

KROMI publishes half-yearly report 2019/2020

- **5 percent sales growth in the first half year despite challenging market environment**
- **Significant sales increase in Brazil by 25 percent**
- **Sustainable savings through strict cost management**
- **Brazil with positive EBIT after six months, Group EBIT still slightly negative**
- **Initiatives to optimize working capital show clear effect**

Hamburg, February 28, 2020 - KROMI Logistik AG today published its half-yearly report for the 2019/2020 fiscal year (July 1, 2019 to December 31, 2020). In spite of the economic slowdown and the weaker first half of the year as a result of the lower number of working days, KROMI increased its revenues by almost 5 percent year-on-year to EUR 37.1 million (previous year: EUR 35.5 million). Although EBIT (operating result) of EUR -0.4 million was still slightly negative, it improved by around EUR 1.1 million (previous year: EUR -1.5 million).

Bernd Paulini, Chairman of the Managing Board, comments: "After the transitional year 2018/2019, it can be said that the demand for holistic outsourcing solutions in our core markets is unbroken. This is reflected in particular in the successful acquisition of new customers." CFO Christian Auth adds: "We have also worked intensively on optimising our capital lock-up. We have succeeded in significantly reducing our working capital at the same time as expanding our operating activities.

Domestic revenues in the first half of 2019/2020 were EUR 17,975 thousand, around 4.2 percent above the level of the same period of the previous year (EUR 17,247 thousand). While revenues in the rest of Europe remained stable at the previous year's level of EUR 14,533 thousand (EUR 14,526 thousand), revenues in Brazil increased significantly by 25.0 percent to EUR 4,630 thousand (previous year: EUR 3,703 thousand). Thus, overall the positive trend of the second half of 2018/2019 continued in the current financial year.

The cost of materials increased from EUR 27,600 thousand to EUR 29,039 thousand compared to the previous year. The cost of materials ratio rose to 78.2 percent (previous year: 77.8 percent). The increase in the ratio resulted from the high proportion of new customer business, as lower gross profit margins are achieved in the start-up phase due to the business model practised to date. The gross profit margin of 21.8 percent was correspondingly slightly below the previous year's level of 22.2 percent. Personnel expenses decreased from EUR 6,117 thousand the previous year to EUR 5,466 thousand. In the previous year, personnel expenses included a special effect in connection with the departure of a member of the Managing Board on December 31, 2018 in the amount of EUR 631 thousand. The personnel expenses ratio in the current reporting period was 14.7 percent (previous year: 17.2 percent).

With the results recorded in the first half of 2019/2020, the Managing Board believes that KROMI is on the right path to a sustained turnaround in its revenues and earnings. KROMI has set the strategic course for this by further developing its business model, which was officially launched in September 2019 at EMO, the world's largest metalworking trade fair.

Bernd Paulini: "We combine data management, efficient machining and logistics processes and optimized tool procurement to create a unique competitive advantage for our customers. The initial feedback from the market is very positive. Our existing customers have repeatedly expressed a concrete wish to entrust tool management to KROMI in additional EU countries and international markets." In view of this very positive feedback from the market, the Managing Board is confident that it will be able to use the potential in Germany and abroad and return to profitable growth in the medium term.

Despite challenging market developments, KROMI is forecasting year-on-year revenue growth of 3 to 6 percent for the current fiscal year 2019/2020. The reduction of originally around 10 percent and the specification of a range for the planned revenue growth in the 2019 / 2020 financial year is due to the unclear developments in the mechanical engineering and automotive sectors and the as

yet unforeseeable consequences of the coronavirus for economic development. Notwithstanding this, the Managing Board continues to expect a slightly positive EBIT (operating result).

KROMI will make the full IFRS report available for download on its website www.kromi.de in the Investor Relations section later today.

Company profile:

KROMI, Hamburg, is a manufacturer-independent specialist for optimizing tool availability and tool use, in particular for technically demanding cutting tools for metal and plastics processing in machining operations. As a trustworthy and transparent partner to the manufacturing industry, KROMI combines machining technology, data management, lean logistics processes and tool trading to create convincing overall solutions. By means of networked automatic tool dispensers in the customer's production area with simultaneous digital inventory controlling, KROMI ensures the optimum use and availability of the necessary operating resources at the right time and in the right place. The aim of KROMI's activities is to always offer machining companies the highest customer benefits. For this purpose, the processes on the customer side are continuously analyzed in detail, opportunities and potential for improvement are identified and thus the tool supply with all the necessary services is optimally integrated. KROMI currently has facilities in Germany, Slovakia, the Czech Republic, Spain and Brazil. In addition, KROMI is also active in eight other European countries. On the Internet at: www.kromi.de

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