship).

The sensitivity analysis of changes in currency is based on the following assumptions:

- All monetary financial instruments not held in the functional currency are taken into account. The analysis is based on the original balance sheet items of the subsidiaries subject to a significant risk from functional currencies other than the Group's.
- Changes in foreign exchange rates relating to financial instruments that are part of a net investment in foreign operations have an impact on equity.
- Derivatives for the purpose of currency hedging that are designated as hedging instruments in the context of cash flow hedges have an effect on equity and are taken account of in the sensitivity analysis.
- Currency derivatives that are not designated as hedging instruments in the context of cash flow hedges have an effect on the net profit for the period and are taken into account in the sensitivity analysis accordingly;
- A change in the exchange rate of + / −10 (2023: + / −10) percentage points on the reporting date is assumed in order to determine sensitivity to exchange rate risks. All other variables remain constant.

The table below shows the sensitivity of consolidated net income before taxes and of equity to a reasonably possible change in the exchange rate.

EUR k

	Changes in the USD exchange rate	Effect on earnings before taxes	Effect on equity
2024	+10%	11,737	−2,743
	−10%	−11,732	2,743
2023	+10%	8,518	−3,440
	−10%	−8,568	3,440

	Changes in the TRY exchange rate	Effect on earnings before taxes	Effect on equity
2024	+10%	756	0
	−10%	−756	0
2023	+10%	712	0
	−10%	−712	0

	Changes in the CZK exchange rate	Effect on earnings before taxes	Effect on equity
2024	+10%	7,955	6,865
	−10%	−7,956	−5,617
2023	+10%	3,927	7,494
	−10%	−3,926	−6,132

	Changes in the PLN exchange rate	Effect on earnings before taxes	Effect on equity
2024	+10%	356	3,341
	−10%	−355	−2,734
2023	+10%	111	3,101
	−10%	−109	−2,537

	Changes in the CNY exchange rate	Effect on earnings before taxes	Effect on equity
2024	+10%	−5,562	0
	−10%	5,618	0
2023	+10%	−8,345	0
	−10%	7,597	0

Interest rate risk

There were no interest-related hedging instruments as of December 31, 2024. These expired in the 2023 financial year. The sensitivity analysis of changes in currency is based on the following assumptions:

- Financial instruments measured at amortized cost with a fixed rate of interest are not subject to interest rate risks and thus not included in the sensitivity analysis.
- Interest rate derivatives that have not been designated as cash flow hedges have an impact on net profit for the period and are taken into account in the sensitivity analysis accordingly.
- Interest rate derivatives that are designated as cash flow hedges have an effect on equity and are thus included in the sensitivity analysis.
- The interest rate risk from currency derivatives is deemed insignificant and thus not included in the sensitivity analysis.
- The determination of the sensitivity of interest rate derivatives assumes a parallel shift along the yield curve of + / –50 (2023: + / –50) basis points. The interest rate on deposits was reduced on interest-bearing current account balances to a minimal level of 0.001%.

The table below shows the sensitivity of net profit before tax and of equity to a reasonably possible change in interest rates. All other parameters remain constant.

EUR k

	Increase / reduction (basis points)	Effect on earnings before taxes	Effect on equity
2024	–50	–366	0
	50	917	0
2023	–50	391	0
	50	–184	0

Risks in connection with the IBOR reform

The USD LIBOR was switched to the USD SOFR 3M benchmark rate in September 2023. The company had loans in its portfolio where interest was charged at variable benchmark rates that are subject to the IBOR reform. This involved a USD bonded loan with a carrying amount of EUR 7.0 million or a nominal volume of USD 7.5 million that bore interest at the USD LIBOR rate and was repaid in full in the middle of the year. The other benchmark interest rates used in the GRAMMER Group were already changed in the 2021 financial year or loan agreements were amended accordingly. The IBOR reform does not pose any risks to GRAMMER.

Ineffectiveness of hedging relationships

The effectiveness of hedging relationships is determined at the inception of each hedging relationship and through regular prospective assessments to ensure that there is a commercial relationship between the hedged item and the hedging instruments.

To hedge foreign currency transactions, the Group enters into hedging relationships in which the contractual terms of the hedging instruments match those of hedged items in the respective month on average. The dollar offset method is used to assess the effectiveness of the hedging relationship.

Hedges of foreign currency transactions may be ineffective if the timing of the planned transaction changes from the original estimate or if there are any changes in the credit risk of GRAMMER or the counterparty to the derivative. There was no ineffectiveness with regard to foreign currency derivatives in the 2024 and 2023 financial years.

Liquidity risk

The Group manages liquidity risks by means of appropriate bank credit facilities totaling EUR 247.2 million (2023: EUR 454.6 million) and by constantly monitoring projected and actual cash flows and matching the maturity profiles of financial assets and liabilities. The aim is to maintain a balance between covering the need for financial resources at all times and ensuring flexibility through the use of overdraft facilities, loans, bonds, factoring, capitalized leases and hire purchase agreements.

As of December 31, 2024, the Group had unutilized credit facilities of EUR 84.4 million (2023: EUR 116.7 million) for which all the conditions required for drawdown had already been met.

The following tables show the contractually agreed interest and principal payments for the primary financial liabilities and for the derivative financial instruments with negative fair values:

EUR k	Carrying amount	Cashflow Statement		
2024		**2025**	**2026–2028**	**2029 and beyond**
Bonded loans	52,096	4,628	46,279	6,558
Bank loans	420,172	76,085	398,155	3,254
Bank overdrafts (including current liabilities under factoring contracts)	26,360	26,360	0	0
Current and non-current financial liabilities	**498,628**	**107,073**	**444,434**	**9,812**
Current and non-current trade accounts payable	**402,289**	**401,233**	**1,220**	**0**
Liabilities from leases	68,094	20,246	33,161	22,668
Other originated financial liabilities	134,511	4,935	129,576	0
Current and non-current other financial liabilities	**202,605**	**25,181**	**162,737**	**22,668**
Interest rate derivatives	0	0	0	0
Currency derivatives	4,174	0	0	0
Incoming payments	0	87,292	11,515	0
Outgoing payments	0	–91,004	–11,376	0
Derivatives	**4,174**	**–3,712**	**139**	**0**
	1,107,696	**529,775**	**608,530**	**32,480**

EUR k	Carrying amount	Cashflow Statement		
2023		**2024**	**2025–2027**	**2028 and beyond**
Bonded loans	85,214	9,441	40,691	47,652
Bank loans	288,885	206,892	85,502	6,992
Bank overdrafts (including current liabilities under factoring contracts)	79,554	79,554	0	0
Current and non-current financial liabilities	**453,653**	**295,887**	**126,193**	**54,644**
Current and non-current trade accounts payable	**405,525**	**404,142**	**1,255**	**384**
Liabilities from leases	71,540	18,904	33,380	29,055
Other originated financial liabilities	5,478	5,478	0	0
Current and non-current other financial liabilities	**77,018**	**24,382**	**33,380**	**29,055**
Interest rate derivatives	0	0	0	0
Currency derivatives	1,372	0	0	0
Incoming payments	0	61,865	16,179	0
Outgoing payments	0	–62,268	–16,131	0
Derivatives	**1,372**	**–403**	**48**	**0**
	937,568	**724,008**	**160,876**	**84,083**

All instruments in the portfolio on the reporting date for which payments were already contractually agreed are included. Budget figures for future new liabilities are not included. Amounts in foreign currency are converted at the spot rate on the reporting date. Financial liabilities repayable on demand are always allocated to the earliest maturity band. Variable interest payments under primary financial instruments were established on the basis of the interest rates last fixed before the reporting date. In the case of interest rate derivatives, the net payments are recorded based on calculation of payment flows on the variable side using the relevant forward interest rates.

For currency derivatives, both the payments made and corresponding payments received are recorded, since net cash settlement is not generally possible for these derivatives, which must be settled through provision of the counter currency.

Capital management

Capital management serves the purpose of ensuring a high credit rating and establishing an appropriate return on equity. The Group manages its financial structure in line with this objective and, taking account of general economic conditions, adapts it to the objective.

The Group monitors its capital structure by reference to leverage and gearing. Leverage is the ratio of EBITDA (earnings before interest, taxes, depreciation and amortization) to net debt. Net debt is made up of current and non-current financial liabilities and current and non-current other financial liabilities less cash and short-term deposits. Gearing is defined as the ratio of net debt to equity.

EUR k	December 31, 2024	December 31, 2023
Non-current financial liabilities	409,543	167,025
Other non-current financial liabilities	179,335	55,221
Current financial liabilities	89,085	286,628
Other current financial liabilities	27,444	23,169
Cash and short-term deposits	–219,846	–131,005
Net debt	**485,561**	**401,038**
Equity	266,924	313,355
Equity ratio	16%	20%
Gearing	182%	128%
EBITDA	74,726	138,838
Leverage	6.5	2.9

Financial covenants have also been agreed under loan agreements; they relate to the two key figures of leverage and gearing. Extraordinary effects are not taken into account when calculating EBITDA. Compliance with the financial covenants is tested every quarter; the next test will take place on March 31, 2025.

32. Disclosure of shareholdings in accordance with section 33 WpHG

Under section 33 (1) or (2) of the Securities Trading Act (WpHG), any party whose shareholding in a listed company reaches, exceeds or falls below certain percentages of the voting rights in the company by purchase, sale or any other means must notify the company and the Federal Financial Supervisory Authority (BaFin) without undue delay, but at the latest within four trading days. The lowest notification threshold is 3%. The company was notified of the following shareholdings as of December 31, 2024 in accordance with section 33 WpHG (the percentage and number of shares shown refer to the share capital in existence as of the date of the notification; the number of shares is taken from the most recent notification submitted to GRAMMER AG and may therefore no longer apply):

In notifications dated October 14, 2019 and December 11, 2019, Ms. Bifeng Wu, Mr. Yiping Wang and Mr. Jimin Wang, China, informed us pursuant to section 33 (1) WpHG that their share of the voting rights in GRAMMER AG (ISIN: DE0005895403) continued to exceed the 75% threshold and amounted to 84.23% (10,618,681 voting rights). Of this, 84.23% (10,618,681 voting rights) is attributable to Ms. Bifeng Wu, Mr. Yiping Wang and Mr. Jimin Wang pursuant to section 34 WpHG. Voting rights are allocated by the following company: Jiye Auto Parts GmbH, Frankfurt am Main, Germany, an indirect subsidiary of Ningbo Jifeng Auto Parts Co., Ltd., Ningbo, China (published on December 16, 2019).

All notifications submitted to GRAMMER AG in accordance with sections 33 and following WpHG can be inspected on the company's website and on the platform operated by Deutsche Gesellschaft für Ad-hoc-Publizität mbH.

33. Other disclosures

Employees

The following table shows the average number of employees over the year:

	Continued activities		Continued and discontinued activities	
	2024	2023	2024	2023
Wage-earning employees	9,272	9,925	10,033	11,173
Salaried employees	2,844	2,853	2,955	3,068
Total	**12,116**	**12,778**	**12,988**	**14,241**

Hyperinflation

IAS 29 "Hyperinflationary Economies" provides guidance on assessing whether the economy of a particular jurisdiction is hyperinflationary. However, the IASB does not name specific jurisdictions. The International Practices Task Force (IPTF) of the US Institute Centre for Audit Quality monitors the status of "hyperinflation" countries. The Task Force's criteria for identifying such countries are similar to those for identifying "hyperinflationary economies" under IAS 29. Argentina was among the countries in which cumulative inflation over the last three years was forecast to exceed 100%.

Based on this assessment, the effects of the application of IAS 29 are reviewed annually. The application of IAS 29 resulted in an increase of EUR 0.9 million in revenue, of EUR 0.09 million in EBIT and of EUR 0.07 million in net profit / loss in the 2024 financial year. In the 2023 financial year, there was an increase of EUR 4.8 million in revenue, of EUR 0.08 million in EBIT and of EUR 0.06 million in net profit / loss.

Auditor's fees within the meaning of section 314 (1) No. 9 HGB

With effect from the beginning of the 2024 fiscal year, GRAMMER has appointed BDO AG Wirtschaftsprüfungsgesellschaft, Nuremberg, as the new auditor of the consolidated financial statements. The fees paid to the auditor of the consolidated financial statements, which are recognized as expenses in the reporting year, amounts to EUR 1,366.2 thousand for the audit of the financial statements, of which EUR 43.5 thousand is attributable to the previous year's audit. In 2023, EUR 1,037.8 thousand was recognized as fees for the previous auditor, EY GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, Nuremberg, of which EUR 44.6 thousand was attributable to the previous year's audit (2022). Fees for other confirmation services or other services in 2024 amounted to EUR 28.6 thousand (2023: EUR 17.8 thousand).

The auditor's fees for international network companies recognized as an expense in the financial year amount to EUR 282.6 thousand, of which EUR 0 thousand was attributable to the previous year's audit. In the previous year, EUR 401.1 thousand was recognized as auditor's fees, of which EUR 30.0 thousand was attributable to the previous year's audit (2022). Fees for other services in 2024 amount to EUR 7.4 thousand (2023: EUR 8.9 thousand).

Additional fees for the group auditor BDO AG Wirtschaftsprüfungsgesellschaft in connection with the audit of the consolidated financial statements for the Ningbo Jifeng Group amount to EUR 36.0 thousand in the 2024 financial year (2023: EUR 35.0 thousand to EY GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, Nuremberg) and are not included in the auditor's fees, as they were recharged directly to Ningbo Jifeng Auto Parts Co., Ltd., Ningbo, China.

Executive Board and Supervisory Board remuneration

The remuneration paid to the Executive Board and Supervisory Board is set out in the following table:

EUR k	2024	2023
Total remuneration paid to the Executive Board amounted to	1,651	1,593
The Supervisory Board received total remuneration of	679	694

The total remuneration paid to the Executive Board was affected by components from the previous year in the total amount of EUR –62 thousand (2023: EUR –11 thousand).

Of the total remuneration of the Executive Board, EUR 1,815 thousand (2023: EUR 1,618 thousand) is attributable to short-term benefits and EUR –164 thousand (2023: EUR –25 thousand) to other long-term benefits. The increase is due to the expansion of the Executive Board from two to three members in the 2024 financial year. The negative remuneration figure is because reversals of LTI provisions in the previous year were higher by this amount than the corresponding new additions to LTI provisions in 2024.

Regarding the remuneration system of GRAMMER AG and the disclosures on the individual remuneration paid to the members of the Executive Board, please refer to the information in the remuneration report in accordance with section 162 AktG. The report is published on the company's website at www.grammer.com/en in the "COMPANY" section under "MANAGEMENT & SUPERVISORY BOARD".

In view of the amendment to the Executive Board service agreements in the 2021 financial year, GRAMMER AG no longer has any pension obligations to the incumbent members of its current Executive Board. Instead, members of the Executive Board receive defined-contribution allowances for their own pension schemes, which are included in the total remuneration listed above. Executive Board members do not receive any loans from the company.

Payments of EUR 370 thousand (2023: EUR 262 thousand) were made by the company to former members of the management and the Executive Board and their surviving dependents under retirement benefit commitments.

The pension obligations towards former members of the management and the Executive Board and their surviving dependents totaled EUR 7,469 thousand (2023: EUR 7,485 thousand) as of the reporting date and corresponding provisions have been recognized under IAS 19.

Regarding the disclosures on the individual remuneration paid to the members of the Supervisory Board, please refer to the information in the remuneration report in accordance with section 162 AktG. The report is published on the company's website at www.grammer.com/en in the "COMPANY" section under "MANAGEMENT & SUPERVISORY BOARD".

34. Supplementary report

Personnel changes on the Executive Board of GRAMMER AG

In February 2025, GRAMMER AG announced that Chief Financial Officer Jurate Keblyte will be leaving the company at her own request on March 31, 2025. She has been a member of the Executive Board since August 1, 2019. The Supervisory Board has agreed to her request to terminate her Executive Board contract ahead of schedule.

Thomas Strobl will be appointed as a new member of the Executive Board of GRAMMER AG with effect from April 1, 2025. His appointment is initially for a period of one year. Thomas Strobl has many years of experience in finance and controlling and has led the finance department of the EMEA region on an interim basis as its CFO since January 2024.

Personnel changes on the Supervisory Board of GRAMMER AG

Also in February 2025, GRAMMER AG announced that five members of the Supervisory Board representing the shareholders will resign from their positions with effect from March 31, 2025 before their mandates are due to expire. The outgoing members of the Supervisory Board are the chair of the Supervisory Board Dr. Martin Kleinschmitt, Jürgen Konstanjevec, Dagmar Rehm, Gabriele Sons and Prof. Birgit Vogel-Heuser. The decision was made in connection with the regular re-election of the Supervisory Board at the Annual General Meeting in 2025.

The appointment of the successors was applied for at the competent court. By order of March 5, 2025, the new Supervisory Board members were appointed with effect from April 1, 2025. The final election of the new members by the shareholders is to take place at the Annual General Meeting of GRAMMER AG on May 22, 2025.

35. Corporate Governance Declaration

The corporate governance declaration in accordance with section 315d in conjunction with section 289f HGB and the corresponding declaration of conformity with the German Corporate Governance Code (section 161 AktG) have been issued and can be viewed at any time on the company's website at www.grammer.com/en in the "INVESTOR RELATIONS" section under "CORPORATE GOVERNANCE".

Ursensollen, March 14, 2025

Jens Öhlenschläger Jurate Keblyte Guoqiang Li

The Executive Board of GRAMMER Aktiengesellschaft

Independent auditor's report

To GRAMMER Aktiengesellschaft, Ursensollen

Report on the audit of the Consolidated Financial Statements of the Combined Management Report

Opinions

We have audited the consolidated financial statements of GRAMMER Aktiengesellschaft, Ursensollen, and its subsidiaries (the Group), which comprise the consolidated statement of Financial Position as at December 31, 2024, the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the financial year from January 1, 2024 to December 31, 2024, and the notes to the consolidated financial statements, including essential information on the accounting methods.

In addition, we have audited the combined management report (management report for the Company and the Group) of GRAMMER Aktiengesellschaft for the financial year from January 1, 2024 to December 31, 2024. In accordance with the German legal requirements, we have not audited the content of the components of the combined management report listed under "Other information".

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS Accounting Standards issued by the International Accounting Standards Board (IASB), as adopted by the EU, and the additional requirements of German law pursuant to section 315e (1) HGB and, in compliance with these requirements, give
- a true and fair view of the net assets and financial position of the Group as of December 31, 2024, and of its results of operations for the fiscal year from January 1, 2024, to December 31, 2024, and
- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and accurately presents the opportunities and risks of future development. Our opinion on the combined management report does not cover the content of the combined management report listed under "Other information".

Pursuant to section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

Basis for the audit opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with section 317 HGB and the EU Audit Regulation (No 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT" section of our auditor's report. We are independent of the Group companies in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements.

In addition, in accordance with Article 10 (2) (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the combined management report.

Key audit matters in the audit of the consolidated financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1, 2024 to December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the following matters to be the key audit matters to be communicated in our auditor's report:

1. Recoverability of goodwill
2. Period-related revenue recognition from series developments
3. Realization of revenues in the context of series deliveries

1. Recoverability of goodwill

Facts of the case

In the consolidated financial statements of GRAMMER AG, goodwill of EUR 107.3 million is recognized under the balance sheet item "Intangible assets". For the purpose of impairment testing, this goodwill is allocated to groups of cash-generating units that correspond to the Group's segments.

In accordance with IAS 36, goodwill is subject to at least one annual impairment test, in which the carrying amount of the group of cash-generating units to which the goodwill is allocated is compared with its recoverable amount. The basis for determining the recoverable amount is the present value of future cash flows of the group of cash-generating units.

The valuations are based on planning calculations for each group of cash-generating units, which are based on the budget approved by the legal representatives and the Supervisory Board of GRAMMER AG as well as the approved medium-term planning and are therefore discretionary. Discounting is performed using the weighted average cost of capital (WACC) of the respective group of cash-generating units. The parameters used to determine the discount rate are partly based on estimated market expectations and are therefore also discretionary.

In view of the planning uncertainty resulting from the forward-looking nature of the valuation, but also against the background of the current macroeconomic environment, as well as the existing scope for discretion in the context of the required impairment test, the recoverability of goodwill was one of the most significant matters in the context of our audit.

GRAMMER AG's disclosures on goodwill are contained in section 2.1 "Significant accounting policies and accounting and valuation principles sensitive to estimates and assumptions", subsection "Estimates and discretion (IAS 8)" and "Goodwill (IAS 38, IAS 36)" as well as in section 12.3 "Goodwill" of the notes to the consolidated financial statements.

Audit response and findings

In order to assess the recoverable amounts determined by the executive directors for the groups of cash-generating units, we addressed the processes related to the review and approval of the planning as a key basis for the impairment tests and performed substantive audit procedures.

We discussed the definition of the groups of cash-generating units as of December 31, 2024 with the executive directors of GRAMMER AG and assessed their appropriateness. In addition, we involved our valuation experts in the audit for the methodical and arithmetical assessment of the valuation model and the calculation parameters applied. We verified whether the valuation models were applied consistently.

We also examined whether the budget and medium-term planning reflect general, regional or industry-specific market expectations. In addition to comparing our assessment with corresponding market expectations, we also evaluated the explanations provided by management on the key value drivers of the planning. In order to assess the accuracy of the planning, we performed a target/actual comparison of historical planning data with the actual results for a deliberate selection.

The valuation parameters used to determine the recoverable amounts, such as the estimated growth rates, were assessed on the basis of an analysis of general market indicators. We assessed the derivation of the weighted average cost of capital (WACC) by evaluating the beta factors used, particularly with regard to the composition of the peer companies, and by comparing the equity and debt interest rates with available market data. In order to a possible impairment risk, we also used sensitivity analyses to examine the results of the impairment test to determine which changes in certain measurement parameters would lead to a different assessment of the need for impairment at the level of the cash-generating unit.

Overall, we were able to satisfy ourselves that the assumptions made by the executive directors in performing the impairment test and the valuation parameters used are reasonable and within an acceptable range.

2. Period-related revenue recognition from series developments

Facts of the case

In the consolidated financial statements of GRAMMER AG, revenue of EUR 112.8 million is reported in the income statement, which result from complex, customer-specific development contracts that require revenue recognition over time. The companies of GRAMMER Group generally meet their performance obligations from these customer-specific development contracts over a certain period of time and recognize the resulting revenue in accordance with IFRS 15, Revenue from Contracts with Customers, in line with the stage of completion of the respective performance obligation. The stage of completion in relation to complete fulfillment is determined on the basis of the costs incurred. Expected order losses from a performance obligation as part of series development are immediately recognized as an expense through corresponding provisions. The realization of revenues and earnings over time is highly dependant on the assessment of the legal representatives with regard to the amount of total contract revenue and total contract costs and has a significant impact on the items in the consolidated financial statements by determining the stage of completion. In addition, the assessment of whether contract losses are to be expected is subject to judgment. In our view, the recognition of revenue from series developments over time was therefore one of the most significant issues with a risk of material misstatement in the consolidated financial statements.

GRAMMER AG's disclosures on revenue recognition over time can be found in sections 2.1 "Significant accounting policies and accounting and valuation principles sensitive to estimates and assumptions", subsections "Estimates and discretion (IAS 8)" and "Revenue from contracts with customers (IFRS 15)", as well as section 7 "Revenue from contracts with customers" and section 15 "Contract balances" of the notes to the consolidated financial statements.

Audit response and findings

We assessed the key controls designed by the executive directors in the area of order acceptance and processing as well as the accounting of contracts with customers, in particular in connection with the identification of performance obligations, the determination of the transaction price and the estimation of contract costs, by means of substantive and functional tests. In this context, we tested controls at the transaction level as well as controls at a higher level, such as regular review meetings.

For a sample of development contracts, as well as for those development contracts that were significant due to their technical or commercial complexity or their financial significance against the background of the recognized assets from customer contracts, we also performed the following substantive procedures on a case-by-case basis.

We obtained an overview of the content of the contracts and the commissioned development services and the status of the respective contract fulfillment, the reasons for deviations between planned costs and actual costs and the current assessment of the costs expected to be incurred until completion by interviewing the persons responsible for Group-wide project controlling. We examined the information obtained to determine whether it is consistent with available audit evidence, such as customer correspondence or customer contracts. In doing so, we assessed the legal representatives' planning for consistency with current market developments and externally available sales forecasts for the underlying automobile series. We also assessed the transaction price of the performance obligations by comparing it with the contractual basis. If, on the basis of the legal representatives' planning full coverage of the unavoidable costs to fulfill the contractual obligation could no longer be expected, we verified that a provision for the onerous contract was recognized. We analyzed the reported revenue from series developments to determine, among other things, whether the planned and realized margin from the contracts is in line with our expectations of the development in comparable projects. Based on the audit procedures we performed, we found the judgments made by the executive directors in recognizing revenue from series developments over time to be appropriate.

3. Realization of revenues in the context of series deliveries

Facts of the case

The revenues reported in the consolidated financial statements are mainly generated from serial deliveries. Revenue from serial deliveries is generally recognized upon fulfillment of the respective performance obligation, i.e. at the time at which the customer obtains control over the underlying asset.

The recognition of revenue is subject to the risk that it is recognized at the wrong time or in the wrong amount, or that fictitious revenue is recognized. Revenue results from a large number of individual transactions in the form of separate deliveries. For this reason, there is an increased risk of incorrect revenue recognition. As revenue also has a material impact on the consolidated financial statements of GRAMMER AG, we considered the recognition of revenue to be a key audit matter.

GRAMMER AG's disclosures on revenue recognized at a specific point in time are contained in section 2.1 "Significant accounting policies and accounting policies sensitive to estimates and assumptions", subsection "Revenue from contracts with customers (IFRS 15)", and section 7 "Revenue from contracts with customers" of the notes to the consolidated financial statements.

Audit response and findings

As part of our audit, we examined the contractual basis agreed with the customers, in particular the regulations on the time at which the power of disposal is obtained and the regulations on the billing procedure, and assessed these on the basis of our understanding of the business and processes. Against this background, we gained an understanding of the company's internal procedures and control mechanisms for revenue recognition. In this context, we also performed functional tests of relevant internal controls.

We performed substantive audit procedures by examining, on a test basis, revenue transactions on the basis of invoices, proof of delivery and proof of payment. Our audit procedures included obtaining external customer confirmations on a sample basis. In particular, we verified the amount of revenue recognized comparing the transaction prices used for a mixture of deliberately selected transactions and a sample with the respective contractual bases. We also examined whether the corresponding trade receivables were settled by the customer in the normal course of business by payment of the invoice amount. We reconciled incoming payments to the corresponding bank account statements on a sample basis. We verified the correct period allocation of revenue transactions in the days before and after December 31, 2024 for a mixture of deliberately selected transactions and a sample by means of substantive audit procedures based on invoices and proof of delivery.

Overall, we were able to track the realization of revenues in the context of series deliveries.

Other information

The legal representatives or the Supervisory Board are responsible for the other information.

The other information includes:

- the separate non-financial group report published on the website of the parent company, to which reference is made in the "Combined non-financial report" section of the combined management report
- the separately published Group declaration on corporate governance, to which reference is made in the "corporate governance" section of the combined management report
- the non-management report disclosures contained in the combined management report. These comprise the disclosures in the subsections "Basic principles of risk management and the ICS", "Opportunity and risk management process" and "Compliance management system" of the opportunity and risk report that are not part of the management report.
- the separately published remuneration report within the meaning of section 162 AktG, to which reference is made in the "Remuneration report" section of the combined management report
- the remaining parts of the annual report, with the exception of the audited consolidated financial statements and combined management report and our auditor's report

Our opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information

- are materially inconsistent with the consolidated financial statements, with the combined management report or our knowledge obtained in the audit, or
- otherwise appear to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this context.

Responsibility of the legal representatives and the supervisory board for the Consolidated Financial Statements and the Combined Management Report

The legal representatives are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to section 315e (1) HGB, and for ensuring that the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. Furthermore, the legal representatives are responsible for the internal controls that they have determined to be necessary to enable the preparation of consolidated financial statements that are free from material misstatement due to fraud (i.e. accounting manipulation and asset misappropriation) or error.

In preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's ability to continue as a going concern. Furthermore, they are responsible for disclosing, as applicable, matters related to going concern. In addition, they are responsible for preparing the accounts on the basis of the going concern accounting principle, unless the intention is to liquidate the group or discontinue business operations or there is no realistic alternative.

Furthermore, the legal representatives are responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the legal representatives are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and the combined management report.

Auditor's Responsibility for the audit of the Consolidated Financial Statements and the Combined Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the combined management report

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material, when, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and combined management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. In addition, we

- identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the combined man-

agement report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control or on the effectiveness of these arrangements and measures.
- evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of accounting estimates and related disclosures made by the executive directors.
- conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinions. We draw our conclusions on the basis of the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
- plan and perform the audit of the consolidated financial statements to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business areas within the Group to express opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and review of the audit activities performed for the purpose of the audit of the consolidated financial statements. We bear sole responsibility for our audit opinions.
- evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- perform audit procedures on the forward-looking statements presented by the legal representatives in the combined management report. On the basis of sufficient appropriate audit evidence, we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the forward-looking statements or on the underlying assumptions. There is a significant unavoidable risk that future events will differ materially from the forward-looking statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with the relevant independence requirements, and discuss with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards applied to mitigate independence risks.

From the matters discussed with those responsible for monitoring, we determine the matters that were most significant in the audit of the consolidated financial statements for the current reporting period and are therefore the key audit matters. We describe these matters in the audit certificate, unless laws or other legal provisions preclude public disclosure of the matter.

Other statutory and other legal requirements

Report on the audit of the electronic reproduction of the consolidated Financial Statement and the Combined Management Report prepared for publication purposes in accordance with section 317 (3a) of the German Commercial Code (HGB)

Audit opinion

We have performed an assurance engagement in accordance with section 317 Abs. 3a HGB to obtain reasonable assurance about whether the reproduction of the consolidated financial statements and the combined management report (hereinafter also referred to as "ESEF documents") contained in the file "GRAMMER_AG_KA+KLB_ESEF-2024-12-31.zip" and prepared for publication purposes complies in all material respects with the requirements of section 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this audit only extends to the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format and therefore does not extend to the information contained in these reproductions or any other information contained in the above-mentioned file.

In our opinion, the reproduction of the consolidated financial statements and the combined management report contained in the above-mentioned file and prepared for publication complies in all material respects with the requirements of section 328 (1) HGB for the electronic reporting format. Beyond this audit opinion and our audit opinions on the accompanying consolidated financial statements and on the accompanying combined management report for the financial year from January 1, 2024 to December 31, 2024 contained in the preceding "REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT", we do not express any opinion on the information contained in these reproductions or on the other information contained in the above-mentioned file.

Basis for the audit opinion

We conducted our audit of the reproduction of the consolidated financial statements and of the combined management report contained in the above-mentioned file in accordance with section 317 (3a) HGB and IDW Auditing Standard: Audit of the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB (IDW PS 410 (06.2022)). Our responsibilities under those requirements are further described in the "Auditor's responsibilities for the audit of the ESEF documents" section. Our audit practice has applied the requirements of the IDW Quality Management Standards, which implement the International Standards on Quality Management of the IAASB.

Responsibility of the legal representatives and the Supervisory Board for the ESEF documents

The company's legal representatives are responsible for the preparation of the ESEF documents including the electronic reproduction of the consolidated financial statements and the combined management report in accordance with section 328 (1) sentence 4 no. 1 HGB and for the tagging of the consolidated financial statements in accordance with section 328 (1) sentence 4 no. 2 HGB.

Furthermore, the company's legal representatives are responsible for internal control they have determined necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of section 328 (1) HGB for the electronic reporting format, whether due to fraud or error. The Supervisory Board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

Responsibility of the auditor of the consolidated financial statements for the audit of the ESEF documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free of material - due to fraud or error - non-compliance with the requirements of section 328 (1) HGB. During the audit, we exercise professional judgment and professional skepticism. In addition, we

- identify and assess the risks of material non-compliance with the requirements of section 328 (1) HGB, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to be a basis for our opinion.
- obtain an understanding of internal control relevant to the audit of the ESEF documentation in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these controls.
- assess the technical validity of the ESEF documents, i.e. whether the file containing the ESEF documents meets the requirements of Delegated Regulation (EU) 2019/815 in the version applicable at the reporting date for the technical specification for this file.
- evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited consolidated financial statements and the audited combined management report.
- assess whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with Articles 4 and 6 of the Delegated Regulation (EU) 2019/815 in the version applicable at the reporting date provides an adequate and complete machine-readable XBRL copy of the XHTML reproduction.

Other information in accordance with article 10 EU APrVO
We were elected as auditor by the annual general meeting on June 4, 2024. We were engaged by the Supervisory Board on June 12, 2024. We have been the auditor of the consolidated financial statements of GRAMMER Aktiengesellschaft without interruption since the financial year 2024.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (audit report).

We have provided the following services, which were not disclosed in the consolidated financial statements or in the combined management report, in addition to the audit of the financial statements of the Group companies:

- Audit of the remuneration report pursuant to section 162 (3) AktG of GRAMMER AG for the financial year from January 1, 2024 to December 31, 2024.

Other matters – Use of the audit opinions
Our audit opinion should always be read in conjunction with the audited consolidated financial statements and the audited combined management report as well as the audited ESEF documents. The consolidated financial statements and the combined management report converted into the ESEF format - including the versions to be filed in the company register - are merely electronic reproductions of the audited consolidated financial statements and the audited combined management report and do not replace them. In particular, the ESEF report and our audit opinion contained therein can only be used in conjunction with the audited ESEF documents provided in electronic form.

Responsible Auditor
The German Public Auditor responsible for the engagement is Björn Beck.

Nuremberg, March 14, 2025

BDO AG
Wirtschaftsprüfungsgesellschaft

Björn Beck	Philipp Jahn
Auditor	Auditor

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Combined Management Report 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.

Ursensollen, March 14, 2025

GRAMMER AG

The Executive Board

GRAMMER Group multi-year overview in accordance with IFRS

EUR m	2024	2023	2022	2021	2020
Group revenue[1]	**1,921.7**	**2,055.0**	**2,158.8**	**1,903.0**	**1,710.7**
Revenue EMEA	1,044.3	1,210.9	1,131.4	1,061.5	965.8
Revenue AMERICAS[1]	391.7	372.2	672.5	517.7	476.6
Revenue APAC	536.6	532.3	426.7	406.3	339.2
Statement of income[1]					
Gross profit	189.3	232.4	140.5	175.3	125.3
EBIT	8.1	72.4	–45.0	18.9	–46.1
EBIT margin (%)	0.4	3.5	–2.1	1.0	–2.7
Financial result	–31.8	–30.3	–17.8	–12.2	–24.6
Earnings from continuing operations before taxes	–23.7	42.1	–62.8	6.7	–70.7
Income taxes	–24.3	–17.4	–15.8	–6.1	6.0
Net profit/loss from continuing operations	–48.0	24.7	–78.6	0.6	–64.7
Consolidated Statement of Financial Position					
Total assets	1,699.8	1,534.4	1,444.6	1,483.4	1,376.4
Non-current assets	927.2	813.6	768.1	833.5	799.6
Current assets	772.6	720.8	676.5	649.9	576.8
Equity	266.9	313.4	301.1	345.6	302.2
Equity ratio (%)	15.7	20.4	20.8	23.3	22.0
Net financial liabilities	485.5	401.1	429.3	420.2	358.0

EUR m	2024	2023	2022	2021	2020
Statement of Cash Flows[1]					
Capital expenditure (without acquisitions through business combinations and financial assets)	96.3	92.9	91.0	114.7	83.8
Depreciation and amortization	72.8	66.5	162.4	84.2	87.8
Cash flow from operating activities from continuing operations	57.1	123.6	106.7	71.3	31.1
Employees[1]					
Annual average	12,116	12,778	14,044	14,006	14,192
Domestic employees	2,776	2,932	2,936	2,848	3,026
Non-domestic employees	9,340	9,846	11,108	11,158	11,166
Personnel costs	473.3	438.4	518.5	465.9	444.1
Share data					
Prices (Xetra closing price in EUR)	4.80	10.90	10.55	17.95	19.90
Market capitalization (EUR m)	73.1	166.1	160.8	273.5	303.2
Dividend (EUR)	0.00[2]	0.00	0.00	0.00	0.00
Earnings per share (EUR)	–3.33	1.55	–5.26	0.08	–5.10

[1] Continuing operations. The TMD Group was sold in the 2024 financial year and reported as discontinued operations. The previous year's figures for the 2023 financial year are presented on a comparable basis.

[2] The suspension of dividends over the term of the agreement was agreed as a condition for the new syndicated loan agreement concluded in this financial year.

Financial Calendar 2025 [1]

Important dates for shareholders and analysts

28 March — Publication of Annual Report 2024

22 May — Annual General Meeting 2025

28 March — Analyst and financial press conference

14 August — Publication of Interim Report 2nd Quarter 2025

29 April — Publication of Interim Management Statement 1st Quarter 2025

30 October — Publication of Interim Management Statement 3rd Quarter 2025

[1] All dates are tentative and subject to change. Subject to change without notice.

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Masthead

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