

Press Release

A.S. Création Tapeten AG, Gummersbach (ISIN DE000A1TNNN5)

Gratifying revenue and earnings performance in the current fiscal year

A.S. Création Tapeten AG, Europe's leading wallpaper manufacturer, today published its interim statement for the period ended September 30, 2021. A summary is provided below:

Growing revenues in current fiscal year

As expected, consolidated sales revenues of A.S. Création in the third quarter of 2021 were below the unusually high level of the previous year, which was marked by the gradual easing of the COVID-19 restrictions in the major European markets. Accordingly, revenues in the third and fourth quarters of 2020 were influenced by catch-up effects in private consumer spending, which also benefited wallpapers and furnishing fabrics. The analysis of sales revenues in the first nine months of 2021 shows, however, that overall demand for wallpapers and furnishing fabrics has picked up. A.S. Création was thus able to increase its consolidated revenues by 4.6% or € 4.9 million from € 105.6 million in the previous year to € 110.5 million in the reporting period. The comparison with revenues in the first nine months of 2019 (€ 108.3 million) and 2018 (€ 102.7 million) also shows the generally positive revenue trend.

Earnings severely affected by commodity price trend

A.S. Création posted an operating profit (EBIT) of € 5.5 million for the first nine months of 2021 (previous year: € 1.4 million). Adjusted for one-time effects, earnings before interest and taxes declined by € 1.6 million or 26.9% from € 6.0 million in the first nine months of 2020 to € 4.4 million in the current fiscal year. This reduced result is also reflected in a lower adjusted EBIT margin, which stood at 3.9% in the first nine months of 2021 (previous year: 5.7%).

The Managing Board is concerned about the strong price increases in the procurement markets, especially for petroleum-based raw materials, which started in late February/early March 2021 and are weighing heavily on A.S. Création's gross profit margin. As a result, A.S. Création's gross profit margin literally collapsed from 54.5% in the first quarter of 2021 to 48.5% in the second quarter of 2021 and 45.6% in the third quarter of 2021. This means that A.S. Création lost 8.9 percentage points of its gross profit margin within six months. It was not possible for the company to offset this massive increase in the prices of raw materials and energy by cutting costs. The increase in A.S. Création's own sales prices implemented in mid-2021 was clearly not sufficient, either. As a result, earnings before interest and taxes have deteriorated in the year to date. While A.S. Création

was able to generate earnings before interest and taxes (excluding exchange rate effects) of € 3.7 million in the first quarter of 2021 based on a very good gross profit margin, EBIT (excluding exchange rate effects) in the second quarter of 2021 stood at only € 0.9 million; as the gross profit margin continued to decline, A.S. Création even incurred an operating loss of € -0.2 million in the third quarter of 2021.

Plans for the full year 2021 no longer achievable

As earnings are adversely affected by the price developments in the procurement markets, the outlook for the full year 2021 is negative. Due to the slump in the gross profit margin, the earnings target for the full year 2021 can no longer be reached. As outlined above, the externally induced adverse effects on earnings resulting from the “price explosion” in the procurement markets have reached a level that can no longer be offset by internal cost-cutting and efficiency-increasing measures alone.

Against this highly uncertain background in the coming months, the Managing Board currently projects revenues of between € 140 million and € 147 million, EBIT (excluding exchange effects) of between € 3.0 million and € 4.0 million and earnings after taxes (excluding exchange rate effects) of between € 1.8 million and € 2.5 million for the full year 2021.

In spite of all these temporary uncertainties and risks, the Managing Board still considers A.S. Création to be very well positioned. With wallpaper and furnishing fabrics, A.S. Création’s product portfolio comprises products that are likely to benefit from (mega)trends such as individualisation, the return to the home (hiving, cocooning) and changes in the world of work (working from home). Moreover, A.S. Création has a robust financial structure, high internal financial resources and sufficient liquidity to make the necessary modernisation investments. Such investments form the basis for both meeting customers’ changing requirements and seizing the new opportunities and possibilities offered by the changing framework conditions.

Gummersbach, November 4, 2021

A.S. Création Tapeten AG

The Managing Board

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The interim statement is available at
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