



ONE GRAMMER

Interim Management Statement
January to March 2021

Revenue
503.7 EUR million

EBIT margin
4.5%

Operating EBIT margin
4.2%

Equity ratio
23.0%

Net profit
13.3 EUR million

Free cash flow
-12.9 EUR million

EBIT
22.6

EUR million

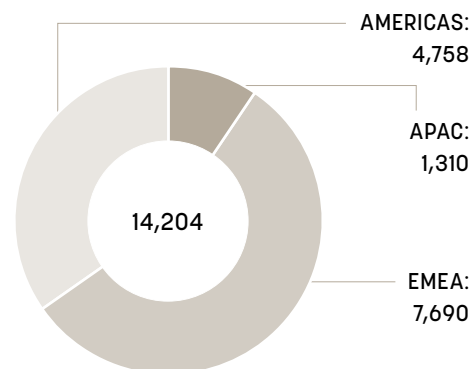
Capital expenditure
9.0

EUR million

Company profile

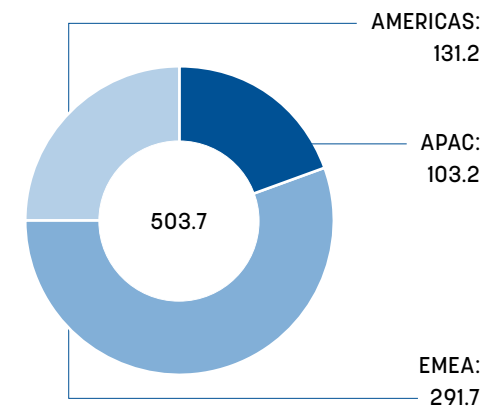
GRAMMER AG is a globally active stock-listed manufacturer of seating systems and automotive interiors. The Commercial Vehicles Division develops and manufactures technologically sophisticated seating systems for commercial and offroad vehicles as well as for trains and buses. GRAMMER's Automotive Division engineers and produces high-quality headrests, center consoles, armrests and interior components as well as innovative thermoplastic components for car-makers and their OEMs. GRAMMER serves its customers worldwide with a workforce of around 14,000 employees in 20 countries.

Employees by region¹
Annual Average



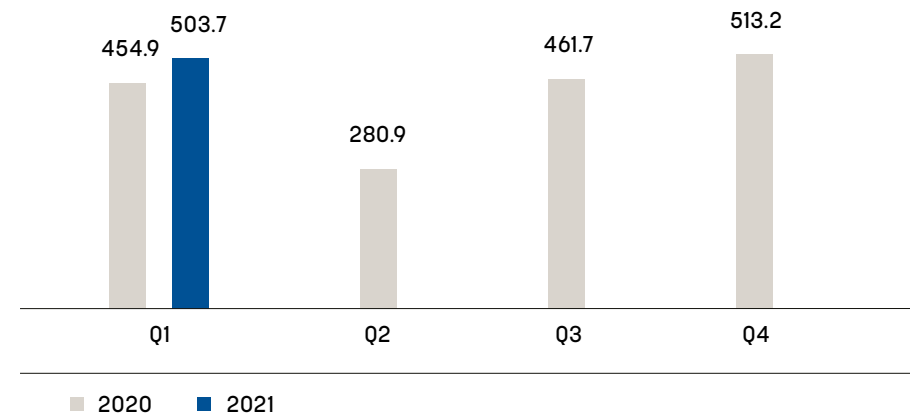
¹On average 446 employees were accounted for by Central Services.

Revenue by region²
EUR million



²The consolidation effect of revenue between regions amounts to EUR 22.4 million.

Revenue by quarter
EUR million



Operating EBIT by region

| | | |
|-------------|-------------|-------------|
| AMERICAS | EMEA | APAC |
| -8.5 | 18.8 | 15.6 |
| EUR million | EUR million | EUR million |

Overview of business performance

- Significant recovery in business performance continued in Q1 2021, contrasting with impact from COVID-19 pandemic in Q1 2020
- Revenue and earnings performance benefited in first quarter from economic recovery in EMEA and APAC as well as from strong demand in Commercial Vehicles
- GRAMMER Group revenue increased by 10.7% in Q1 2021 to EUR 503.7 million (Q1 2020: EUR 454.9 million), with 4.9% recovery in Automotive and 24.6% revenue growth in Commercial Vehicles
- APAC generated revenue of EUR 103.2 million and year-on-year growth of 84.9% in Q1 2021 (Q1 2020: EUR 55.8 million)
- EMEA region achieved revenue of EUR 291.7 million in Q1 2021, with year-on-year growth of 4.8% (Q1 2020: EUR 278.3 million)
- AMERICAS generated revenue of EUR 131.2 million in Q1 2021 (Q1 2020: EUR 138.4 million), marking a year-on-year decrease of 5.2%
- Operating EBIT amounted to EUR 21.0 million in Q1 2021 (Q1 2020: EUR 0.4 million), corresponding to an operating EBIT margin of 4.2% (Q1 2020: 0.1%)
- GRAMMER Group EBIT came to EUR 22.6 million from January to March 2021 (Q1 2020: EUR –2.1 million)
- New reporting structure from January 1, 2021: Organizational structure realignment commencing 2020 now reflected in external reporting; the EMEA, AMERICAS and APAC regions are now the leading reportable business segments
- Guidance for 2021 confirmed: For the full year, the GRAMMER Group expects revenue of approximately EUR 1.8 billion (2020: EUR 1.7 billion) and operating EBIT of roughly EUR 65 million (2020: EUR –11.7 million)

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A | Interim Management Statement January to March 2021

1. Business environment

Global economy and impacts of the COVID-19 pandemic

The COVID-19 pandemic plunged the global economy into a deep recession in 2020. After a sharp contraction in economic activity during the first half of the year, some of the resulting loss in output was offset in the second half. In what is now the second year of the COVID-19 pandemic, the global economy continues to present a very mixed picture across different sectors and regions. According to the IMF's April 2021 forecast, global economic output will grow by 6.0% over the year as a whole, as compared with a 3.3% decline last year. While industrial production and global trade have already almost fully recovered, the services sector remains in crisis mode in many countries around the world.

The US economy grew significantly in the second half of 2020 but did not fully recover from the spring 2020 recession triggered by the onset of the coronavirus pandemic. For the USA, the IMF forecasts year-on-year growth of 6.4% in 2021 as a whole.

Notably China and the other Asian countries show a positive trend in economic activity. In China, the largest APAC market, the IMF expects economic output to grow by 8.4% in 2021.

The current resurgence of COVID-19 infection rates in many countries around the world, coupled with significantly tougher measures to contain the third wave of infection, may have impacted economic activity in the first quarter of 2021, especially in the eurozone. This could thus delay or slow down economic recovery. However, a slump like the one seen in spring 2020 is not anticipated. Some manufacturing industries also face challenges due to capacity constraints with regard to certain raw materials and intermediate goods such as semiconductors. For the eurozone as a whole, the IMF expects gross domestic product to increase by 4.4% year-on-year.

The performance of the German economy as part of the eurozone will also be affected by the onward path of the COVID-19 pandemic as well as by measures to contain it. The IMF anticipates that economic output in Germany will grow by 3.6% in the full year 2021.

Business environment for automotive industry and Commercial Vehicles

According to market data published by IHS in April, strong economic growth in the APAC region resulted in 10.6% more vehicles being produced worldwide in the first quarter of 2021 than in the same quarter of the previous year. The APAC region saw production increase by 27.4%, with most of the growth resulting from the positive trend in China. There, production figures rose by 70.9% in the first quarter of 2021 relative to the same quarter last year, which was heavily impacted by factory shutdowns due to COVID-19.

In EMEA and AMERICAS, the automotive industry and its suppliers continue to be affected by the ongoing COVID-19 pandemic and the worldwide supply bottlenecks with semiconductors. Production in the EMEA region was 3.5% down in the first three months of 2021, while IHS data for April indicated a 4.3% year-on-year shortfall in the AMERICAS region.

The economy is expected to recover in most parts of the world over the full year 2021. According to LMC, the global truck market grew in the first quarter by 40.3% year-on-year. This improvement relative to the same quarter of the previous year was mainly driven by the APAC region, which recorded the strongest growth at 69.3%. For China, LMC reported 92.0% growth in truck production. Allowance must, however, be made for the fact that the figures for the previous year were exceptionally low due to COVID-19-related factory closures.

The AMERICAS region saw a slight increase of 0.7% in the first quarter of 2021, while LMC recorded a 6.8% decline in the production figures for the EMEA region.

2. GRAMMER Group key figures

GRAMMER Group key figures (IFRS)

| EUR m | 01-03 2021 | 01-03 2020 | 2020 | EUR m | 01-03 2021 | 01-03 2020 | 2020 | EUR m | March 31, 2021 | March 31, 2020 | December 31, 2020 |
|---|--------------|--------------|----------------|---|------------|------------|---------|------------------------------------|----------------|----------------|-------------------|
| Group revenue | 503.7 | 454.9 | 1,710.7 | Consolidated statement of financial position | | | | Share data | | | |
| EMEA revenue | 291.7 | 278.3 | 965.8 | Total assets | 1,427.0 | 1,423.1 | 1,376.4 | Price (Xetra closing price in EUR) | 25.50 | 19.20 | 19.90 |
| AMERICAS revenue | 131.2 | 138.4 | 476.6 | Equity | 328.2 | 363.4 | 302.2 | Market capitalization (in EUR m) | 388.6 | 242.1 | 303.2 |
| APAC revenue | 103.2 | 55.8 | 339.2 | Equity ratio (in %) | 23.0 | 25.5 | 22.0 | Earnings per share | 0.88 | -0.80 | -5.10 |
| Consolidated Statement of Income | | | | Net financial liabilities | 311.3 | 332.0 | 287.1 | | | | |
| EBITDA | 43.2 | 19.5 | 41.7 | Gearing (in %) | 94.9 | 91.3 | 95.0 | | | | |
| EBITDA margin (in %) | 8.6 | 4.3 | 2.4 | Consolidated Statement of Cash Flows | | | | | | | |
| EBIT | 22.6 | -2.1 | -46.1 | Capital expenditure (excluding financial assets) | 9.0 | 19.5 | 83.8 | | | | |
| EBIT margin (in %) | 4.5 | -0.5 | -2.7 | Depreciation and amortization | 20.6 | 21.6 | 87.8 | | | | |
| Operating EBIT | 21.0 | 0.4 | -11.7 | Free cash flow | -12.9 | -53.4 | -36.3 | | | | |
| Operating EBIT margin (in %) | 4.2 | 0.1 | -0.7 | | | | | | | | |
| Earnings before taxes | 17.4 | -14.1 | -70.7 | Employees (number, average) | 14,204 | 14,709 | 14,192 | | | | |
| Net profit/loss | 13.3 | -9.8 | -64.7 | | | | | | | | |



New reporting structure from January 1, 2021

The realignment of the organizational structure commencing 2020 is now reflected in external reporting. Effective January 1, 2021, GRAMMER AG made fundamental changes to its management and resource allocation structure. The regions AMERICAS, APAC and EMEA have been designated as the leading internal reporting structures and now comprise the reportable business segments. Automotive and Commercial Vehicles, the previous reportable segments, are now two divisions, focusing on the development and implementation of the global market,

customer and product strategies. The global functions – the corporate departments – support the three regions and the two divisions as before by providing systems, standards and policies together with specified services such as in research and development. The revenue by region published in the 2020 Annual Report does not correspond to the comparative figures for 2020 provided in this interim management statement, which additionally include the revenue with the other reportable segments because of the change in segment reporting.

3. Business performance in the first quarter of 2021

GRAMMER Group revenue came to EUR 503.7 million in the first quarter of 2021 (Q1 2020: EUR 454.9 million), an increase of 10.7% year-on-year. This means that the marked recovery in business performance from the second half of 2020 continued in the first quarter of 2021, in contrast to the first half of 2020, which was heavily impacted by the effects of the COVID-19 pandemic.

The GRAMMER Group's positive revenue performance in the first quarter of this year was driven mainly by significant revenue growth in the APAC and EMEA regions. Compared to the prior-year quarter, which was impacted by the effects of the COVID-19 pandemic, revenue in the APAC region increased by 84.9% to EUR 103.2 million (Q1 2020: EUR 55.8 million). Revenue in the EMEA region increased by 4.8% to EUR 291.7 million (Q1 2020: EUR 278.3 million). Revenue in the AMERICAS region decreased by -5.2% to EUR 131.2 million (Q1 2020: EUR 138.4 million).

Implementation of the restructuring measures launched in fiscal year 2020 continued as planned in the first quarter of 2021. These include the consolidation of plant locations in Europe and North America as well as a reduction of the workforce by roughly 300 administrative positions by mid 2021. With the aid of the voluntary redundancy program adopted for this purpose, GRAMMER has already achieved, in a socially responsible manner, the target of a sustainable reduction in structural costs by 2021. We also continued to systematically implement the strict cost management measures from last year in the first quarter of 2021.

Both the positive revenue trend and the favorable product mix combined with ongoing, effective implementation of the cost and process optimization measures made for a substantial increase in earnings. The GRAMMER Group's operating EBIT went up significantly in the first quarter of 2021 to EUR 21.0 million (Q1 2020: EUR 0.4 million), corresponding to an operating EBIT margin of 4.2% (Q1 2020: 0.1%). This figure is adjusted for EUR 2.2 million in positive currency translation effects as well as for EUR 0.6 million in directly attributable costs of corona-related protection and response measures.

4. Results of operations

GRAMMER Group revenue

GRAMMER AG increased Group revenue to EUR 503.7 million in the first quarter of 2021 (Q1 2020: EUR 454.9 million), corresponding to a year-on-year increase of 10.7%. Both the Automotive Division and the Commercial Vehicles Division contributed to the increase. Revenue in the Automotive Division increased by 4.9% to EUR 336.2 million, while revenue in the Commercial Vehicles Division rose even more strongly by 24.6% to EUR 167.5 million.

The positive revenue performance was driven mainly by growth in the APAC and EMEA regions.

Revenue performance by region and division

EUR m

| | GRAMMER Group | | | EMEA | | | AMERICAS | | | APAC | | |
|---------------------|---------------|---------------|--------------|---------------|---------------|-------------|---------------|---------------|--------------|---------------|---------------|--------------|
| | 01-03 2021 | 01-03 2020 | Change | 01-03 2021 | 01-03 2020 | Change | 01-03 2021 | 01-03 2020 | Change | 01-03 2021 | 01-03 2020 | Change |
| Automotive | 336.2 | 320.5 | 4.9% | 164.6 | 168.7 | -2.4% | 112.5 | 119.6 | -5.9% | 64.2 | 37.1 | 73.0% |
| Commercial Vehicles | 167.5 | 134.4 | 24.6% | 127.1 | 109.6 | 16.0% | 18.7 | 18.8 | -0.5% | 39.0 | 18.7 | 108.6% |
| Total | 503.7 | 454.9 | 10.7% | 291.7 | 278.3 | 4.8% | 131.2 | 138.4 | -5.2% | 103.2 | 55.8 | 84.9% |

GRAMMER Group earnings

GRAMMER Group Condensed Consolidated Statement of Income

EUR k

| | 01-03 2021 | 01-03 2020 | Change |
|--|---------------|----------------|---------------|
| Revenue | 503,717 | 454,949 | 48,768 |
| Cost of sales | -441,694 | -413,828 | -27,866 |
| Gross profit | 62,023 | 41,121 | 20,902 |
| Selling expenses | -6,254 | -9,301 | 3,047 |
| Administrative expenses | -36,073 | -37,369 | 1,296 |
| Other operating income | 2,924 | 3,435 | -511 |
| Earnings before interest and taxes (EBIT) | 22,620 | -2,114 | 24,734 |
| Financial result | -5,241 | -12,034 | 6,793 |
| Earnings before taxes | 17,379 | -14,148 | 31,527 |
| Income taxes | -4,049 | 4,315 | -8,364 |
| Net profit/loss | 13,330 | -9,833 | 23,163 |

Derivation of operating EBIT

EUR m

| | 01-03 2021 | 01-03 2020 | Change |
|--|---------------|---------------|-------------|
| EBIT | 22.6 | -2.1 | 24.7 |
| Currency translation effects | -2.2 | 2.5 | -4.7 |
| Costs of corona-related protection and response measures | 0.6 | 0.0 | 0.6 |
| Operating EBIT | 21.0 | 0.4 | 20.6 |

Group earnings before interest and taxes (EBIT) came to EUR 22.6 million in the first quarter of 2021 (Q1 2020: EUR -2.1 million). The EMEA region (EUR 20.4 million) and the APAC region (EUR 15.6 million) contributed positively to earnings, while the AMERICAS region reported negative EBIT at EUR -8.6 million.

Operating EBIT was significantly higher than in the previous year at EUR 21.0 million, with an operating EBIT margin of 4.2% (Q1 2020: EUR 0.4 million and 0.1% operating EBIT margin). This figure is adjusted for EUR 2.2 million in positive currency translation effects as well as for EUR 0.6 million in directly attributable costs of corona-related protection and response measures.

5. Performance of regions

EMEA

EMEA region key figures

EUR m

| | 01-03 2021 | 01-03 2020 | Change |
|--|---------------|---------------|--------|
| Revenue | 291.7 | 278.3 | 13.4 |
| EBIT | 20.4 | 3.6 | 16.8 |
| EBIT margin (in %) | 7.0 | 1.3 | 5.7 pp |
| Operating EBIT | 18.8 | 5.8 | 13.0 |
| Operating EBIT margin (in %) | 6.4 | 2.1 | 4.3 pp |
| Capital expenditure (excluding financial assets) | 4.9 | 6.4 | -1.5 |
| Employees (number, average) | 7,690 | 8,022 | -332 |

The EMEA region generated revenue of EUR 291.7 million in the first quarter of 2021 (Q1 2020: EUR 278.3 million), which corresponds to growth of 4.8%. This was mostly driven by the positive performance of the Commercial Vehicles Division, which generated 16.0% revenue growth to EUR 127.1 million (Q1 2020: EUR 109.6 million). As the region where the Group's highest-revenue companies are located, EMEA thus continued the positive trend from the second half of 2020.

EMEA EBIT increased significantly to EUR 20.4 million in the first quarter of 2021 (Q1 2020: EUR 3.6 million). This is largely due to the measures taken to reduce fixed costs as well as to the good product mix. The EBIT margin rose by 5.7 percentage points to 7.0% (Q1 2020: 1.3%).

Operating EBIT increased significantly to EUR 18.8 million (Q1 2020: EUR 5.8 million). The operating EBIT margin consequently went up by 4.3 percentage points to 6.4% (Q1 2020: 2.1%).

AMERICAS

AMERICAS region key figures

EUR m

| | 01-03 2021 | 01-03 2020 | Change |
|--|---------------|---------------|---------|
| Revenue | 131.2 | 138.4 | -7.2 |
| EBIT | -8.6 | -7.2 | -1.4 |
| EBIT margin (in %) | -6.6 | -5.2 | -1.4 pp |
| Operating EBIT | -8.5 | -6.8 | -1.7 |
| Operating EBIT margin (in %) | -6.5 | -4.9 | -1.6 pp |
| Capital expenditure (excluding financial assets) | 2.7 | 6.0 | -3.3 |
| Employees (number, average) | 4,758 | 4,742 | 16 |

The AMERICAS region recorded a single-digit percentage decrease in revenue by 5.2% to EUR 131.2 million in the first quarter of 2021 (Q1 2020: EUR 138.4 million). This was due to the lower number of orders from OEMs because of the global supply shortage of semiconductors. Revenue in the Automotive Division was thus down 5.9% to EUR 112.5 million (Q1 2020: EUR 119.6 million), while the Commercial Vehicles Division was on the same level as the previous year's quarter at EUR 18.7 million.

AMERICAS EBIT came to EUR -8.6 million (Q1 2020: EUR -7.2 million). The EBIT margin consequently fell by 1.4 percentage points to -6.6% (Q1 2020: -5.2%).

Operating EBIT came to EUR -8.5 million in the first quarter of 2021 (Q1 2020: EUR -6.8 million). The operating EBIT margin amounted to -6.5% (Q1 2020: -4.9%), 1.6 percentage points down on the same quarter of the previous year.

APAC

APAC region key figures

EUR m

| | 01-03 2021 | 01-03 2020 | Change |
|--|---------------|---------------|--------|
| Revenue | 103.2 | 55.8 | 47.4 |
| EBIT | 15.6 | 3.4 | 12.2 |
| EBIT margin (in %) | 15.1 | 6.1 | 9.0 pp |
| Operating EBIT | 15.6 | 3.4 | 12.2 |
| Operating EBIT margin (in %) | 15.1 | 6.1 | 9.0 pp |
| Capital expenditure (excluding financial assets) | 1.0 | 0.9 | 0.1 |
| Employees (number, average) | 1,310 | 1,294 | 16 |

APAC revenue increased by 84.9% in the first quarter to EUR 103.2 million (Q1 2020: EUR 55.8 million). Relating to both divisions, this significant increase reflects higher production orders in the first quarter of 2021 combined with the comparatively very low sales figures due to pandemic-related production shutdowns in the same quarter of the previous year. The revenue growth results from positive performance in both divisions. The Automotive Division reported a year-on-year increase of 73.0% to EUR 64.2 million (Q1 2020: EUR 37.1 million), while revenue in the Commercial Vehicles Division more than doubled, rising 108.6% to EUR 39.0 million (Q1 2020: EUR 18.7 million).

APAC region EBIT rose to EUR 15.6 million (Q1 2020: EUR 3.4 million); the EBIT margin increased by 9.0 percentage points to 15.1% (Q1 2020: 6.1%).

Operating EBIT likewise increased significantly to EUR 15.6 million (Q1 2020: EUR 3.4 million), with the operating EBIT margin rising by 9.0 percentage points year-on-year to 15.1% (Q1 2020: 6.1%).

6. Assets, liabilities and financial position

Consolidated statement of financial position

GRAMMER Group Condensed Consolidated Statement of Financial Position

EUR k

| | March 31, 2021 | December 31, 2020 | Change |
|-------------------------------|-------------------|----------------------|---------------|
| Non-current assets | 800,904 | 799,583 | 1,321 |
| Current assets | 626,059 | 576,841 | 49,218 |
| Assets | 1,426,963 | 1,376,424 | 50,539 |
| Equity | 328,167 | 302,210 | 25,957 |
| Non-current liabilities | 509,598 | 524,189 | -14,591 |
| Current liabilities | 589,198 | 550,025 | 39,173 |
| Equity and liabilities | 1,426,963 | 1,376,424 | 50,539 |

The GRAMMER Group's total assets increased slightly by EUR 50.6 million to EUR 1,427.0 million (December 31, 2020: EUR 1,376.4 million).

Non-current assets remained nearly constant at EUR 800.9 million (December 31, 2020: EUR 799.6 million). Intangible assets increased by 1.6% to EUR 183.9 million (December 31, 2020: EUR 180.9 million), while property, plant and equipment decreased slightly to EUR 444.8 million (December 31, 2020: EUR 446.7 million).

Current assets rose by 8.5% to EUR 626.1 million (December 31, 2020: EUR 576.8 million), mainly due to increases in current trade accounts receivable by 21.3% to EUR 289.8 million (December 31, 2020: EUR 238.9 million), inventories by 12.8% to EUR 174.4 million (December 31, 2020: EUR 154.6 million) and other current assets by 19.4% to EUR 33.9 million (December 31, 2020: EUR 27.3 million). Conversely, cash and short-term deposits went down by 34.0% to EUR 59.3 million as of March 31, 2021 (December 31, 2020: EUR 89.8 million). This mainly reflects the increased capital need as a result of the high order volume.

Equity increased in the first quarter of 2021 by around EUR 26.0 million or 8.6% to EUR 328.2 million (December 31, 2020: EUR 302.2 million) due to net profit of EUR 13.3 million and other comprehensive income of EUR 12.7 million. The equity ratio consequently rose by 1.0 percentage points to 23.0% (December 31, 2020: 22.0%).

Non-current liabilities decreased by EUR 14.6 million or 2.8% to EUR 509.6 million (December 31, 2020: EUR 524.2 million). This was mostly due to a 5.0% reduction in non-current financial liabilities to EUR 240.7 million (December 31, 2020: EUR 253.3 million).

Current liabilities increased by EUR 39.2 million or 7.1% to EUR 589.2 million (December 31, 2020: EUR 550.0 million). This mainly resulted from an increase in other current liabilities by 25.4% to EUR 117.3 million (December 31, 2020: EUR 93.6 million), current trade accounts payable by 3.4% to EUR 259.3 million (December 31, 2020: EUR 250.9 million) and current financial liabilities by 5.1% to EUR 129.9 million (December 31, 2020: EUR 123.6 million).

7. Capital expenditure

In order to safeguard our financial resources, we restricted capital spending in the first quarter of 2021 to project-related expenditure. This led to a significant reduction in total capital expenditure to EUR 9.0 million (Q1 2020: EUR 19.5 million).

In the EMEA region, first-quarter capital expenditure totaled EUR 4.9 million (Q1 2020: EUR 6.4 million) and mainly related to new production lines for product ramp-ups as well as development work.

Capital expenditure in the AMERICAS region was mainly on new production lines for product ramp-ups. In the first three months, capital expenditure in the region came to EUR 2.7 million (Q1 2020: EUR 6.0 million).

Capital expenditure from January to March in the APAC region totaled EUR 1.0 million (Q1 2020: EUR 0.9 million) and for the most part constituted replacement expenditure.

The year-on-year reduction at Central Services is mainly due to lower expenditure for the completion and interior outfitting of the GRAMMER Campus in Ursensollen near Amberg (Germany). All units were completed in September 2020 and the employees have moved into their new offices.

Capital expenditure

EUR m

| | 01-03 2021 | 01-03 2020 | Change |
|----------------------|------------|-------------|--------------|
| EMEA | 4.9 | 6.4 | -1.5 |
| AMERICAS | 2.7 | 6.0 | -3.3 |
| APAC | 1.0 | 0.9 | 0.1 |
| Central Services | 0.4 | 6.2 | -5.8 |
| GRAMMER Group | 9.0 | 19.5 | -10.5 |

8. Employees

In the quarter ending March 31, 2021, GRAMMER had a global average of 14,204 employees (Q1 2020: 14,709). This corresponds to a decrease of 3.4% relative to the previous year. Out of the total, an average of 1,310 were employed in the APAC region (Q1 2020: 1,294), an average of 7,690 in the EMEA region (Q1 2020: 8,022) and an average of 4,758 in the AMERICAS region (Q1 2020: 4,742).

Average employees

| | 01-03 2021 | 01-03 2020 | Change |
|----------------------|---------------|---------------|-------------|
| EMEA | 7,690 | 8,022 | -332 |
| AMERICAS | 4,758 | 4,742 | 16 |
| APAC | 1,310 | 1,294 | 16 |
| Central Services | 446 | 651 | -205 |
| GRAMMER Group | 14,204 | 14,709 | -505 |

9. Events subsequent to the reporting date

On April 13, 2021, GRAMMER AG signed an agreement to establish a new joint venture with FAW Group. Under a joint venture with a subsidiary of China's largest commercial vehicle manufacturer, we will produce high-quality truck seats for use in many of FAW Group's truck model platforms. The two companies will benefit from the ongoing trend in China toward state-of-the-art, ergonomic truck driver seats that provide a key differentiating factor for OEMs in what is the world's largest commercial vehicle market. GRAMMER AG will hold a 60% majority stake in the joint venture and will fully include it in the consolidated financial statements.

10. Opportunities and risks

The opportunities and risks we referred to and described in detail in the Management Report section of the Annual Report as of December 31, 2020 continue to apply.

We are thus monitoring developments and the economic impact of the COVID-19 pandemic very closely, as these are associated with material risks that are currently very difficult to assess. Specially established crisis management teams analyze the situation on the market as well as that of our customers and suppliers on an ongoing basis and propose specific measures to management when the need for action arises. In addition, we also monitor developments in the price of steel as well as the global supply situation for semiconductors in order to be able to respond early to shifting conditions.

11. Outlook

GRAMMER published its guidance for fiscal year 2021 on March 31, 2021. That guidance continues to apply.

We thus expect that fiscal year 2021 will see a continuation of the challenging economic conditions, especially in the markets relevant to the GRAMMER Group. The forward path of the COVID-19 pandemic in individual countries coupled with the trend as regards the global shortages in the semiconductor industry will also have a significant impact on the predicted economic recovery. Overall, however, we anticipate that revenue will recover to around EUR 1.8 billion in fiscal year 2021 (2020: EUR 1.7 billion). Based on the budgeting for the three regions relevant to GRAMMER's business performance, we expect operating EBIT of roughly EUR 65 million in 2021 (2020: EUR -11.7 million). Operating EBIT will improve in 2021, mainly as a result of the economic recovery and the outcomes of measures implemented to raise efficiency and reduce costs. In fiscal year 2020, operating EBIT was hit very hard by the impacts of the global COVID-19 pandemic as well as by costs due to various one-time effects.

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", "expect" 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 imponderabilities 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 light of any changes occurring subsequent to publication of this document.

B | Financial information January to March 2021

13. Consolidated Statement of Income

January 1 – March 31, 2021/2020

| EUR k | 01-03 2021 | 01-03 2020 |
|--|---------------|----------------|
| Revenue | 503,717 | 454,949 |
| Cost of sales | -441,694 | -413,828 |
| Gross profit | 62,023 | 41,121 |
| Selling expenses | -6,254 | -9,301 |
| Administrative expenses | -36,073 | -37,369 |
| Other operating income | 2,924 | 3,435 |
| Earnings before interest and taxes (EBIT) | 22,620 | -2,114 |
| Financial income | 352 | 358 |
| Financial expenses | -5,337 | -4,530 |
| Other financial result | -256 | -7,862 |
| Earnings before taxes | 17,379 | -14,148 |
| Income taxes | -4,049 | 4,315 |
| Net profit/loss | 13,330 | -9,833 |
| Of which attributable to: | | |
| Shareholders of the parent company ¹ | 13,237 | -9,770 |
| Non-controlling interests | 93 | -63 |
| Net profit/loss | 13,330 | -9,833 |
| Earnings per share | | |
| Basic/diluted earnings per share in EUR | 0.88 | -0.80 |

¹Of which EUR 155 thousand relates to compensation claims of the hybrid loan lender in fiscal year 2021.

14. Consolidated Statement of Comprehensive Income

January 1 – March 31, 2021/2020

| EUR k | 01-03 2021 | 01-03 2020 | EUR k | 01-03 2021 | 01-03 2020 |
|--|---------------|---------------|--|---------------|----------------|
| Net profit/loss | 13,330 | -9,833 | Gains/losses (-) from cash flow hedges | | |
| Amounts that will not be reclassified to profit or loss in future periods | | | Gains/losses (-) arising in the current period | -1,317 | -3,627 |
| Actuarial gains/losses (-) under defined benefit plans | | | Plus/minus (-) amounts reclassified to profit or loss | -149 | -347 |
| Gains/losses (-) arising in the current period | 0 | 21,772 | Tax expenses (-)/tax income | 342 | 1,087 |
| Tax expenses (-)/tax income | 0 | -6,358 | Gains/losses (-) from cash flow hedges (after tax) | -1,124 | -2,887 |
| Actuarial gains/losses (-) under defined benefit plans (after tax) | 0 | 15,414 | Gains/losses (-) from net investments in foreign operations | | |
| Total amounts that will not be reclassified to profit or loss in future periods | 0 | 15,414 | Gains/losses (-) arising in the current period | 1,511 | -18,494 |
| Amounts that will be reclassified to profit or loss in future periods when certain conditions are met | | | Tax expenses (-)/tax income | -277 | 5,640 |
| Gains/losses (-) from currency translation of foreign subsidiaries | | | Gains/losses (-) from net investments in foreign operations (after tax) | 1,234 | -12,854 |
| Gains/losses (-) arising in the current period | 12,517 | 12,199 | Total amounts that will be reclassified to profit or loss in future periods when certain conditions are met | 12,627 | -3,542 |
| Gains/losses (-) from currency translation of foreign subsidiaries (after tax) | 12,517 | 12,199 | Other comprehensive income | 12,627 | 11,872 |
| | | | Total comprehensive income after tax | 25,957 | 2,039 |
| | | | Of which attributable to: | | |
| | | | Shareholders of the parent company ¹ | 25,907 | 2,105 |
| | | | Non-controlling interests | 50 | -66 |

¹Of which EUR 155 thousand relates to compensation claims of the hybrid loan lender in fiscal year 2021.

15. Consolidated Statement of Financial Position

as of March 31, 2021 and December 31, 2020

Assets

EUR k

| | March 31, 2021 | December 31, 2020 |
|-----------------------------------|------------------|-------------------|
| Property, plant and equipment | 444,778 | 446,737 |
| Intangible assets | 183,955 | 180,959 |
| Investments measured at equity | 970 | 859 |
| Other financial assets | 6,844 | 6,871 |
| Deferred tax assets | 64,191 | 64,217 |
| Other assets | 36,411 | 36,702 |
| Contract assets | 63,755 | 63,238 |
| Non-current assets | 800,904 | 799,583 |
| Inventories | 174,424 | 154,620 |
| Current trade accounts receivable | 289,772 | 238,884 |
| Other current financial assets | 3,437 | 4,027 |
| Current income tax receivables | 6,103 | 5,349 |
| Cash and short-term deposits | 59,255 | 89,838 |
| Other current assets | 33,855 | 27,284 |
| Current contract assets | 59,213 | 56,839 |
| Current assets | 626,059 | 576,841 |
| Total assets | 1,426,963 | 1,376,424 |

Equity and liabilities

EUR k

| | March 31, 2021 | December 31, 2020 |
|--|----------------|-------------------|
| Subscribed capital | 39,009 | 39,009 |
| Capital reserve | 163,033 | 163,033 |
| Own shares | -7,441 | -7,441 |
| Retained earnings | 212,176 | 199,094 |
| Cumulative other comprehensive income | -97,572 | -110,242 |
| Equity attributable to shareholders of the parent company | 309,205 | 283,453 |
| Hybrid loan | 19,734 | 19,579 |
| Non-controlling interests | -772 | -822 |
| Equity | 328,167 | 302,210 |
| Non-current financial liabilities | 240,657 | 253,255 |
| Trade accounts payable | 388 | 543 |
| Other financial liabilities | 53,662 | 54,443 |
| Other liabilities | 1,260 | 1,260 |
| Retirement benefits and similar obligations | 164,924 | 164,456 |
| Deferred tax liabilities | 46,350 | 46,859 |
| Contract liabilities | 2,357 | 3,373 |
| Non-current liabilities | 509,598 | 524,189 |

EUR k

| | March 31, 2021 | December 31, 2020 |
|-------------------------------------|------------------|-------------------|
| Current financial liabilities | 129,880 | 123,628 |
| Current trade accounts payable | 259,289 | 250,861 |
| Other current financial liabilities | 16,041 | 16,520 |
| Other current liabilities | 117,286 | 93,550 |
| Current income tax liabilities | 5,794 | 6,448 |
| Provisions | 59,342 | 57,858 |
| Current contract liabilities | 1,566 | 1,160 |
| Current liabilities | 589,198 | 550,025 |
| Total liabilities | 1,098,796 | 1,074,214 |
| Total equity and liabilities | 1,426,963 | 1,376,424 |

16. Consolidated Statement of Cash Flows

January 1 – March 31, 2021/2020

EUR k

| | 01-03 2021 | 01-03 2020 |
|--|---------------|----------------|
| 1. Cash flow from operating activities | | |
| Earnings before taxes | 17,379 | -14,148 |
| Reconciliation of earnings before taxes with cash flow from operating activities | | |
| Depreciation and impairment of property, plant and equipment | 16,786 | 17,338 |
| Amortization and impairment of intangible assets | 3,779 | 4,271 |
| Gains (-)/losses from the disposal of assets | -62 | 191 |
| Other non-cash changes | 18,644 | 3,235 |
| Financial result | 5,241 | 12,035 |
| Changes in operating assets and liabilities | | |
| Decrease/increase (-) in trade accounts receivable and other assets | -59,658 | 16,936 |
| Decrease/increase (-) in inventories | -19,805 | -4,924 |
| Decrease (-)/increase in provisions and retirement benefit provisions | -12,707 | -735 |
| Decrease (-)/increase in accounts payable and other liabilities | 30,274 | -63,349 |
| Income taxes paid | -5,910 | -7,787 |
| Cash flow from operating activities | -6,039 | -36,937 |
| 2. Cash flow from investing activities | | |
| Purchases | | |
| Purchase of property, plant and equipment | -6,828 | -16,575 |
| Purchase of intangible assets | -1,123 | -776 |
| Disposals | | |
| Disposal of property, plant and equipment | 388 | 246 |
| Disposal of intangible assets | 12 | 22 |
| Disposal of financial assets | 344 | 268 |
| Interest received | 352 | 358 |
| Cash flow from investing activities | -6,855 | -16,457 |

EUR k

| | 01-03 2021 | 01-03 2020 |
|---|----------------|---------------|
| 3. Cash flow from financing activities | | |
| Payments received from hybrid loan | 0 | 19,148 |
| Payments received from raising financial liabilities | 20,993 | 102,274 |
| Payments made for the settlement of financial liabilities | -33,731 | -94,444 |
| Payments made for the settlement of lease liabilities | -4,600 | -5,612 |
| Interest paid | -4,595 | -3,606 |
| Cash flow from financing activities | -21,933 | 17,760 |
| 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) | -34,827 | -35,634 |
| Effects of exchange rate differences on cash and cash equivalents | -2,148 | -3,458 |
| Cash and cash equivalents as of January 1 | 55,372 | 123,654 |
| Cash and cash equivalents as of March 31 | 18,397 | 84,562 |
| 5. Analysis of cash and cash equivalents | | |
| Cash and short-term deposits | 59,255 | 110,203 |
| Bank overdrafts (including current liabilities under factoring contracts) | -40,858 | -25,641 |
| Cash and cash equivalents as of March 31 | 18,397 | 84,562 |

Financial Calendar 2021¹

Important dates for shareholders and analysts



Analyst and financial
press conference



Annual General Meeting



Annual Report



Interim financial report on
the first half of the year



Q1 statement



Q3 statement

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¹ All dates are provisional. Subject to change without notice.

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