

Interim Management Statement January to March 2022

SOLUTIONS FOR A WORLD ON THE MOVE

Revenue
515.0 EUR m

EBIT margin
-0.2%

Operating EBIT margin
-0.5%

Equity ratio
23.4%

Net loss
-8.0 EUR m

Free cash flow
-12.0 EUR m

EBIT
-1.2
EUR m

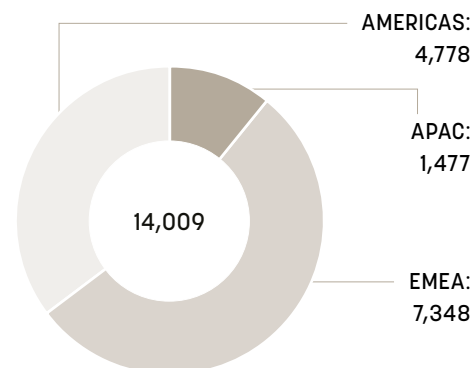
Capital expenditure
14.3
EUR m

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 and innovative thermoplastic components for the global automotive industry. GRAMMER is a full service provider of driver and passenger seats for trucks, buses, trains and offroad vehicles. At present, GRAMMER AG has about 14,000 employees in 19 countries around the world. Its revenue in 2021 was about EUR 1.9 billion. GRAMMER shares are listed in the Prime Standard and traded on the Munich and Frankfurt stock exchanges via the Xetra electronic trading platform.

Employees by region¹

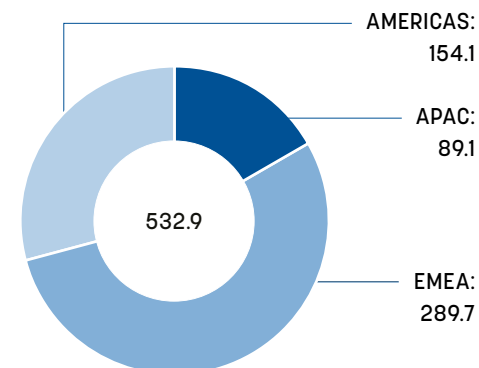
Annual average



¹ An average of 406 people were employed in Central Services.

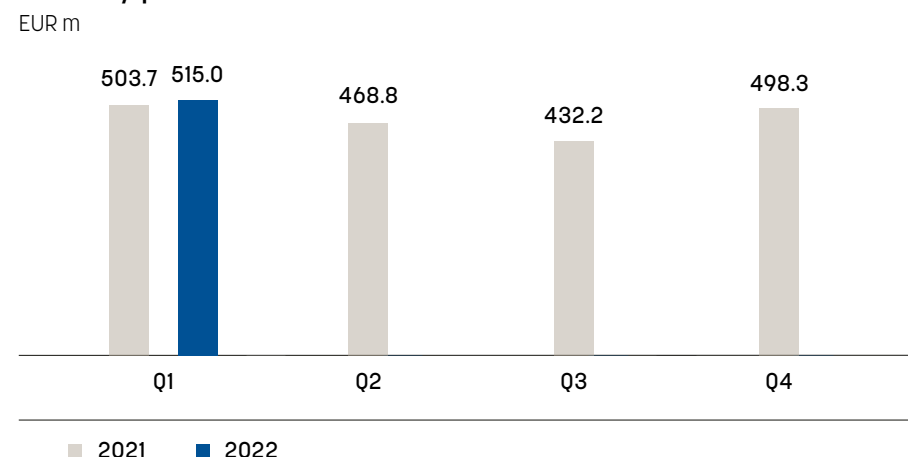
Revenue by region²

EUR m



² The consolidation effect of revenue between the regions amounts to EUR 179 million.

Revenue by quarter



Operating EBIT by region

AMERICAS	EMEA	APAC
-16.9	12.2	6.6
EUR m	EUR m	EUR m

Overview of business performance

- The downturn in business performance in the second half of 2021 continued in the first quarter of 2022
- Revenue and earnings development in the first quarter were impacted by rising material, logistics, energy and personnel costs, renewed COVID-19 lockdowns affecting the Chinese market, and sustained bottlenecks in the procurement markets
- GRAMMER Group revenue increased slightly by 2.2% to EUR 515.0 million in the first quarter of 2022 (Q1 2021: EUR 503.7 million); While the Automotive Division recorded a downturn of 3.6%, revenue in the Commercial Vehicles Division increased by 13.9%; At EUR 500.7 million, FX-adjusted revenue was 0.6% below previous year's figure
- Compared to the first quarter of 2021 AMERICAS reported double-digit revenue growth of 17.5% to EUR 154 million in the first quarter of 2022 (Q1 2021: EUR 131.2 million)
- Revenue of EUR 289.7 million was recorded in the EMEA region in the first quarter of 2022, a slight decrease of 0.7% compared to the previous year (Q1 2021: EUR 291.7 million)
- APAC recorded revenue of EUR 89.1 million in the first quarter of 2022, down 13.7% on the same period of the previous year (Q1 2021: EUR 103.2 million)
- Across the three regions, revenue in the Automotive Division decreased by 3.6% from EUR 336.2 million in Q1 2021 to EUR 324.2 million in the reporting period, mainly due to revenue declines in the EMEA and APAC regions; in contrast, revenue in the Commercial Vehicles Division increased by 13.9% year-on-year to EUR 190.8 million in Q1 2022 (Q1 2021: EUR 167.5 million)
- GRAMMER Group EBIT declined to EUR –1.2 million in the period from January to March 2022 and was therefore significantly below previous year's value (Q1 2021: EUR 22.6 million)
- Operating EBIT amounted to EUR –2.5 million in the first quarter of 2022 (Q1 2021: EUR 21.0 million), resulting in an operating EBIT margin of –0.5% (Q1 2021: 4.2%)
- Outlook for 2022 confirmed: GRAMMER Group forecasts full-year revenue of around EUR 2.0 billion (2021: EUR 1.9 billion) and operating EBIT of around EUR 35 to 40 million (2021: EUR 22.8 million); depending on their duration and how they progress, however, the risks arising from the war in Ukraine and the protracted coronavirus lockdowns in China could have a more pronounced impact on GRAMMER Group revenue and earnings and adversely affect the forecast

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A | Interim Management Statement January to March 2022

1. Economic conditions

World economy

Macroeconomic development in 2021 was increasingly clouded by the impact of the COVID-19-pandemic as the year progressed, including material bottlenecks due to supply chain interruptions and sharp material and commodity price rises. Supply bottlenecks led to slower economic growth in the second half of the year in particular. Overall, according to the International Monetary Fund's (IMF) forecast from April 2022, the world economy recovered by 6.1% in 2021 after the IMF stated that gross domestic product (GDP) had fallen by 3.1% in 2020 as a result of the COVID-19-pandemic.

The negative price trend and supply bottlenecks continued in the first quarter of 2022. Furthermore, since the Russian invasion of Ukraine on February 24, 2022, the world economy, especially the European economy, has felt the consequences of the war. The IMF expects global growth to slow down to 3.6% in 2022. This represents a downward revision of -0.8 percentage points compared with the forecast issued in January 2022. The impact of the Russia-Ukraine war will affect the entire world economy, leading to slower growth, trade disruption and higher inflation. Inflation is being driven in particular by the commodity and energy price increases that already weighed on economic performance in Europe, and especially Germany, in the second half of 2021. In addition to the war-induced supply chain problems, a study by Roland Berger found that the semiconductor shortage that already impacted the production of numerous automotive manufacturers in the past year is set to continue until 2023.

All in all, the IMF expects the eurozone to see year-on-year GDP growth of 2.8%, down 1.1 percentage points compared with its January forecast. In terms of Germany's economic performance, the IMF expects economic output to increase by 2.1% across 2022 as a whole (-1.7 percentage points compared with January 2022).

In the AMERICAS region, the US market initially recorded a strong economic recovery in the previous year. However, high inflation and a serious shortage of skilled workers in the USA meant that growth forecasts were already lowered significantly in the second half of 2021. Accordingly, the IMF is now forecasting year-on-year growth of just 3.7% across the full year of 2022 (-0.3 percentage points compared with January 2022).

In China, the largest market in the APAC region, the spread of the highly infectious Omicron variant of COVID-19 led to repeated lockdowns in a number of major cities, which served to restrict economic activity once again. The IMF expects China to see economic growth of just 4.4% in 2022. Therefore, experts have downwardly revised their January forecast by 0.4 percentage points.

Conditions in the automotive industry

As a result of the weak economic development, the market data published by IHS in April showed that 4.5% fewer vehicles were manufactured worldwide in the first quarter of 2022 than in the same period of the previous year.

The APAC region maintained production at the prior-year level with a slight increase of 0.2%. Without the positive contribution from China, where the production volume rose by 6.1%, the number of vehicles manufactured would have fallen by 6.3% (Japan, South Korea and South Asia). According to IHS, this is due to the ongoing semiconductor shortage and the continued pressure on supply chains. In addition, the interruptions to production in China as a result of the latest measures to curb the spread of the COVID-19-pandemic will mainly be reflected in the figure from Q2 onward. The APAC region is also expected to feel the macroeconomic impact of the Russia-Ukraine conflict in the medium term.

In EMEA and AMERICAS, the automotive industry and its suppliers continue to suffer from the ongoing COVID-19-pandemic and the global supply bottleneck for semiconductors. The production volume in EMEA is also being impacted by the Russian invasion of Ukraine: On the one hand, Russia and Ukraine are major suppliers of neon and palladium, two materials that are required for semiconductor production. On the other hand, the war in Ukraine has halted the production of cable harnesses, 45% of which are exported to Germany and Poland. Around 7% of all cable harnesses that automobile manufacturers in the EU install in their vehicles come from Ukraine. In turn, this has led to production shutdowns at German automotive producers. All in all, the EMEA region recorded a significant drop in production of 15.0% in the first three months of 2022, while the IHS data from April for the AMERICAS region indicates a year-on-year decline of 3.5%. In Europe – excluding Middle East/Africa – there was a downturn of even 14.3%.

Conditions in the commercial vehicles industry

Most parts of the world are expected to see a significantly lower truck production volume across the full year of 2022, and there are no signs of an improvement. According to LMC, the global truck market declined by 28.5% year-on-year in the first quarter. This pronounced downturn compared with the same period of the previous year was mainly attributable to the APAC (-40.1%) and EMEA (-4.0%) regions.

One of the reasons for the negative development in APAC was the dramatic drop in the Chinese market, which declined by 53.0%. Following many years of growth, the Chinese truck market is expected to see a steady downward correction over the next three years according to LMC. This is due to the stricter emission standards that have been introduced and the stocks that still need to be gradually sold and replaced.

The AMERICAS region saw moderate growth of 5.3% in the first quarter of 2022, while LMC reported a downturn in production in the EMEA region of 4.0%. LMC sees the reasons for this as being the Russia-Ukraine war and the resulting sanctions, lower demand, the shortage of semiconductors, cable harnesses, and emissions violations.

2. GRAMMER Group key figures

Key figures in accordance with IFRS GRAMMER Group

EUR m

	01-03 2022	01-03 2021	01-12 2021
Group revenue	515.0	503.7	1,903.0
Revenue EMEA	289.7	291.7	1,061.5
Revenue AMERICAS	154.1	131.2	517.7
Revenue APAC	89.1	103.2	406.3
Income Statement			
EBITDA	20.3	43.2	103.1
EBITDA margin (%)	3.9	8.6	5.4
EBIT	-1.2	22.6	18.9
EBIT margin (%)	-0.2	4.5	1.0
Operating EBIT	-2.5	21.0	22.8
Operating EBIT margin (%)	-0.5	4.2	1.2
Earnings before taxes	-2.2	17.4	6.7
Net profit/loss	-8.0	13.3	0.6

EUR m

	01-03 2022	01-03 2021	01-12 2021
Consolidated Statement of Financial Position			
Total assets	1,518.9	1,427.0	1,483.4
Equity	355.8	328.2	345.6
Equity ratio (%)	23.4	23.0	23.3
Net financial liabilities	436.8	381.0	420.2
Gearing (%)	122.8	116.1	121.6
Statement of Cash Flows			
Capital expenditure (without financial assets)	14.3	9.0	114.7
Depreciation and amortization	21.5	20.6	84.2
Free Cash flow	-12.0	-12.9	-5.6
Employees (number, average)	14,009	14,204	14,006

	March 31, 2022	March 31, 2021	December 31, 2021
Share data			
Price (Xetra, closing price in EUR)	16.70	25.50	17.95
Market capitalization (in EUR m)	254.5	388.6	273.5
Earnings per share (basic/diluted, EUR)	-0.53	0.88	0.08

3. Business performance in the first quarter of 2022

GRAMMER Group revenue amounted to EUR 515.0 million in the first quarter of 2022, up slightly on the same period of the previous year (Q1 2021: EUR 503.7 million). FX-adjusted, revenue decreased slightly by 0.6% to EUR 500.7 million. This meant that revenue developed in line with expectations.

GRAMMER Group's revenue performance in the first quarter of 2022 was driven in particular by the positive contribution from the AMERICAS region, where the prior-year quarter was impacted by the lower number of OEM call-offs in response to the global semiconductor supply bottleneck.

Revenue in the APAC region declined by 13.7% year-on-year to EUR 89.1 million (Q1 2021: EUR 103.2 million). In the EMEA region, revenue fell slightly by 0.7% to EUR 289.7 million (Q1 2021: EUR 291.7 million). Only the AMERICAS region saw significant revenue growth of 17.5% to EUR 154.1 million in the first quarter of 2022 (Q1 2021: EUR 131.2 million).

By contrast, GRAMMER Group's operating EBIT declined substantially to EUR -2.5 million in the first quarter of 2022 (Q1 2021: EUR 21.0 million), resulting in an operating EBIT margin of -0.5% (Q1 2021: 4.2%). As previously, the main reasons for this dramatic downturn in earnings were the sharp rise in material, logistics, energy and personnel costs, sustained bottlenecks on the procurement markets, and renewed coronavirus lockdowns affecting the Chinese market in particular. Operating EBIT was adjusted for positive currency translation effects of EUR 1.8 million as well as directly attributable costs for coronavirus-related protection and response measures in the amount of EUR 0.5 million.

In the short term, GRAMMER intends to pass on the substantial cost increases (material, energy, transport, wage and downtime costs) to customers and achieve a sustainable turnaround in AMERICAS, now the second largest market, by 2024. One important component is the "P2P – Path to Profitability" restructuring project. A notable development in this respect was the appointment of a new management team with recruitment experience.

GRAMMER AG will continue to systematically pursue the various measures to secure its financial stability and promote sustainable development in this region in the course of the current year.

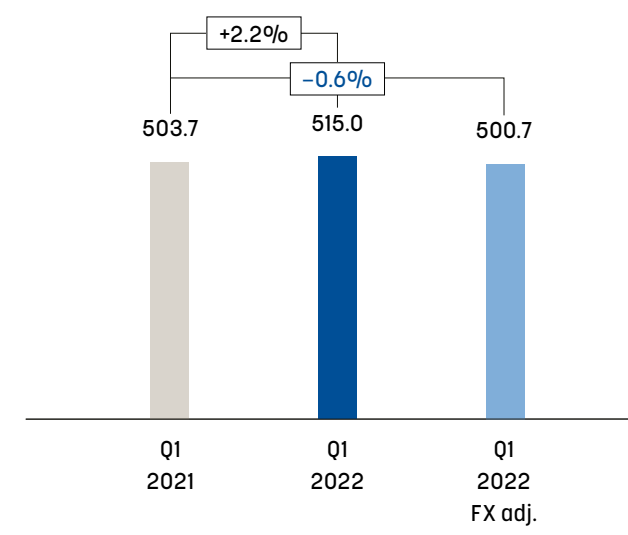
4. GRAMMER Group results of operations

GRAMMER Group revenue

In the first quarter of 2022, GRAMMER AG recorded a slight year-on-year increase in Group revenue of 2.2% to EUR 515.0 million (Q1 2021: EUR 503.7 million). While revenue declined in the Automotive Division, the Commercial Vehicles Division recorded revenue growth. Revenue in the Automotive Division fell by 3.6% to EUR 324.2 million, whereas revenue in the Commercial Vehicles Division rose sharply by 13.9% to EUR 190.8 million.

The EMEA and AMERICAS regions were the main drivers of the positive revenue performance in the Commercial Vehicles Division, while the APAC region saw a sharp downturn. In the Automotive Division, the positive revenue development in the AMERICAS region was not sufficient to offset the downturns in EMEA and APAC.

GRAMMER Group revenue (FX-adjusted)



GRAMMER Group earnings

Group earnings before interest and taxes (EBIT) amounted to EUR -1.2 million in the first quarter of 2022 (Q1 2021: EUR 22.6 million). Positive earnings contributions were delivered by the EMEA (EUR 12.3 million) and APAC (EUR 6.3 million) regions, while the AMERICAS region reported negative EBIT of EUR -16.4 million.

Operating EBIT of EUR -2.5 million (Q1 2021: EUR 21.0 million) and operating EBIT margin of -0.5% (Q1 2021: 4.2%) were significantly below the prior-year level. Adjustments were recognized for positive currency translation effects of EUR 1.8 million as well as directly attributable costs for coronavirus-related protection and response measures in the amount of EUR 0.5 million.

Revenue performance by region and division

EUR m

	GRAMMER Group			EMEA			AMERICAS			APAC		
	01-03 2022	01-03 2021	Change	01-03 2022	01-03 2021	Change	01-03 2022	01-03 2021	Change	01-03 2022	01-03 2021	Change
Automotive	324.2	336.2	-3.6%	146.3	164.6	-11.1%	124.3	112.5	10.5%	57.2	64.2	-10.9%
Commercial Vehicles	190.8	167.5	13.9%	143.4	127.1	12.8%	29.8	18.7	59.4%	31.9	39.0	-18.2%
Revenue	515.0	503.7	2.2%	289.7	291.7	-0.7%	154.1	131.2	17.5%	89.1	103.2	-13.7%

GRAMMER Group Condensed Consolidated Statement of Income

EUR k

	01-03 2022	01-03 2021	Change
Revenue	514,998	503,717	11,281
Cost of sales	-477,880	-441,694	-36,186
Gross profit	37,118	62,023	-24,905
Selling expenses	-6,923	-6,254	-669
Administrative expenses	-39,541	-36,073	-3,468
Other operating income	8,129	2,924	5,205
Earnings before interest and taxes (EBIT)	-1,217	22,620	-23,837
Financial result	-935	-5,241	4,306
Earnings before taxes	-2,152	17,379	-19,531
Income taxes	-5,880	-4,049	-1,831
Net profit/loss	-8,032	13,330	-21,362

Derivation of operating EBIT

EUR m

	01-03 2022	01-03 2021	Change
EBIT	-1.2	22.6	-23.8
Currency translation effects	-1.8	-2.2	0.4
Costs for corona-related protection and response measures	0.5	0.6	-0.1
Operating EBIT	-2.5	21.0	-23.5

5. Performance by region

EMEA

The EMEA region generated revenue of EUR 289.7 million in the first quarter of 2022 (Q1 2021: EUR 291.7 million), representing a slight decline of 0.7%. The Automotive and Commercial Vehicles Division saw contrasting performance. While the Commercial Vehicles Division recorded revenue growth of 12.8% to EUR 143.4 million (Q1 2021: EUR 127.1 million), revenue in the Automotive Division fell by 11.1% to EUR 146.3 million (Q1 2021: EUR 164.6 million). This meant the region, which includes the companies with the highest revenue in the Group, continued the downward trend that began in the second half of 2021.

EBIT in the EMEA region fell sharply to EUR 12.3 million in the first quarter of 2022 (Q1 2021: EUR 20.4 million). As previously, this was due in particular to the substantial rise in material, logistics and energy costs as well as the sustained bottlenecks affecting the procurement markets, especially with regard to semiconductors. These negative effects were further exacerbated by the outbreak of war in Ukraine. The war also led to a downturn in customer call-offs due to production interruptions. This was due in particular to the shortage of cable harnesses, the majority of which were previously manufactured in Ukraine. The EBIT margin declined by 2.8 percentage points to 4.2% (Q1 2021: 7.0%).

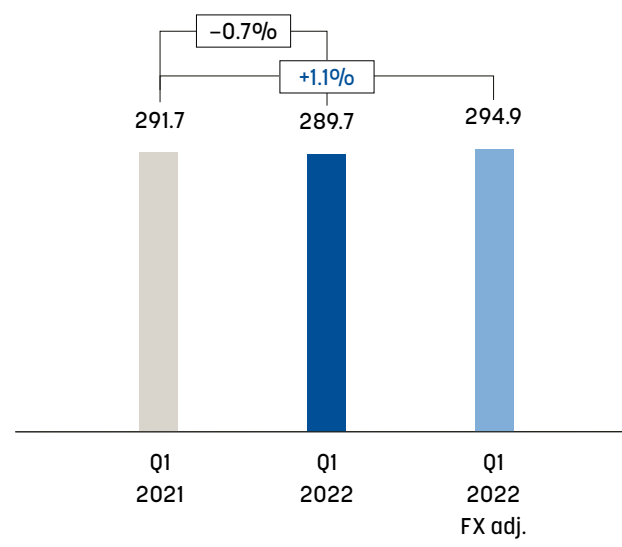
Operating EBIT also fell significantly to EUR 12.2 million (Q1 2021: EUR 18.8 million). Accordingly, the operating EBIT margin decreased by 2.2 percentage points to 4.2% (Q1 2021: 6.4%). Adjustments were recognized for positive currency translation effects of EUR 0.5 million as well as directly attributable costs for coronavirus-related protection and response measures in the amount of EUR 0.4 million.

EMEA region key figures

EUR m

	01-03 2022	01-03 2021	Change
Revenue	289.7	291.7	-2.0
EBIT	12.3	20.4	-8.1
EBIT margin (%)	4.2	7.0	-2.8 %-points
Operating EBIT	12.2	18.8	-6.6
Operating EBIT margin (%)	4.2	6.4	-2.2 %-points
Capital expenditure (without financial assets)	4.6	4.9	-0.3
Employees (number, average)	7,348	7,690	-342

EMEA revenue (FX-adjusted)



AMERICAS

The AMERICAS region reported substantial revenue growth of 17.5% to EUR 154.1 million across both divisions in the first quarter of 2022 (Q1 2021: EUR 131.2 million). This development was due to the low number of OEM call-offs in the previous year as a result of the global semiconductor supply bottleneck in the Automotive Division, as well as the high order volume in the Commercial Vehicles Division. Revenue in the Automotive Division rose by 10.5% to EUR 124.3 million (Q1 2021: EUR 112.5 million), while the Commercial Vehicles Division recorded revenue growth of 59.4% to EUR 29.8 million (Q1 2021: EUR 18.7 million).

EBIT in the AMERICAS region amounted to EUR -16.4 million (Q1 2021: EUR -8.6 million). The main negative factors were high inflation and the sharp rise in personnel costs. This was exacerbated by non-recurring expenses of appr. EUR 4.0 million in particular for special freight at a plant in Mexico. Accordingly, the EBIT margin declined by 4.0 percentage points to -10.6% (Q1 2021: -6.6%).

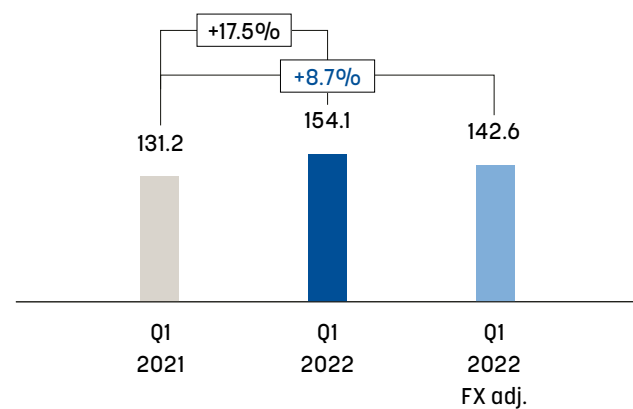
Operating EBIT amounted to EUR -16.9 million in the first quarter of 2022 (Q1 2021: EUR -8.5 million). The operating EBIT margin was -11.0%, down 4.5 percentage points on the same period of the previous year (Q1 2021: -6.5%).

AMERICAS region key figures

EUR m

	01-03 2022	01-03 2021	Change
Revenue	154.1	131.2	22.9
EBIT	-16.4	-8.6	-7.8
EBIT margin (%)	-10.6	-6.6	%-points
Operating EBIT	-16.9	-8.5	-8.4
Operating EBIT margin (%)	-11.0	-6.5	%-points
Capital expenditure (without financial assets)	2.9	2.7	0.2
Employees (number, average)	4,778	4,758	20

AMERICAS revenue (FX-adjusted)



APAC

In the APAC region, revenue in both divisions declined significantly by 13.7% to EUR 89.1 million in the first quarter of 2022 (Q1 2021: EUR 103.2 million).

The downturn in the Automotive Division was due to reduced customer call-offs as a result of renewed COVID-19 lockdowns in the Shanghai and Changchun regions. Accordingly, the Automotive Division recorded revenue of EUR 57.2 million, down 10.9% on the same period of the previous year (Q1 2021: EUR 64.2 million).

The Commercial Vehicles Division saw a continuation of the downward trend from the second half of 2021. This was primarily due to the introduction of a more stringent emission standard, which led to a slump in new truck orders. All in all, performance was in line with the Company's expectations. Revenue in the Commercial Vehicles Division fell by 18.2% to EUR 31.9 million (Q1 2021: EUR 39.0 million).

EBIT in the APAC region declined to EUR 6.3 million (Q1 2021: EUR 15.6 million). This was mainly attributable to the lower level of revenue on the Chinese market, high freight costs in Japan, and ramp-up costs for the new plants in China. The EBIT margin declined by 8.0 percentage points to 7.1% (Q1 2021: 15.1%).

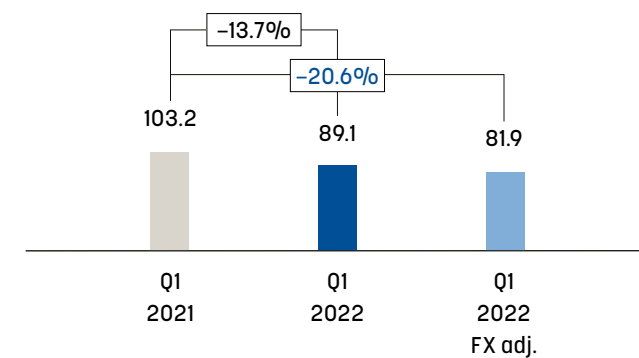
Operating EBIT also fell sharply to EUR 6.6 million (Q1 2021: EUR 15.6 million), with the operating EBIT margin declining by 7.7 percentage points compared with the previous year's quarter to 7.4% (Q1 2021: 15.1%).

APAC region key figures

EUR m

	01-03 2022	01-03 2021	Change
Revenue	89.1	103.2	-14.1
EBIT	6.3	15.6	-9.3
EBIT margin (%)	7.1	15.1	%-points
Operating EBIT	6.6	15.6	-9.0
Operating EBIT margin (%)	7.4	15.1	%-points
Capital expenditure (without financial assets)	3.7	1.0	2.7
Employees (number, average)	1,477	1,310	167

APAC revenue (FX-adjusted)



6. Net assets and financial position

GRAMMER Group total assets increased slightly by EUR 35.5 million to EUR 1,518.9 million (December 31, 2021: EUR 1,483.4 million).

Non-current assets were largely stable at EUR 828.7 million (December 31, 2021: EUR 833.5 million) and primarily comprised intangible assets in the amount of EUR 184.4 million (December 31, 2021: EUR 183.5 million) and property, plant and equipment of EUR 494.9 million (December 31, 2021: EUR 495.3 million).

Current assets climbed by 6.2% to EUR 690.2 million (December 31, 2021: EUR 649.9 million), chiefly due to the 6.0% increase in trade accounts receivable to EUR 243.1 million (December 31, 2021: EUR 229.4 million), the 7.1% rise in inventories to EUR 210.0 million (December 31, 2021: EUR 196.1 million) and the 38.9% upturn in other current assets to EUR 53.2 million (December 31, 2021: EUR 38.3 million). The latter increased mainly due to a rise in VAT receivables by EUR 10.1 million as of the reporting date. By contrast, cash and short-term deposits decreased by 7.6% to EUR 104.8 million as of March 31, 2022 (December 31, 2021: EUR 113.4 million).

Equity increased by EUR 10.2 million or 3.0% to EUR 355.8 million in the first quarter of 2022 (December 31, 2021: EUR 345.6 million). This was due in particular to the other comprehensive income of EUR 18.3 million. Other comprehensive income mainly comprises positive foreign currency effects from the currency translation of foreign subsidiaries amounting to EUR 7.3 million (Q1 2021: EUR 12.6 million) and actuarial effects from the interest-related adjustment of retirement benefits and similar obligations, taking into account deferred taxes amounting to EUR 9.2 million (Q1 2021: EUR 0 million). The equity ratio was stable at 23.4% (December 31, 2021: 23.3%).

Non-current liabilities declined by EUR 15.8 million or 3.7% to EUR 412.3 million (December 31, 2021: EUR 428.1 million). This was due in particular to the EUR 12.3 million or 8.3% reduction in retirement benefits and similar obligations, as well as the fact that non-current financial liabilities declined by 1.5% to EUR 179.3 mil-

lion (December 31, 2021: EUR 182.0 million), which is attributable to reclassifications due to scheduled maturities.

Current liabilities rose by EUR 41.1 million or 5.8% to EUR 750.8 million (December 31, 2021: EUR 709.7 million). This development was primarily due to the increase in other current liabilities by 22.9% to EUR 114.9 million (December 31, 2021: EUR 93.5 million) – of the increase, EUR 14.8 million relates to liabilities to employees due to the build-up of provisions for Christmas and vacation bonuses, bonus payments, and accruals for vacation and overtime not yet taken – current trade accounts payable by 5.2% to EUR 283.0 million (December 31, 2021: EUR 269.1 million) and current financial liabilities by 5.5% to EUR 277.8 million (December 31, 2021: EUR 263.4 million).

GRAMMER Group Condensed Consolidated Statement of Financial Position

EUR k

	March 31, 2022	December 31, 2021	Change
Non-current assets	828,741	833,533	-4,792
Current assets	690,169	649,855	40,314
Assets	1,518,910	1,483,388	35,522
Equity	355,796	345,550	10,246
Non-current liabilities	412,332	428,143	-15,811
Current liabilities	750,782	709,695	41,087
Equity and liabilities	1,518,910	1,483,388	35,522

7. Capital expenditure

In the first quarter of 2022, GRAMMER Group capital expenditure exceeded prior-year's value by EUR 5.3 million, increasing to EUR 14.3 million (Q1 2021: EUR 9.0 million).

Capital expenditure in the EMEA region amounted to EUR 4.6 million, down slightly on the prior-year figure of EUR 4.9 million.

Capital expenditure in the APAC region increased significantly year-on-year. This related to investments in plant construction – especially at the Shenyang plant – and the expansion of production capacities. Capital expenditure in the region amounted to EUR 3.7 million in the first quarter of 2022 (Q1 2021: EUR 1.0 million).

From January to March 2022, capital expenditure in the AMERICAS region amounted to EUR 2.9 million (Q1 2021: EUR 2.7 million) and primarily focused on replacement investments.

Capital expenditure in Central Services increased by EUR 2.7 million year-on-year to EUR 3.1 million (Q1 2021: EUR 0.4 million) of which EUR 0.7 million were attributable to the continuation of GRAMMER's digitalization initiatives – the first major project involves the use of smart engineering in product lifecycle management – and EUR 1.8 million related to capitalized development costs. Due to the change in the organizational structure, development services at GRAMMER AG are now carried out in this unit. In the previous year, EUR 1.0 million were recognized for this in the EMEA region. As in the previous year, this mainly relates to the development of new seat generations for the Commercial Vehicles Division.

Capital expenditure

EUR m

	01-03 2022	01-03 2021	Change
EMEA	4.6	4.9	-0.3
AMERICAS	2.9	2.7	0.2
APAC	3.7	1.0	2.7
Central Services	3.1	0.4	2.7
GRAMMER Group	14.3	9.0	5.3

8. Cash flow

Cash flow from operating activities improved by EUR 6.3 million year-on-year to EUR 0.3 million in the first quarter of 2022. In particular, the significantly lower cash outflows from working capital compared to the prior-year quarter more than offset the decline in net profit/loss, which was impacted by sharply rising material, logistics and energy costs. This was mainly due to the significantly lower increase in trade accounts receivable compared to the prior-year period. The cash outflow from investing activities increased by EUR 5.4 million to EUR -12.3 million in the first three months of 2022 (Q1 2021: EUR -6.9 million). This was in particular due to investments in plant construction and the expansion of production capacities in the APAC region.

Free cash flow was essentially unchanged year-on-year at EUR -12.0 million in the first quarter of 2022 (Q1 2021: EUR -12.9 million). Cash flow from financing activities increased by EUR 34.9 million to EUR 13.0 million in the first quarter of 2022 (Q1 2021: EUR -21.9 million) as a result of the increase in financial liabilities.

9. Employees

GRAMMER had an average of 14,009 employees globally in the first quarter of 2022 (Q1 2021: 14,204). This represents a reduction of 1.4% compared to the previous year. The Group had an average of 1,477 employees in the APAC region (Q1 2021: 1,310), 7,348 employees in the EMEA region (Q1 2021: 7,690), and 4,778 employees in the AMERICAS region (Q1 2021: 4,758).

Average number of employees

	01-03 2022	01-03 2021	Change
EMEA	7,348	7,690	-342
AMERICAS	4,778	4,758	20
APAC	1,477	1,310	167
Central Services	406	446	-40
GRAMMER Group	14,009	14,204	-195

10. Opportunities and risks

From today's perspective, the opportunities and risks listed and described in detail in the Management Report contained in the Annual Report for 2021 continue to apply.

GRAMMER is observing the developments and the macroeconomic impact of the Russia-Ukraine conflict and the COVID-19-pandemic extremely closely, as they involve risks that are significant and extremely difficult to assess at present.

Although the war in Ukraine is not expected to have a direct impact on Group revenue in light of the extremely limited nature of the GRAMMER Group's activities in Russia and Ukraine, the indirect consequences could lead to significantly lower revenue in EMEA. This is because Russia and Ukraine are major suppliers of neon and palladium, both of which are required for semiconductor production. The war in Ukraine has also halted the production of cable harnesses, 45% of which are exported to Germany and Poland. In turn, this has led to production shutdowns at German OEMs. GRAMMER also supplied seats to Russian customers in the truck/rail segment. As these deliveries have been halted, revenue is expected to decline and there is a certain risk of stock loss and uncollectible accounts receivable.

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

As a result of the COVID-19-pandemic infections, China is experiencing renewed lockdowns in several major cities, including Changchun, as well as in the international business metropolis of Shanghai, leading to restrictions on economic activities. As a result, there could be widening shipping congestion, particularly at the world's largest container port in Shanghai, and increasing disruptions to global supply chains. Depending on the length and further course of persistent COVID-19 lockdowns in China, additional risks to GRAMMER Group's revenue may arise.

11. Outlook

GRAMMER published its guidance for the financial year of 2022 on March 30, 2022. This guidance continues to apply.

Accordingly, the Company expects the challenging macroeconomic conditions to continue in 2022, especially in the markets that are relevant for the GRAMMER Group. Overall, GRAMMER anticipates a slight increase in revenue to approximately EUR 2.0 billion in 2022 (2021: EUR 1.9 billion). Based on the forecast for the three regions that are relevant to the Group's business performance, operating EBIT is expected to improve significantly to between EUR 35 million and EUR 40 million in 2022 (2021: EUR 22.8 million).

Depending on their duration and how they progress, however, the risks arising from the war in Ukraine and the continuing coronavirus lockdowns in China could have a more significant impact on GRAMMER Group revenue and earnings and adversely affect this forecast. In 2022, operating EBIT will remain impacted by volatile call-offs, increasing costs from higher raw material and energy prices as well as material bottlenecks and increased personnel costs. The Company is endeavoring to compensate this with the efficiency and cost reduction measures it has initiated. In the short term, however, GRAMMER will also have to pass on the substantial cost increases to its customers.

12. Forward-looking statements

This Interim Management Statement contains forward-looking statements based on current assumptions and estimates made by GRAMMER's management of future trends. Such statements refer to periods in the future or are characterized by terms such as "expect", "predict", "intend", "forecast", "plan", "estimate", "anticipate" or similar terms. Such statements are subject to risks and uncertainties which GRAMMER can neither estimate nor influence with any precision, e.g. future market conditions and the macroeconomic environment, the behavior of other market participants, the successful integration of newly acquired companies, the materialization of expected synergistic benefits and government actions. If any of these or other factors of uncertainty or imponderables occur or if any of the assumptions on which these statements are based prove to be incorrect, actual results could differ materially from the results expressed or implied in these statements. GRAMMER neither intends nor is under any obligation to update any forward-looking statements in the light of any changes occurring after the publication of this document.

B | Financial information January to March 2022

Consolidated Statement of Income

January 1 – March 31 of the respective financial year

EUR k	01-03 2022	01-03 2021
Revenue	514,998	503,717
Cost of sales	-477,880	-441,694
Gross profit	37,118	62,023
Selling expenses	-6,923	-6,254
Administrative expenses	-39,541	-36,073
Other operating income	8,129	2,924
Earnings before interest and taxes (EBIT)	-1,217	22,620
Financial income	612	352
Financial expenses	-6,443	-5,337
Other financial result	4,896	-256
Earnings before taxes	-2,152	17,379
Income taxes	-5,880	-4,049
Net profit/loss	-8,032	13,330
Of which attributable to:		
Shareholders of the parent company	-7,842	13,082
Non-controlling interests	-356	93
Hybrid loan lender's compensation claims	166	155
Net profit/loss	-8,032	13,330
Earnings per share		
Basic/diluted earnings per share in EUR	-0.53	0.88

Consolidated Statement of Comprehensive Income

January 1 – March 31 of the respective financial year

EUR k	01-03 2022	01-03 2021	EUR k	01-03 2022	01-03 2021
Net profit/loss	-8,032	13,330	Gains/losses (-) from cash flow hedges		
Amounts that will not be reclassified to profit and loss in future periods			Gains/losses (-) arising in the current period	1,560	-1,317
Actuarial gains/losses (-) under defined benefit plans			Plus/less (-) amounts reclassified to the income statement through profit and loss	-583	-149
Gains/losses (-) arising in the current period	12,962	0	Tax expenses (-)/tax income	-882	342
Tax expenses (-)/tax income	-3,747	0	Gains/losses (-) from cash flow hedges (after tax)	95	-1,124
Actuarial gains/losses (-) under defined benefit plans (after tax)	9,215	0	Gains/losses (-) from net investments in foreign operations		
Total amount that will not be reclassified to profit and loss in future periods	9,215	0	Gains/losses (-) arising in the current period	1,778	1,511
Amounts that will be reclassified to profit and loss in future periods under certain conditions			Tax expenses (-)/tax income	-123	-277
Gains/losses (-) from currency translation of foreign subsidiaries			Gains/losses (-) from net investments in foreign operations (after tax)	1,655	1,234
Gains/losses (-) arising in the current period	7,313	12,517	Total amounts that will be reclassified to profit and loss in future periods under certain conditions	9,063	12,627
Gains/losses (-) from currency translation of foreign subsidiaries (after tax)	7,313	12,517	Other comprehensive income	18,278	12,627
			Total comprehensive income after taxes	10,246	25,957
			Of which attributable to:		
			Shareholders of the parent company	10,388	25,752
			Non-controlling interests	-308	50
			Hybrid loan lender's compensation claims	166	155

Consolidated Statement of Financial Position

as of March 31, 2022 and December 31, 2021

Assets

EUR k

	March 31, 2022	December 31, 2021
Property, plant and equipment	494,851	495,319
Intangible assets	184,376	183,534
Investments measured at equity	1,031	958
Other financial assets	6,144	6,366
Deferred tax assets	46,690	51,147
Other assets	32,236	32,419
Contract assets	63,413	63,790
Non-current assets	828,741	833,533
Inventories	210,004	196,137
Current trade accounts receivable	243,064	229,370
Other current financial assets	8,086	5,261
Current income tax receivables	2,690	5,463
Cash and short-term deposits	104,811	113,441
Other current assets	53,196	38,332
Current contract assets	68,318	61,851
Current assets	690,169	649,855
Total assets	1,518,910	1,483,388

Consolidated Statement of Financial Position

as of March 31, 2022 and December 31, 2021

Equity and liabilities

EUR k

	March 31, 2022	December 31, 2021		March 31, 2022	December 31, 2021
Subscribed capital	39,009	39,009	Current financial liabilities	277,830	263,426
Capital reserve	162,947	162,947	Current trade accounts payable	283,005	269,135
Own shares	-7,441	-7,441	Other current financial liabilities	18,149	19,467
Retained earnings	192,692	200,534	Other current liabilities	114,949	93,528
Cumulative other comprehensive income	-53,416	-71,646	Current income tax liabilities	7,871	8,038
Equity attributable to shareholders of the parent company	333,791	323,403	Provisions	46,499	52,610
Hybrid loan	19,787	19,621	Current contract liabilities	2,479	3,491
Non-controlling interests	2,218	2,526	Current liabilities	750,782	709,695
Equity	355,796	345,550			
			Total liabilities	1,163,114	1,137,838
Non-current financial liabilities	179,332	182,036	Total equity and liabilities	1,518,910	1,483,388
Trade accounts payable	221	261			
Other financial liabilities	66,406	68,719			
Other liabilities	1,356	1,356			
Retirement benefits and similar obligations	136,655	148,973			
Deferred tax liabilities	26,392	24,365			
Contract liabilities	1,970	2,433			
Non-current liabilities	412,332	428,143			

Consolidated Statement of Cash Flows

January 1 – March 31 of the respective financial year

EUR k

	01-03 2022	01-03 2021
1. Cash flow from operating activities		
Earnings before taxes	-2,152	17,379
Reconciliation of earnings before taxes with cash flow from operating activities		
Depreciation and impairment of property, plant and equipment	18,053	16,786
Amortization and impairment of intangible assets	3,420	3,779
Gains (-)/losses from the disposal of assets	463	-62
Other non-cash changes	7,092	18,644
Financial result	935	5,241
Dividends received from investments measured at equity	359	0
Changes in operating assets and liabilities		
Decrease/increase (-) in trade accounts receivable and other assets	-35,784	-59,658
Decrease/increase (-) in inventories	-13,867	-19,805
Decrease (-)/increase in provisions and retirement benefit provisions	-6,256	-12,707
Decrease (-)/increase in accounts payable and other liabilities	31,932	30,274
Income taxes paid	-3,905	-5,910
Cash flow from operating activities	290	-6,039
2. Cash flow from investing activities		
Purchases		
Purchase of property, plant and equipment	-11,672	-6,828
Purchase of intangible assets	-1,922	-1,123
Disposals		
Disposal of property, plant and equipment	236	388
Disposal of intangible assets	133	12
Disposal of financial assets	348	344
Interest received	612	352
Cash flow from investing activities	-12,265	-6,855

EUR k

	01-03 2022	01-03 2021
3. Cash flow from financing activities		
Payments received from raising financial liabilities	50,649	20,993
Payments made for the settlement of financial liabilities	-27,102	-33,731
Payments made for the settlement of lease liabilities	-5,245	-4,600
Interest paid	-5,295	-4,595
Cash flow from financing activities	13,007	-23,933
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)	1,032	-34,827
Effects of exchange rate differences of cash and cash equivalents	2,185	-2,148
Cash and cash equivalents as of January 1	44,357	55,372
Cash and cash equivalents as of March 31	47,574	18,397
5. Analysis of cash and cash equivalents		
Cash and short-term deposits	104,811	59,255
Bank overdrafts (including current liabilities under factoring contracts)	-57,237	-40,858
Cash and cash equivalents as of March 31	47,574	18,397

Financial Calendar 2022¹

Important dates for shareholders and analysts



Analyst and financial
press conference



Annual General
Meeting 2022



Publication of
Annual Report 2021



Publication of
Interim Report
2nd Quarter 2022



Publication of Interim
Management Statement
1st Quarter 2022



Publication of Interim
Management Statement
3rd Quarter 2022

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