



ONE GRAMMER

Interim Management Statement
January to September 2021

Revenue
1,404.7 million euros

EBIT margin
1.9%

Operating EBIT margin
2.2%

Equity ratio
23.2%

Net profit
13.1 million euros

Free cash flow
-49.0 million euros

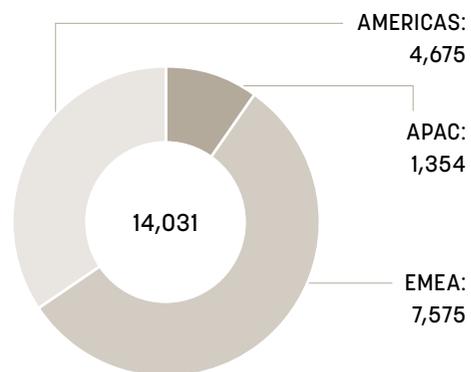
EBIT
26.4 million euros

Capital expenditures
60.8 million euros

Company profile

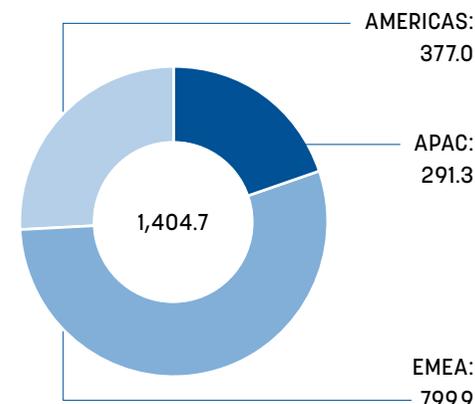
GRAMMER AG, headquartered in Ursensollen, Germany, is active in two business segments: GRAMMER develops and supplies high-quality interior and operating systems as well as innovative thermoplastic components for the global automotive industry. For trucks, trains, buses, and off-road vehicles, GRAMMER is a full-service provider of driver and passenger seats. Currently, GRAMMER AG employs around 14,000 people in 19 countries worldwide, with revenue of around 1.7 billion euros in 2020. 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 system.

Employees by region¹
Annual average



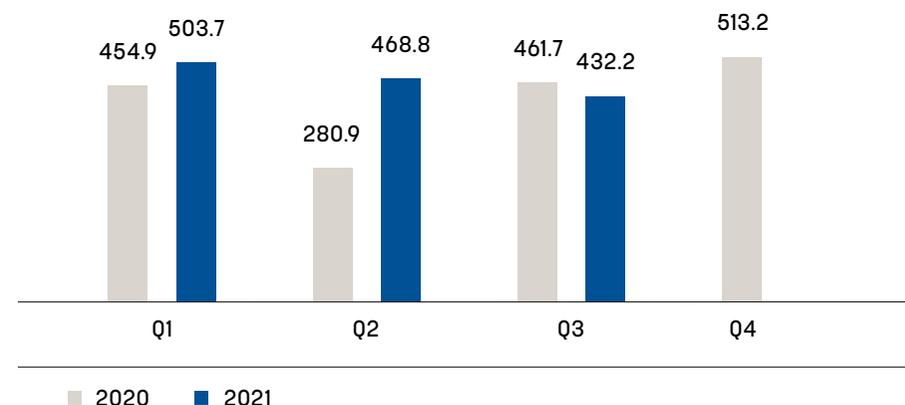
¹On average, 427 employees worked in Central Services.

Revenue by region²
in million euros



²The effect of consolidating revenue between the regions totaled 63.5 million euros.

Revenue by quarter
in million euros



Operating EBIT by region

AMERICAS	EMEA	APAC
-40.1	41.7	39.7
million euros	million euros	million euros

Overview of business performance

- Revenues up 17.3% to 1,404.7 million euros in the first nine months of 2021 (01–09 2020: 1,197.5 million euros).
- Consolidated revenue decreased by 6.4% to 432.2 million euros in Q3 2021 (Q3 2020: 461.7 million euros), significantly impacted by the significant reduction in customer call-offs due to the limited availability of semiconductor components. The Automotive Division recorded an 18.7% decline in revenue, while revenue generated in the Commercial Vehicles Division increased by 27.0%.
- The AMERICAS, APAC, and EMEA regions saw weaker revenue performance in Q3 2021 compared to the same quarter in the previous year, with declines of 12.2%, 2.6%, and 2.5%, respectively.
- The GRAMMER Group's EBIT totaled 26.4 million euros in the first nine months of 2021 (01–09 2020: –47.2 million euros). Business performance recovered significantly from the effects of the COVID-19 pandemic, particularly in the first half of the year, and was largely driven by the disproportionately high share of revenues generated by the higher-margin Commercial Vehicles Division.
- In the third quarter, EBIT decreased significantly to –1.4 million euros (Q3 2020: 5.8 million euros). This resulted, among other factors, from an increase in the cost of goods sold due to the significant rise in material prices. These primarily resulted from maintaining production capacity and consequently from temporary underutilization caused by lower and volatile call-offs from customers due to the semiconductor supply shortage. In addition, logistics costs increased, which also had a negative impact on EBIT in the third quarter.
- The GRAMMER Group's operating EBIT from January to September 2021 totaled 30.7 million euros (01–09 2020: –23.3 million euros). The EMEA and APAC regions made positive contributions to earnings.
- Operating EBIT totaled –1.7 million euros in Q3 2021 (Q3 2020: 22.4 million euros), corresponding to an operating EBIT margin of –0.4% (Q3 2020: 4.9%). This figure was adjusted for directly attributable costs for corona-related protection and response measures totaling 0.3 million euros as well as for positive currency translation effects totaling 0.6 million euros.
- Adjusted earnings guidance for 2021: for the year as a whole, the GRAMMER Group is forecasting revenues of around 1.8 billion euros (previous year: 1.7 billion euros) and an operating EBIT of between 17 and 22 million euros (previous year: –11.7 million euros). In its original guidance, the company had expected to generate operating EBIT of 65 million euros.

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A | Interim Management Statement January to September 2021

1. Economic environment

Global economy

In its October 2021 forecast, the IMF expects the global economic recovery to continue, while risks are expected to intensify. The distortions created by COVID-19 appear to be solidifying, and the IMF expects them to have a lasting impact on medium-term development.

Global economic output is expected to increase by 5.9% in 2021 as a whole, after declining by 3.3% last year. As such, the current forecast for 2021 lies 0.1 percentage points below the July 2021 estimate. For 2022 as a whole, the IMF still expects the global economy to grow by 4.9%. The downward adjustment for 2021 reflects a downgrade for industrialized countries – in part due to supply disruptions – and for low-income developing countries, and is largely due to deteriorating pandemic trends.

According to the IMF, the US economy that is of relevance to our AMERICAS region is expected to grow by 6.0% year-over-year in 2021 as a whole. This means that this forecast stands 1.0 percentage point below the July 2021 expectation.

In China and the other Asian countries in particular, economic activity continues to trend upwards. For China, the largest market in the APAC region, the IMF expects economic output to increase by 8.0% for the year as a whole.

For the euro area, which covers most of the EMEA region, the IMF expects full-year GDP growth of 5.0% year-over-year. The IMF also expects economic output in Germany to increase by 3.1%.

The rapid spread of the highly contagious delta variant of COVID-19 and the threat of new viral variants have increased uncertainty about how quickly the pandemic can be overcome. Political decisions have become more difficult as they are beset with multidimensional challenges and, at the same time, limited room to maneuver. Challenges include, in particular, subdued employment growth, rising inflation, food shortage, and climate change.

According to the IMF, the divergence between the economic outlooks in the individual countries remains a major cause for concern. Aggregate output for the advanced economy group is expected to regain its prepandemic trend path in 2022 and exceed it by 0.9 percent in 2024. In contrast, the IMF predicts that aggregate output for the emerging market and developing economy group (excluding China) will remain 5.5 percent below the prepandemic forecast in 2024, resulting in a larger setback to improvements in the living standards in these countries. The growing divergence is a consequence of the significant differences in access to COVID-19 vaccines and large disparities in policy support.

In addition, pandemic-related imbalances between supply and demand and higher commodity prices have led to rising inflation rates compared with their low starting level a year ago. For example, consumer prices in the United States and in some emerging and developing nations have risen rapidly. The IMF expects price pressure to ease for the most part in 2022. The inflation outlook, however, is subject to considerable uncertainty – primarily due to the course of the pandemic, the duration of supply disruptions, and how inflation expectations might evolve in this environment.

In addition, the IMF argues that countries must significantly step up global efforts to curb carbon emissions, as current measures and pledges are insufficient to prevent the planet from dangerously overheating.

Automotive industry business environment

According to market data published by IHS in October, 10.4% more vehicles were produced worldwide in the first nine months of 2021 than in the same period last year. This growth was primarily the result of the strong economic development in the first half of the year, with a year-over-year increase of 29.2%. In the third quarter of 2021, however, production volumes decreased by 17.5%.

Growth in the automotive sector was held back by shortages in the supply of semiconductor products, particularly in the third quarter. In addition, the price of raw materials and other materials remained high, weighing on vehicle manufacturers.

Growth rates in the EMEA, APAC, and AMERICAS regions were similar year-over-year, at 9.9%, 10.6%, and 10.4%, respectively.

At 2.9 million units manufactured, the APAC region made the largest contribution to the global growth of 5.3 million units manufactured in the first nine months of 2021. The 10.6% increase in sales volumes in APAC compared to the prior-year period is largely attributable to the positive trend in China. Production output there rose by 24.7% year-over-year in the first half of 2021, but fell in the third quarter, with a decline of 17.1%.

The EMEA region saw production grow by 9.9% in the first nine months of 2021. Following a strong first six months with an increase of 27.8% year-over-year, production volumes declined by 18.7% in the third quarter.

For the AMERICAS region, October IHS data show year-over-year growth of 10.4% for the first three quarters of 2021. Following a slight year-over-year decline of 3.3% in the first quarter, the region picked up considerably in the second quarter of 2021, with growth of 149.0%. For the third quarter, however, IHS data again indicate a decline in production volume of 21.8%.

Commercial Vehicles business environment

An economic recovery is expected in most parts of the world for 2021 as a whole. According to LMC, the truck market grew by 8.8% globally in the first nine months of 2021. This year-over-year improvement is mainly attributable to strong growth in the AMERICAS region, with an increase of 28.8%. Increases were recorded here in all three quarters.

The EMEA region reported an increase in production output of 17.9% in the first nine months of 2021, according to LMC, with all three quarters posting gains. For APAC, the LMC expects production figures to increase by 2.4%, with a decline of 22.7% recorded in the third quarter following growth of 35.9% in the first half of the year.

2. GRAMMER Group key figures

GRAMMER Group key figures (IFRS)

EUR m	01-09 2021	01-09 2020	01-12 2020	EUR m	01-09 2021	01-09 2020	01-12 2020	EUR m	September 30, 2021	September 30, 2020	December 31, 2020
Group revenue	1,404.7	1,197.5	1,710.7	Consolidated Statement of Financial Position							
Revenue EMEA	799.9	683.3	965.8	Total assets	1,487.3	1,404.2	1,376.4	Share data			
Revenue AMERICAS	377.0	333.4	476.6	Equity	345.1	275.0	302.2	Price (Xetra, closing price in EUR)	21.40	16.35	19.90
Revenue APAC	291.3	231.5	339.2	Equity ratio (%)	23.2	19.6	22.0	Market capitalization (in EUR m)	326.1	206.1	303.2
				Net financial liabilities	360.7	383.9	287.1	Earnings per share (basic/diluted, EUR)	0.86	-4.77	-5.10
Income Statement				Gearing (%)	104.5	139.6	95.0				
EBITDA	88.7	17.2	41.7	Statement of Cash Flows							
EBITDA margin (%)	6.3	1.4	2.4	Capital expenditure (without financial assets)	60.8	48.8	83.8				
EBIT	26.4	-47.2	-46.1	Depreciation and amortization	62.3	64.4	87.8				
EBIT margin (%)	1.9	-3.9	-2.7	Free Cash flow	-49.0	-90.5	-36.3				
Operating EBIT	30.7	-23.3	-11.7								
Operating EBIT margin (%)	2.2	-1.9	-0.7	Employees (number, average)	14,031	14,264	14,192				
Earnings before taxes	17.2	-68.3	-70.7								
Net profit	13.1	-58.5	-64.7								



New reporting structure from January 1, 2021

The realignment of the Group's organizational structure that was initiated in 2020 is reflected in external reporting for the first time in financial year 2021. Effective January 1, 2021, GRAMMER AG has made fundamental changes to its corporate management and allocation of resources. Thus, the three regions AMERICAS, APAC and EMEA have been defined as the main internal reporting structures and, accordingly, are designated as reportable

business segments. The previous reportable segments Automotive and Commercial Vehicles have been designated as divisions and are concentrating on the development and implementation of worldwide market, customer and product strategies. The global functions, i.e. the corporate departments, continue to support the three regions and the two divisions by providing systems, standards and policies as well as defined services,

e.g. research and development. The revenue by region reported in 2020 is not comparable with the comparative information for 2020 contained in this Interim Management Statement, which additionally include the revenue to the other reportable segments due to the change in segment reporting.

3. Business performance in the first nine months of 2021

After the significant recovery in business performance that began in the second half of 2020 continued into the first half of 2021, performance in the third quarter of 2021 was significantly weaker than in the same period last year. As such, the GRAMMER Group generated revenues of 1,404.7 million euros in the first nine months of 2021 (01-09 2020: 1,197.5 million euros), up 17.3% or 207.2 million euros year-over-year.

This growth was primarily driven by the 25.8% increase in revenues in the APAC region to 291.3 million euros (01-09 2020: 231.5 million euros). The EMEA region generated revenues of 799.9 million euros (01-09 2020: 683.3 million euros), equal to an increase of 17.1%. In the AMERICAS region, revenues in the first nine months of 2021 totaled 377.0 million euros (01-09 2020: 333.4 million euros). This corresponds to a year-over-year increase of 13.1%.

In the third quarter, GRAMMER Group generated revenues of 432.2 million euros (Q3 2020: 461.7 million euros), down 6.4% year-over-year. The development in revenue was mainly due to a massive reduction of customer call-offs as a result of semiconductor supply shortages in the Automotive Division. The drop resulted from the significant decline in revenues in all three regions AMERICAS, APAC, and EMEA. In the AMERICAS region, revenues decreased by 12.2% year-over-year to 129.8 million euros (Q3 2020: 147.8 million euros), in APAC by 2.6% to 84.8 million euros (Q3 2020: 87.1 million euros),

and in EMEA by 2.5% to 237.9 million euros (Q3 2020: 244.1 million euros). Gross profit and the gross margin also trended downward in the third quarter of 2021 compared with the same period in the previous year. This was partly due to the fact that the cost of goods sold increased in the third quarter as a result of the significant rise in material prices. In addition, GRAMMER recorded disproportionately high labor costs in the third quarter. These resulted from maintaining production capacities that were temporarily underutilized due to declining call-offs from customers as a result of semiconductor supply bottlenecks. Maintaining production capacity was necessary to remain flexible and avoid a capacity squeeze as soon as our customers' production activities ramped up again. This was compounded by an unfavorable product mix with a lower share of revenues generated by the higher-margin Commercial Vehicles Division.

Both the downturn in revenues and gross margins had a significant negative impact on earnings from operations in the third quarter.

As a result, the GRAMMER Group's consolidated earnings before interest and taxes (EBIT) for the period from July to September declined significantly to -1.4 million euros (Q3 2020: 5.8 million euros). Similarly, the GRAMMER Group's operating EBIT declined significantly to -1.7 million euros (Q3 2020: 22.4 million euros), which corresponds to an operating EBIT margin of -0.4% (Q3 2020: 4.9%). This figure was adjusted for positive currency effects of 0.6 million euros and corona-related protection and response measures totaling 0.3 million euros.

Consolidated earnings before interest and taxes (EBIT) for the first nine months of 2021 totaled 26.4 million euros (01-09 2020: -47.2 million euros). The GRAMMER Group's operating EBIT increased to 30.7 million euros for the first three quarters of the year (01-09 2020: -23.3 million euros). This corresponds to an operating EBIT margin of 2.2% (01-09 2020: -1.9%). This figure was adjusted for expenses from the sale of the company in Spain totaling 4.5 million euros and directly attributable costs of 2.6 million euros for corona-related protection and response measures, as well as for positive currency translation effects totaling 2.8 million euros.

The implementation of the restructuring measures initiated in 2020 continued as planned in the first three quarters of 2021. The measures include the consolidation of factory sites in Europe and North America in order to enhance the competitiveness of the GRAMMER Group over the long term and improve its cost structure. In this context, we sold a subsidiary in Spain and reduced the production network by a further three sites in EMEA and one factory in AMERICAS. The latter is contributing to the success of the turnaround program we launched in the United States in October. The goal of the program is to restore financial stability in the short term and achieve long-term profitable growth in the region by means of a variety of measures.

4. Results of operations

GRAMMER Group revenue

The GRAMMER Group generated revenues of 1,404.7 million euros in the first three quarters of 2021 (01-09 2020: 1,197.5 million euros), up 17.3% year-over-year, with both divisions, Commercial Vehicles and Automotive, performing strongly with revenue increases of 9.5% and 34.9%, respectively. The group's revenue growth also resulted from increases in all three regions, with APAC recording the strongest growth.

In the third quarter, GRAMMER Group generated revenues of 432.2 million euros (Q3 2020: 461.7 million euros), down 6.4% year-over-year. The drop resulted from the significant decline in revenues in all three regions. In the EMEA region, revenues decreased by 2.5% year-over-year to 237.9 million euros (Q3 2020: 244.1 million euros), in AMERICAS by 12.2% to 129.8 million euros (Q3 2020: 147.8 million euros), and in APAC by 2.6% to 84.8 million euros (Q3 2020: 87.1 million euros). The decline in revenues in the third quarter was mainly due to the significant reduction in call-offs from customers as a result of the limited availability of semiconductor components in the AMERICAS and EMEA regions.

The Automotive Division recorded a decline in revenues of 18.7% in the third quarter of 2021, due in particular to factory closures by customers as a result of semiconductor supply shortages. As such, revenues generated by the Automotive Division decreased to 274.3 million euros (Q3 2020: 337.4 million euros). The Commercial Vehicles Division was not as heavily affected by the lack of semiconductor availability. The decline in sales in the third quarter of 2021 compared with the second quarter of 2021 was primarily due to the introduction of a new emissions standard in China on July 1, 2021, which led the company to pull forward some of its production into the first half of 2021. Revenue generated by the Commercial Vehicles Division increased by 27.0% to 157.9 million euros in the third quarter of 2021.

Revenue performance by region and division

EUR m

	GRAMMER Group			EMEA			AMERICAS			APAC		
	01-09 2021	01-09 2020	Change	01-09 2021	01-09 2020	Change	01-09 2021	01-09 2020	Change	01-09 2021	01-09 2020	Change
Automotive	908.5	829.6	9.5%	430.4	397.5	8.3%	307.7	284.3	8.2%	186.5	158.9	17.4%
Commercial Vehicles	496.2	367.9	34.9%	369.5	285.8	29.3%	69.3	49.1	41.1%	104.8	72.6	44.4%
Total	1,404.7	1,197.5	17.3%	799.9	683.3	17.1%	377.0	333.4	13.1%	291.3	231.5	25.8%

GRAMMER Group earnings**GRAMMER Group Condensed Consolidated Statement of Income**

EUR k

	01-09 2021	01-09 2020	Change
Revenue	1,404,737	1,197,480	207,257
Cost of sales	-1,261,730	-1,114,275	-147,455
Gross profit	143,007	83,205	59,802
Selling expenses	-25,468	-25,283	-185
Administrative expenses	-111,731	-112,933	1,202
Other operating income	20,617	7,793	12,824
Earnings before interest and taxes (EBIT)	26,425	-47,218	73,643
Financial result	-9,255	-21,080	11,825
Earnings before taxes	17,170	-68,298	85,468
Income taxes	-4,043	9,834	-13,877
Net profit/loss	13,127	-58,464	71,591

Derivation of operating EBIT

EUR m

	01-09 2021	01-09 2020	Change
EBIT	26.4	-47.2	73.6
Currency translation effects	-2.8	7.1	-9.9
Costs for corona-related protection and response measures	2.6	4.3	-1.7
Expenses for restructuring-related termination benefits	0.0	12.5	-12.5
Expenses for the sale of a subsidiary	4.5	0.0	4.5
Operating EBIT	30.7	-23.3	54.0

The GRAMMER Group's EBIT totaled 26.4 million euros in the first three quarters of the year 2021 (01-09 2020: -47.2 million euros). The EMEA (37.8 million euros) and APAC (39.7 million euros) regions made positive contributions to earnings, while the AMERICAS region posted a loss before interest and taxes of 40.3 million euros.

Operating EBIT was up year-over-year to 30.7 million euros and an operating EBIT margin of 2.2% (01-09 2020: -23.3 million euros and -1.9% operating EBIT margin). In addition to expenses from the sale of the company in Spain totaling 4.5 million euros, this figure was adjusted for directly attributable costs of 2.6 million euros for corona-related protection and response measures as well as for positive currency translation effects totaling 2.8 million euros.

5. Performance by region

EMEA

EMEA region key figures

EUR m

	01-09 2021	01-09 2020	Change
Revenue	799.9	683.3	116.6
EBIT	37.8	-33.7	71.5
EBIT margin (%)	4.7	-4.9	9.6%-points
Operating EBIT	41.7	-17.3	59.0
Operating EBIT margin (%)	5.2	-2.5	7.7%-points
Capital expenditure (without financial assets)	24.6	17.4	7.2
Employees (number, average)	7,575	7,714	-139

The EMEA region generated revenues of 799.9 million euros in the first three quarters of 2021 (01-09 2020: 683.3 million euros), equal to an increase of 17.1%. This resulted from strong revenue growth in both divisions, which in the previous year had been impacted in particular by lower revenues due to the factory closures in the second quarter of 2020. Comparing the results of the different quarters of the year 2021, revenues in the EMEA region were down by around 7.3% from the first to the second quarter, while the decline from the second to the third quarter stood at 12.0%. This was mainly due to customers placing fewer call-offs, primarily as a result of the global semiconductor supply shortage. The Commercial Vehicles Division achieved revenue growth of 29.3% to 369.5 million euros (01-09 2020: 285.8 million euros), while the Automotive Division achieved growth of 8.3% to 430.4 million euros (01-09 2020: 397.5 million euros).

EBIT in the EMEA region, which includes the companies that generate the highest revenues across the group, increased significantly to 37.8 million euros in the first three quarters of 2021 (01-09 2020: -33.7 million euros). This was due in particular to higher revenues. The result was impacted by a nonrecurring item in connection with the sale and deconsolidation of the subsidiary in Spain in the amount of -4.5 million euros. The EBIT margin stood at 4.7% (01-09 2020: -4.9%).

Operating EBIT increased significantly to 41.7 million euros (01-09 2020: -17.3 million euros). The operating EBIT margin rose accordingly to 5.2% (01-09 2020: -2.5%).

AMERICAS

AMERICAS region key figures

EUR m

	01-09 2021	01-09 2020	Change
Revenue	377.0	333.4	43.6
EBIT	-40.3	-25.7	-14.6
EBIT margin (%)	-10.7	-7.7	-3.0%-points
Operating EBIT	-40.1	-22.1	-18.0
Operating EBIT margin (%)	-10.6	-6.6	-4.0%-points
Capital expenditure (without financial assets)	11.9	10.6	1.3
Employees (number, average)	4,675	4,607	68

The AMERICAS region reported revenue growth of 13.1% to 377.0 million euros for the first nine months of 2021 (01-09 2020: 333.4 million euros). This uptrend resulted primarily from comparatively lower revenues generated in the second quarter of 2020 as a result of the COVID-19-related factory closures. Comparing the results of the individual quarters of 2021, revenues generated in the AMERICAS region were down 11.5% from the first quarter to the second quarter. In the third quarter, revenues increased by 11.9% compared with the second quarter, although OEM call-offs continued to be highly volatile as a result of the global shortage in the supply of semiconductors.

In the Automotive Division, revenue increased by 8.2% to 307.7 million euros (01-09 2020: 284.3 million euros), while in the Commercial Vehicles Division it rose by 41.1% to 69.3 million euros (01-09 2020: 49.1 million euros).

EBIT in AMERICAS stood at -40.3 million euros (01-09 2020: -25.7 million euros). Earnings in the first nine months of 2021 were impacted, among other factors, by higher raw material prices and, on the other hand, by increased labor costs. This was compounded by an unfavorable product mix in the Automotive Division. The EBIT margin decreased by 3.0 percentage points to -10.7% (01-09 2020: -7.7%). Operating EBIT for the first three quarters of 2021 totaled -40.1 million euros (01-09 2020: -22.1 million euros).

Accordingly, the operating EBIT margin stood at -10.6% (01-09 2020: -6.6%), equal to a year-over-year decline of 4.0 percentage points.

APAC
APAC region key figures

EUR m

	01-09 2021	01-09 2020	Change
Revenue	291.3	231.5	59.8
EBIT	39.7	19.2	20.5
EBIT margin (%)	13.6	8.3	5.3%-points
Operating EBIT	39.7	19.6	20.1
Operating EBIT margin (%)	13.6	8.5	5.1%-points
Capital expenditure (without financial assets)	22.2	4.8	17.4
Employees (number, average)	1,354	1,299	55

In the APAC region, the group generated 291.3 million euros in revenue in the first three quarters of 2021, an increase of 25.8% (01-09 2020: 231.5 million euros). This increase resulted, on the one hand, from increased production call-offs in the first three quarters of 2021 and, on the other hand, from the comparatively extremely low sales figures in the first quarter of 2020 resulting from the COVID-19-related production stoppages in Asia. The increase in revenues is also attributable to the uptrend in both divisions. As such, in the first nine months of 2021 the Automotive Division achieved year-over-year growth of 17.4% to 186.5 million euros (01-09 2020: 158.9 million euros), while revenues in the Commercial Vehicles Division increased in the same period by 44.4% to 104.8 million euros (01-09 2020: 72.6 million euros).

EBIT in the APAC region increased to 39.7 million euros (01-09 2020: 19.2 million euros); the EBIT margin increased by 5.3 percentage points to 13.6% (01-09 2020: 8.3%).

Operating EBIT also increased significantly to 39.7 million euros (01-09 2020: 19.6 million euros), with the operating EBIT margin improving year-over-year by 5.1 percentage points to 13.6% (01-09 2020: 8.5%).

6. Net assets and financial position

Consolidated Statement of Financial Position GRAMMER Group Condensed Consolidated Statement of Financial Position

EUR k

	September 30, 2021	December 31, 2020	Change
Non-current assets	819,370	799,583	19,787
Current assets	667,914	576,841	91,073
Assets	1,487,284	1,376,424	110,860
Equity	345,099	302,210	42,889
Non-current liabilities	487,671	524,189	-36,518
Current liabilities	654,514	550,025	104,489
Equity and liabilities	1,487,284	1,376,424	110,860

The GRAMMER Group's total assets increased slightly by 110.9 million euros to 1,487.3 million euros (December 31, 2020: 1,376.4 million euros).

Non-current assets increased slightly by 2.4% to 819.4 million euros (December 31, 2020: 799.6 million euros). Property, plant and equipment increased by 2.6% to 458.2 million euros (December 31, 2020: 446.7 million euros), while assets from customer contracts rose by 16.9% to 73.9 million euros (December 31, 2020: 63.2 million euros).

Current assets increased by 15.8% to 667.9 million euros (December 31, 2020: 576.8 million euros), in particular due to a 5.0% increase in current trade receivables to 250.8 million euros (December 31, 2020: 238.9 million euros), a 36.7% increase in inventories to 211.4 million euros (December 31, 2020: 154.6 million euros), and a 62.2% increase in other current assets to 44.3 million euros (December 31, 2020: 27.3 million euros). In contrast, cash and short-term deposits decreased by 10.3% to 80.6 million euros as of September 30, 2021 (December 31, 2020: 89.8 million euros). The main reasons for this are the increased capital requirements resulting from the high order volume as well as the effects of the rise in raw material prices and the consequences of the global supply shortage of semiconductors.

Equity increased by 42.9 million euros, or 14.2%, to 345.1 million euros as of September 30, 2021 (December 31, 2020: 302.2 million euros), substantially to earnings after taxes of 13.1 million euros and other comprehensive income of 12.7 million euros. The equity ratio increased accordingly by 1.2 percentage points to 23.2% (December 31, 2020: 22.0%).

Non-current liabilities decreased by 36.5 million euros, or 7.0%, to 487.7 million euros (December 31, 2020: 524.2 million euros). This was primarily due to the 8.9% decline in non-current financial liabilities to 230.8 million euros (December 31, 2020: 253.3 million euros).

Current liabilities increased by 104.5 million euros, or 19.0%, to 654.5 million euros (December 31, 2020: 550.0 million euros). This change was mainly the result of a 70.3% increase in current financial liabilities to 210.5 million euros (December 31, 2020: 123.6 million euros) and a 2.8% increase in current trade payables to 258.0 million euros (December 31, 2020: 250.9 million euros).

7. Capital expenditure

Capital expenditure

EUR m

	01-09 2021	01-09 2020	Change
EMEA	24.6	17.4	7.2
AMERICAS	11.9	10.6	1.3
APAC	22.2	4.8	17.4
Central Services	2.1	16.0	-13.9
GRAMMER Group	60.8	48.8	12.0

To safeguard the financial strength of our company, we increased our capital expenditures in the first three quarters of as planned 2021 by 24.6% to 60.8 million euros (01-09 2020: 48.8 million euros) and invested, in particular, in key projects and in projects to digitalize core processes and systems. In the EMEA region, capital expenditures of 24.6 million euros in the first nine months (01-09 2020: 17.4 million euros) were primarily related to the development of a new generation of seats, the extension of leasing contracts, as well as the expansion of production capacities in the Commercial Vehicles Division. In the AMERICAS region, the company's capital expenditures increased by 12.3% to 11.9 million euros (01-09 2020: 10.6 million euros) and were primarily attributable to the purchase of machinery. In the APAC region, capital expenditures between January and September 2021 stood at 22.2 million euros (01-09 2020: 4.8 million euros) and primarily related to leases. Capital expenditures in Central Services decreased by 86.9% to 2.1 million euros in the reporting period (01-09 2020: 16.0 million euros).

8. Cash flow Statement

In the period from January to September 2021, cash flow from operating activities improved by 38.5 million euros to -12.1 million euros, resulting in particular from the improvement in earnings before taxes to 17.2 million euros (01-09 2020: -68.3 million euros). Cash outflows from investing activities decreased by 2.9 million euros to 36.9 million euros (01-09 2020: 39.8 million euros) in the first three quarters of 2021. This was primarily due to a reduction in net investments in the new GRAMMER Campus in Ursensollen, which the company moved into in 2020. Cash flow from financing activities increased by 13.2 million euros and stood at 46.2 million euros in the first three quarters of 2021 (01-09 2020: 33.0 million euros). Free cash flow totaled -49.0 million euros as of September 30, 2021 (01-09 2020: -90.5 million euros). The negative free cash flow mainly resulted from a growth in inventories and an increase in trade receivables. Production constraints due to semiconductor shortages on the part of our customers and the need to safeguard material supplies in light of current raw material availability resulted in higher inventories.

9. Employees

Average employees

	01-09 2021	01-09 2020	Change
EMEA	7,575	7,714	-139
AMERICAS	4,675	4,607	68
APAC	1,354	1,299	55
Central Services	427	644	-217
GRAMMER Group	14,031	14,264	-233

GRAMMER had a total of 14,031 employees on average worldwide as of September 30, 2021 (September 30, 2020: 14,264). This corresponds to a year-over-year decline of 1.6%. Of this total, the APAC region had an average of 1,354 employees (September 30, 2020: 1,299), the EMEA region (excluding Central Services) an average of 7,575 employees (September 30, 2020: 7,714), and the AMERICAS region an average of 4,675 employees (September 30, 2020: 4,607).

10. Events subsequent to the reporting date

On October 6, 2021, the Executive Board of GRAMMER AG revised its earnings guidance for the full year 2021 downward as a result of the significant impact on earnings in the third quarter of 2021 and the expected market developments and business performance. Accordingly, the GRAMMER Group expects the challenging macroeconomic conditions, particularly in the markets relevant to the group, to persist in the fourth quarter of 2021. This is particularly due to the fact that further developments with respect to the global bottlenecks in the semiconductor industry as well as the price trends on the international raw material markets have a significant impact on the group's forecast earnings performance. As a result, GRAMMER expects to achieve an operating EBIT of between 17 and 22 million euros for the full 2021 financial year. In its original guidance, GRAMMER AG had expected to achieve an operating EBIT of around 65 million euros. At the same time, however, GRAMMER confirmed its previously communicated revenue guidance of around 1.8 billion euros.

11. Opportunities and risks

From today's perspective, the opportunities and risks identified and comprehensively described in the Management Report contained in the Annual Report for 2020 continue to exist.

We are thus following the developments and macroeconomic impacts of the COVID-19 pandemic very closely, as they are associated with significant risks that are currently extremely difficult to assess. In addition, we are also monitoring the

development of raw material prices as well as the global semiconductor supply situation in order to be able to quickly respond to changing conditions. GRAMMER AG's departments continuously analyze the market situation as well as that of our customers and suppliers and propose specific measures to management as soon as action is warranted.

We continuously monitor and assess changes in risks and opportunities and incorporate them into our intrayear planning where necessary.

12. Outlook

On March 31, 2021, GRAMMER published its forecast for 2021. This forecast was revised on October 6, 2021 with regard to the company's expected earnings performance.

Accordingly, we expect the challenging macroeconomic conditions, particularly in the markets relevant to the GRAMMER Group, to persist in 2021. The further course of the COVID-19 pandemic in the individual countries as well as further developments with respect to the global bottlenecks in the semiconductor industry and the continuing rise in raw material prices will also have a significant impact on the forecast economic recovery.

Overall, we continue to expect revenues to recover to around 1.8 billion euros in 2021 (previous year: 1.7 billion euros). Based on the projections from our three segments EMEA, APAC and AMERICAS, we expect to achieve an operating EBIT of between 17 million and 22 million euros in 2021 (previous year: -11.7 million euros), as published on October 6, 2021.

13. Forward-looking Statements

This quarterly report contains forward-looking statements based on current assumptions and assessments by GRAMMER executives regarding future developments. Such statements relate to periods in the future or are identified by words such as "expect," "predict," "intend," "forecast," "plan," "estimate," "anticipate," or similar expressions. Such statements are subject to risks and uncertainties that GRAMMER can neither control nor precisely evaluate, such as future market and economic conditions, the behavior of other market participants, the successful integration of new acquisitions, and the realization of expected synergy effects and measures taken by government authorities. Should any of these or other uncertainties or contingencies materialize, or should assumptions underlying any of these statements prove incorrect, actual results may be materially different from those expressed or implied by such statements. GRAMMER neither intends to update nor is under any obligation to update any of the forward-looking statements contained herein to reflect events that occur after this document has been published.

B | Financial Information January to September 2021

Consolidated Statement of Income

January 1 – September 30, 2021/2020

EUR k	01-09 2021	01-09 2020
Revenue	1,404,737	1,197,480
Cost of sales	-1,261,730	-1,114,275
Gross profit	143,007	83,205
Selling expenses	-25,468	-25,283
Administrative expenses	-111,731	-112,933
Other operating income	20,617	7,793
Earnings before interest and taxes (EBIT)	26,425	-47,218
Financial income	2,841	1,038
Financial expenses	-15,827	-15,181
Other financial result	3,731	-6,937
Earnings before taxes	17,170	-68,298
Income taxes	-4,043	9,834
Net profit/loss	13,127	-58,464
Of which attributable to:		
Shareholders of the parent company ¹	13,335	-58,511
Non-controlling interests	-208	47
Net profit/loss	13,127	-58,464
Earnings per share		
Basic/diluted earnings per share in EUR	0.86	-4.77

¹Of which 451 thousand euros are attributable to compensation claims of the hybrid lender in the first nine months of 2021.

Consolidated Statement of Comprehensive Income

January 1 – September 30, 2021/2020

EUR k	01-09 2021	01-09 2020	EUR k	01-09 2021	01-09 2020
Net profit/loss	13,127	-58,464	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	1,068	-3,747
Actuarial gains/losses (-) under defined benefits plans			Plus/less (-) amounts reclassified to profit and loss	-1,234	886
Gains/losses (-) arising in the current period	8,078	-9,088	Tax expenses (-)/tax income	-6	795
Tax expenses (-)/tax income	-2,359	2,882	Gains/losses (-) from cash flow hedges (after tax)	-172	-2,066
Actuarial gains/losses (-) under defined benefits plans (after tax)	5,719	-6,206	Gains/losses (-) from net investments in foreign operations		
Total amount that will not be reclassified to profit and loss in future periods	5,719	-6,206	Gains/losses (-) arising in the current period	1,933	-17,106
Amounts that will not be reclassified to profit and loss in future periods under certain conditions			Tax expenses (-)/tax income	354	4,911
Gains/losses (-) from currency translation of foreign subsidiaries			Gains/losses (-) from net investments in foreign operations (after tax)	2,287	-12,195
Gains/losses (-) arising in the current period	18,004	-7,425	Total amounts that will be reclassified to profit and loss in future periods under certain conditions	20,119	-21,686
Gains/losses (-) from currency translation of foreign subsidiaries (after tax)	18,004	-7,425	Other comprehensive income	25,838	-27,892
			Total comprehensive income (after tax)	38,965	-86,356
			Of which attributable to:		
			Shareholders of the parent company ¹	39,185	-86,395
			Non-controlling interests	-220	39

¹Of which 451 thousand euros are attributable to compensation claims of the hybrid lender in the first nine months of 2021.

Consolidated Statement of Financial Position

as of September 30, 2021 and December 31, 2020

Assets

EUR k

	September 30, 2021	December 31, 2020
Property, plant and equipment	458,243	446,737
Intangible assets	181,450	180,959
Investments measured at equity	1,193	859
Other financial assets	6,320	6,871
Deferred tax assets	61,435	64,217
Other assets	36,833	36,702
Contract assets	73,896	63,238
Non-current assets	819,370	799,583
Inventories	211,401	154,620
Current trade accounts receivable	250,854	238,884
Other current financial assets	5,863	4,027
Current income tax receivables	6,090	5,349
Cash and short-term deposits	80,571	89,838
Other current assets	44,259	27,284
Current contract assets	68,876	56,839
Current assets	667,914	576,841
Total assets	1,487,284	1,376,424

Consolidated Statement of Financial Position

as of September 30, 2021 and December 31, 2020

Equity and liabilities

EUR k	September 30, 2021	December 31, 2020	EUR k	September 30, 2021	December 31, 2020
Subscribed capital	39,009	39,009	Current financial liabilities	210,511	123,628
Capital reserve	163,033	163,033	Current trade accounts payable	258,000	250,861
Own shares	-7,441	-7,441	Other current financial liabilities	16,350	16,520
Retained earnings	211,978	199,094	Other current liabilities	100,340	93,550
Cumulative other comprehensive income	-84,392	-110,242	Current income tax liabilities	5,838	6,448
Equity attributable to shareholders of the parent company	322,187	283,453	Provisions	59,729	57,858
Hybrid loan	19,452	19,579	Current contract liabilities	3,746	1,160
Non-controlling interests	3,460	-822	Current liabilities	654,514	550,025
Equity	345,099	302,210			
Non-current financial liabilities	230,765	253,255	Total liabilities	1,142,185	1,074,214
Trade accounts payable	302	543	Total equity and liabilities	1,487,284	1,376,424
Other financial liabilities	59,906	54,443			
Other liabilities	1,220	1,260			
Retirement benefits and similar obligations	157,204	164,456			
Deferred tax liabilities	36,161	46,859			
Contract liabilities	2,113	3,373			
Non-current liabilities	487,671	524,189			

Consolidated Statement of Cash Flows

January 1 – September 30, 2021/2020

EUR k

	01-09 2021	01-09 2020
1. Cash flow from operating activities		
Earnings before taxes	17,170	-68,298
Reconciliation of earnings before taxes with cash flow from operating activities		
Depreciation and impairment of property, plant and equipment	50,938	51,870
Amortization and impairment of intangible assets	11,320	12,565
Gains(-)/losses from the disposal of assets	-892	463
Other non-cash changes	41,247	29,682
Financial result	9,256	21,080
Changes in operating assets and liabilities		
Decrease/increase (-) in trade accounts receivables and other assets	-56,460	-50,832
Decrease/increase (-) in inventories	-57,867	34,425
Decrease (-)/increase in provisions and retirement benefit provisions	-27,686	-3,226
Decrease (-)/increase in accounts payable and other liabilities	16,399	-64,452
Income taxes paid	-15,564	-13,923
Cash flow from operating activities	-12,139	-50,646
2. Cash flow from investing activities		
Purchases		
Purchase of property, plant and equipment	-38,727	-42,817
Purchase of intangible assets	-4,708	-1,659
Purchase of financial assets	0	-12
Disposals		
Disposal of property, plant and equipment	4,450	2,232
Disposal of intangible assets	42	65
Disposal of financial assets	957	1,341
Payments from disposals of subsidiaries less disposals of cash and cash equivalents	-1,712	0
Interest received	2,840	1,038
Cash flow from investing activities	-36,858	-39,812

EUR k

	01-09 2021	01-09 2020
3. Cash flow from financing activities		
Payments received from hybrid loan	0	19,148
Payments made for the hybrid loan lender's compensation claim	-578	0
Inflow from capital increase by minority shareholder	3,673	0
Payments received from raising financial liabilities	100,386	164,512
Payments made for the settlement of financial liabilities	-30,265	-121,272
Payments made for the settlement of lease liabilities	-13,572	-16,791
Interest paid	-13,474	-12,586
Cash flow from financing activities	46,170	33,011
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)	-2,827	-57,447
Effects of exchange rate differences of cash and cash equivalents	-711	1,887
Cash and cash equivalents as of January 1	55,372	123,654
Cash and cash equivalents as of September 30	51,834	68,094
5. Analysis of cash and cash equivalents		
Cash and short-term deposits	80,571	81,829
Bank overdrafts (including current liabilities under factoring contracts)	-28,737	-13,735
Cash and cash equivalents as of September 30	51,834	68,094

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The photographs taken for this year's Interim Management Statement were shot in strict compliance with the hygiene rules in place to combat the COVID 19 pandemic. Some of the other photos were taken before the beginning of the pandemic.

To improve readability, the masculine form is used in most cases in the GRAMMER Interim Management Statement when referring to persons and personal nouns. All personal names and personal nouns apply equally to all genders.

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