



Connectivity-Konzept <EDAG Soulmate>
Integration der
digitalen Welt in das Fahrzeug

Leichtbau-Konzept <EDAG Soulmate>
Skelettartige Struktur -
bionisches Grundkonzept,
Materialeinsatz nur an Stellen,
wo es für die Struktureigenschaften
unbedingt nötig ist.



CONTENT

SUMMARY OF THE FIRST HALF OF THE 2017 FINANCIAL YEAR.....	4
KEY FIGURES AND EXPLANATIONS OF THE EDAG GROUP AS PER JUNE 30, 2017	8
THE EDAG SHARE	11
PRICE DEVELOPMENT	11
KEY SHARE DATA	12
INTERIM MANAGEMENT REPORT	13
BASIC INFORMATION ON THE GROUP	13
Business Model	13
Targets and Strategies	16
FINANCIAL REPORT	17
Macroeconomic and Industry-Specific Conditions	17
Financial Performance, Cash Flows and Financial Position of the EDAG Group in accordance with IFRS	19
HR Management and Development	22
FORECAST, RISK AND REWARD REPORT	23
DISCLAIMER	23
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	24
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	24
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	26
CONSOLIDATED CASH FLOW STATEMENT	28
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	30
SELECTED EXPLANATORY NOTES.....	32
General Information	32
Basic Principles and Methods	33
Changes in the Scope of Consolidation	36
Currency Conversion	40
Reconciliation of the Adjusted Operating Profit (adjusted EBIT)	41
Segment Reporting	42
Contingent Liabilities/Receivables and Other Financial Obligations	45
Financial Instruments	46
Related Parties	54
Subsequent Events	57
AFFIRMATION OF THE LEGAL REPRESENTATIVE.....	58
LEGAL NOTICE.....	59

SUMMARY OF THE FIRST HALF OF THE 2017 FINANCIAL YEAR

STRATEGIC REINFORCEMENTS IN SWEDEN AND THE USA



Two new acquisitions have enabled the EDAG Group to reinforce its strategic position on the Swedish and US markets. On May 31, 2017 the EDAG Group acquired all the shares in HRM Engineering AB, based in Gothenburg in Sweden. With this move, the EDAG Group further increased its access to the Swedish market, while at the same time expanding its competence spectrum in the promising fields of electrics/electronics and software development. HRM, which has been active in Sweden since the 1980s, is already a well-established engineering partner to the Swedish automotive industry. Some 120 employees at the Gothenburg branch offer an extensive range of services in the fields of electronics and software development, product engineering and quality engineering. In the 2016 financial year, the company generated sales of about € 14 million.

The Swedish market is characterized by a highly dynamic development of motor vehicles and commercial vehicles, and offers good prospects for future growth. For both companies, therefore, this newly created line-up is an important step towards working together to achieve the growth targets set and further extend the company's good position.

At the same time, market presence on the US market was expanded by the takeover of CKGP/PW & Associates Inc., based in Troy, Michigan, USA, at the beginning of July. The acquisition is another step towards successfully establishing EDAG PS as a general planner for the worldwide development of production plants in the automotive segment. For many years now, CKGP/PW & Associates Inc. has been active on the US market, where it has firmly established its position among the North American vehicle manufacturers as

an engineering partner for production plants. A workforce of over 60 employees offers a comprehensive range of services in the fields of conveyor technology / paintwork planning, production / process engineering, and factory, construction, material and logistics

planning. With the new alliance, the success model by which the company is able to offer single-source vehicle and production plant development, and which EDAG has already established in Europe, will also be transferred to the US market.

WALTER DE SILVA AND EDAG START THEIR COOPERATION FOR THE STYLING OF MOBILITY AND VEHICLE CONCEPTS

Since May 2017, the renowned automobile designer Walter de Silva is exclusively responsible, as chief designer and consultant in Barcelona, for the styling and development of model and brand strategies. After an 18-month absence from the industry, De Silva, whose last assignment was that of design chief of the Volkswagen

Group, is now applying his expertise to future-oriented vehicle development projects for the EDAG Group. In his initial project, he is involved in the styling of an e-vehicle fleet for a large Chinese OEM.

With more than 560 designers, development engineers and technicians, the Spanish EDAG subsidiary in Barcelona is one of the EDAG Group's largest foreign branches. As well as providing classical design and simulation services, the company has the EDAG Group's largest styling center with a workforce of more than 200 employees. The range of vehicle design services covers exterior and interior design, from "color & trim" to user interface design, as well as the visualization and simulation of new HMI¹ concepts.



From left to right: Walter de Silva, Barbara Kersten (Managing Director of EDAG Spain), Jaime Lozoya (Managing Director of EDAG Spain)

¹human machine interface

APRIL

MAY

JUNE

SUMMARY OF THE FIRST HALF OF THE 2017 FINANCIAL YEAR

EDAG PS WINS AEE INNOVATION AWARD



At the AUTOMOTIVE ENGINEERING EXPO ("AEE") in Nuremberg, EDAG Production Solutions GmbH & Co. KG ("EDAG PS") triumphed over 15 other innovative competition entries relating to the "body manufacturing process chain", and took first place in the AEE Innovation Award. EDAG PS presented a media free gripper system for body parts at the AEE.

The system, which was created using additive manufacturing (3D printing), is locked and unlocked by the robot only. The

Rainer Wittich (CEO of EDAG PS)



The proud winners of the first AEE Innovation Award 2017

advantages are high sustainability due to energy-free operation, and the fact that other media or their components such as directional control valves, initiators or cables are no longer necessary. Added to this are simple assembly and the easy exchange of components after

crash. Standardized assemblies keep warehousing to a minimum, and specific parts are re-printed as required, which saves life cycle costs.



"Winner" of the award: the media-free gripper system developed by EDAG PS

APRIL

MAY

JUNE

KEY FIGURES AND EXPLANATIONS OF THE EDAG GROUP AS PER JUNE 30, 2017

(in € million or %)	1/1/2017 – 6/30/2017	1/1/2016 – 6/30/2016	4/1/2017 – 6/30/2017	4/1/2016 – 6/30/2016
Vehicle Engineering	222.3	229.5	111.9	113.2
Production Solutions	58.4	60.1	29.2	31.3
Electrics/Electronics	75.2	77.6	34.8	37.6
Consolidation/Others	- 4.5	- 4.5	- 2.7	- 2.0
Total sales revenues and changes in inventories	351.4	362.6	173.3	180.0
Growth of core business:				
Vehicle Engineering	-3.1%	1.7%	-1.1%	-1.3%
Production Solutions	-2.8%	3.2%	-6.6%	2.5%
Electrics/Electronics	-3.1%	1.2%	-7.3%	-1.5%
Total change of sales revenues and changes in inventories	-3.0%	2.0%	-3.7%	-0.3%
Vehicle Engineering	8.8	15.1	1.9	6.3
Production Solutions	3.4	6.0	1.4	3.4
Electrics/Electronics	1.9	1.6	0.2	0.0
Others	-	- 0.2	-	- 0.1
Adjusted EBIT	14.2	22.5	3.5	9.6
Vehicle Engineering	4.0%	6.6%	1.7%	5.6%
Production Solutions	5.9%	10.0%	4.9%	11.0%
Electrics/Electronics	2.6%	2.1%	0.5%	0.0%
Adjusted EBIT margin	4.0%	6.2%	2.0%	5.4%
Profit or loss	5.8	9.5	0.7	3.5
Earnings per share (€)	0.23	0.38	0.03	0.14

(in € million or %)	6/30/2017	12/31/2016
Fixed assets	189.5	186.8
Net working capital	113.7	99.6
Net financial debt	- 131.0	- 98.1
Provisions	- 39.8	- 39.6
Held for sale	8.3	4.1
Equity	140.7	152.8
Balance sheet total	452.0	430.4
Equity / BS total	31.1%	35.5%
Net financial debt / Equity	93.1%	64.2%

(in € million or %)	1/1/2017 – 6/30/2017	1/1/2016 – 6/30/2016	4/1/2017 – 6/30/2017	4/1/2016 – 6/30/2016
Operating cash flow	4.7	- 9.0	- 13.3	- 13.0
Investing cash flow	- 14.5	- 16.5	- 11.6	- 8.9
Free cash flow	- 9.7	- 25.5	- 24.9	- 21.9
Financing cash flow	13.3	- 21.3	15.8	- 19.9
Adjusted cash conversion rate ¹	64.0%	48.9%	33.9%	35.8%
CapEx	8.9	16.8	5.8	9.7
CapEx/Sales revenues and changes in inventories	2.5%	4.6%	3.4%	5.4%

¹ Adjusted Cash Conversion is defined as Adjusted EBIT before depreciation and amortization less capital expenditures divided by Adjusted EBIT before depreciation and amortization. The Adjusted EBIT before depreciation and amortization is the Adjusted EBIT plus depreciation and amortization less effects of the amortization of step-ups due to purchase price allocations.

	6/30/2017	12/31/2016
Headcount end of period	8,178	8,270
Trainees as %	6.1%	6.9%

At € 351.4 million, sales revenues and changes in inventories in the first half of 2017 remained below the previous year's level of € 362.6 million. The OEMs' budgets for research and development continue at a very high level. In view of the change towards eMobility, autonomous driving and connectivity in the automotive industry, however, budgets are being re-allocated. This means that during this phase of reorganization, delayed contract awards and increasing price pressure are being experienced across the market. As a result, the market environment of the EDAG Group during the current financial year has continued to be challenging.

The EBIT (adjusted EBIT), which was primarily adjusted for the effects from the purchase price allocations, stood at € 14.2 million, which was below the value for the previous year (€ 22.5 million). Important reasons for the deviation in the results compared to the same period in the previous year were lower productivity and price pressure in the market for engineering services, but also increased settlement expenses compared to the same period in the previous year, and an increase in the cost of launching a number of projects at EDAG Mexico. The unadjusted EBIT stood at € 11.7 million, compared to the previous year's value of € 18.7 million.

The headcount, including trainees, on June 30, 2017 was 8,178 employees (12/31/2016: 8,270 employees). The reduction is a reflection of the realignment of the personnel structure with regard to future customer requirements.

In the first half of the year, gross investments in fixed assets amounted to € 8.9 million, which was significantly below the level of the same period in the previous year (€ 16.8 million). The equity ratio on the reporting date was 31.1 percent (12/31/2016: 35.5 percent).

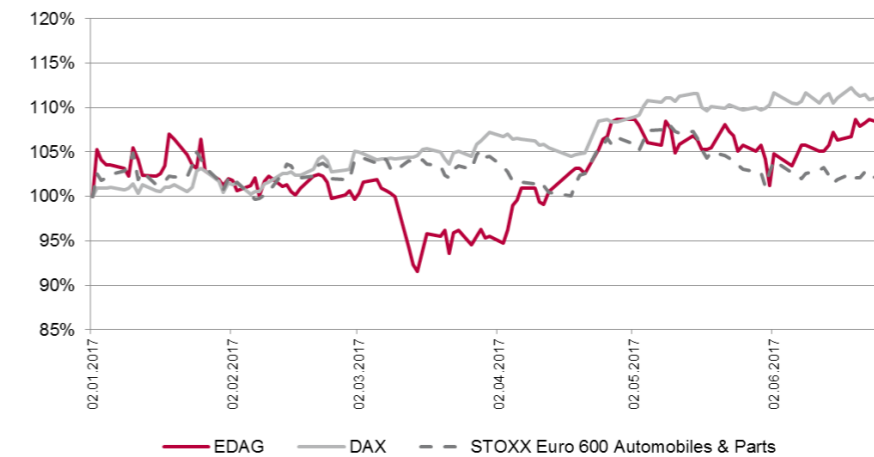
At € 131.0 million, the net financial debt is below the level recorded on June 30, 2016 (€ 143.1 million), but well above that recorded on December 31, 2016 (€ 98.1 million). There are various reasons for this: firstly an increase in trade working capital, secondly the dividend payout, which amounted to € 18.8 million, and thirdly the cash outflow of € 5.9 million for the acquisition of HRM Engineering AB, Sweden.

THE EDAG SHARE

On January 2, 2017, the DAX started the 2017 financial year with 11,426 points. This was also the lowest level in the reporting period. The DAX subsequently rose to 12,889 points on June 19. The closing rate on June 30 stood at 12,325 points. The STOXX Automobiles & Parts Index fluctuated between 537 and 586 points during the first half of 2017.

1 Price Development

The development of the EDAG share was positive in the first half of 2017. On January 2, 2017, the opening price in XETRA trading was € 15.70. In the following period, the price first decreased slightly, reaching its lowest value in the reporting period (€ 14.29) on March 15. It had gradually recovered by June 30, when the share closed at € 16.79. During the first half of 2017, the average XETRA trade volume was 14,956 shares a day.



Source: Comdirect

2 Key Share Data

	1/1/2017 – 6/30/2017
Prices and trading volume:	
Share price on June 30 (€) ²	16.79
Share price, high (€) ²	16.95
Share price, low (€) ²	14.29
Average daily trading volume (number of shares) ³	14,956
Market capitalisation on June 30 (€ million)	419.75

A current summary of the analysts' recommendations and target prices for the EDAG share, the current share price and financial calendar is available on our homepage, on <http://ir.edag.com>.

² Closing price on Xetra

³ On Xetra

INTERIM MANAGEMENT REPORT

1 Basic Information on the Group

1.1 Business Model

Three Segments

With the parent company, EDAG Engineering Group AG, Arbon (Switzerland), the EDAG Group is one of the largest independent engineering partners to the automotive industry, and specializes in the development of vehicles, derivatives, modules and production facilities. Our special know-how, particularly at the largest subsidiary, EDAG Engineering GmbH, is in complete vehicle and module development, and in the guidance and support of customers from the initial idea through to the finished prototype. In addition, BFFT Gesellschaft für Fahrzeugtechnik mbH, one of our subsidiaries, has specialized technical knowledge in the field of electrical and electronic development. EDAG Production Solutions GmbH & Co.KG offers particular expertise in the development of production facilities and their implementation.

Business is divided up into a number of segments: Vehicle Engineering, Production Solutions and Electrics/Electronics. The principle we work on is that of production-optimized solutions. This means that we always ensure that development results are in line with current production requirements.

Our main focus is on the automobile and commercial vehicle industries. A closely integrated global network of some 60 facilities ensures our customers of our local presence.

Presentation of the Vehicle Engineering Segment

The Vehicle Engineering segment consists of services along the vehicle development process as well as responsibility for derivative and complete vehicles. The segment is divided into the following divisions:

Our **Body Engineering** department brings together all of our services such as package & ergonomics, body assembly as well as interior and exterior. This also includes the development of door, cover and lid systems. Further, the Body Engineering department is involved with new technologies and lightweight design, as well as commercial vehicle development and the development of car lights such as headlamps, rear and small lamps.

Interface management and the management of complex module developments are taking on an increasingly significant role in the projects. Our **Vehicle Integration** department is responsible for the complete functional integration and for vehicle validation. This department employs computer-aided engineering (CAE) to carry out the early validation of products and their properties. In addition to dealing with computation and simulation, the Dimensional Management team works on the reproducibility and geometrical quality of the products. Functionality is validated and durability analyzed on the test equipment and facilities at our certified test laboratories, in readiness for start of production. This includes tests on individual components, modules, engines, motors, transmissions, and even complete vehicles. In the **Design Concepts** department, we offer a full range of styling, ideation and design services, and in our design studios we are able to realize the virtual design validation process and construct physical models for all phases of vehicle engineering. In the associated Testing and Vehicle department, we create complete test vehicles as well as sub-assemblies and vehicle bodies for the physical validation of these modules and systems. The development and production of individual vehicle conversions rounds off the portfolio of this division. This also includes the construction of classic cars, including custom-made spare parts. Complete vehicle development and large-scale interdisciplinary module packages, some of them calling for the involvement of our international subsidiaries, are managed by the **Project Management** division. The **Product Quality & Care** department provides assistance with consulting and support for quality-related matters, as well as services which explain a product and enable it to be used effectively.

Presentation of the Production Solutions Segment

The Production Solutions segment - operating through the independent company EDAG Production Solutions GmbH & Co. KG ("EDAG PS"), its international subsidiaries and profit centers - is an all-round engineering partner which accepts responsibility for the development and implementation of production processes at 18 sites in Germany and at international sites in South Korea, India, the Czech Republic, Russia, Hungary, Brazil, Mexico and China. In addition to handling the individual stages in the product creation process and all factory and production systems-related services, Production Solutions are also able to optimally plan complete factories over all fields, including cross processes, and to provide the realization from a single source.

In the field of **concept engineering**, Production Solutions provides its customers with an integral approach to process planning. This means that Production Solutions provides companies with factory and production planning support – with both the implementation

of new plans and with the conversion, expansion or optimization of existing systems while operation is in progress. By offering support from concept engineering to the preparation of detailed product specifications, it is possible to cover all the steps required for the production process, and to design optimum interfaces with other media, buildings and logistics. In the context of simultaneous engineering, Production Solutions favors an integrative approach, with the product development, systems planning and production simulation divisions all working together to design optimum project interfaces.

In the **Implementation Engineering** department, to guarantee that the functional requirements of body in white facilities are met, Production Solutions use digital factory methods in all production lines: digital, virtual and real-life. To meet customers' requirements, Production Solutions engineers develop realistic 3D simulation cells in which the planning, design and technological concepts are implemented and validated in line with process requirements. Early involvement during the engineering process enables Production Solutions to systematically optimize production processes. This places Production Solutions in a position to develop ideal production concepts for customers.

Productions Solutions' portfolio is also complemented by **Feysinn**, a process consulting and CAx development department. IT-supported sequences and methods are developed here, as are software for product design, development, production and marketing. Feysinn also offers consulting, conceptual and realization services in the field of visualization technologies. Customized training opportunities complete the portfolio.

Presentation of the Electrics/Electronics Segment

The range of services offered by the Electrics/Electronics segment includes the development of electrical and electronic systems for the comfort, driver assistance and safety functions of a vehicle, and the development and integration of systems in the fields of eMobility and power distribution. These services are provided by four divisions focusing on the following competencies:

The **E/E Vehicle Engineering** division is responsible for function development in the course of complete vehicle or derivative projects. The range of tasks extends from the concept phase to production support. Further fields of activity include the development of new electronic architectures, and approval, drafting and control activities in the development or integration of physical vehicle electrical systems. Alternative drive systems such as electric or hybrid drives, have a significant influence on the E/E architecture and the vehicle electrical system. The E/E Vehicle Engineering department is increasingly focusing its attention on these trends.

The **E/E Systems Engineering** division works on the elaboration and definition of demands on the electrical and electronic systems. It also deals with the integration of several system components (control unit, sensors, actuators) to give a whole system, and with the subsequent validation of the system with regard to function, networking and diagnosis. A further skill is the physical and functional integration of E/E systems in vehicles and their subsequent validation by means of appropriate test procedures. Due to the trend towards partially and highly automated driving, the driver assistance system department is experiencing above-average expansion.

E/E Embedded Systems develops and validates hardware and software for electronic control units, from the conceptual design, through model set-up and commissioning to production-ready development. In the process, EDAG accepts responsibility throughout all development activities. When it comes to the strategic domains derived from megatrends, this division is becoming increasingly involved in the latest trends such as autonomous driving, HMI/infotainment and electrification. The skills offered here range from functional electronic development, knowledge of specific areas such as AUTOSAR or functional safety in accordance with ISO 26262 through to the know-how required to guarantee engineering quality in line with our customers' requirements.

E/E Car IT markets services and software developed in-house as products for the networked mobility industry. The division's range of services also includes development and standardization services, and networking advice for vehicle manufacturers, system suppliers and IT companies. Under the brand name trive.me, EDAG is developing innovative software solutions and products for the networked mobility of tomorrow, and offering this digital transformation expertise on the market.

1.2 Targets and Strategies

As a capital market-oriented company, our primary objective is to bring about a sustained increase in EDAG's company value (market value of equity), i.e. across the different industrial cycles. This is to be achieved by means of a strategy composed of the following four central areas, each with its own operationalizable objectives:

- Growth by intensifying and extending our fields of activity and customer portfolio
- Customer enthusiasm on account of our technological know-how and innovative ability
- Attractiveness as an employer
- Profitability through professional project and resource management

For a more detailed representation of the above-mentioned objectives, please see the Annual Report for 2016.

As interdependencies exist between these areas of activity and their objectives, all measures are applied analogously, and goals pursued simultaneously. We also see strategy as a continual process, and therefore subject any goals we have set to critical scrutiny, adjusting them wherever necessary.

2 Financial Report

2.1 Macroeconomic and Industry-Specific Conditions

Basic Conditions and Overall Economic Development

According to the International Monetary Fund (IMF), the world economy exhibited 3.1 percent growth in the previous year (2016). The IMF confirmed its April forecast for a 3.5 percent increase in global economic growth for 2017 and 3.6 percent for 2018 in July. At the same time, however, the IMF lowered its expectations for the USA. The reason for this is the assumption that public spending and tax revenue in the United States are at the moment "uncertain", particularly due to the fact that the details of the announced tax reforms and higher investments in the infrastructure are not yet clear. The IMF now expects a 2.1 percent growth in the US economy in both 2017 and 2018. In April, a growth rate of 2.3 percent was expected for 2017 and 2.5 percent for 2018.

The IMF's economic experts expect growth in Germany to be slightly below the average for the eurozone as a whole both this year and next. According to the current forecast, Germany can expect a 1.8 percent increase in economic performance in 2017, and then a further 1.6 percent in 2018. This is 0.2 and 0.1 percentage points up on the April forecast. At 1.9 percent (2017) and 1.7 percent (2018), the rates estimated by the IMF for the eurozone are even higher.

China's growth is expected to remain at 6.7 percent in 2017, the same level as in the previous year. The IMF anticipates that there will then be a moderate decline to 6.4 percent in 2018.

IMF forecasts for oil prices for 2017 have decreased on account of strong inventory levels in the USA. Starting from an average price of USD 42.8 a barrel in 2016, a barrel price of USD 51.9 is forecast for 2017, and USD 52.0 for 2018.

Automotive Industry Development

According to the VDA (Association of the German Automotive Industry), a growth rate of some 3 percent is anticipated for sales of new vehicles in 2017. For a more detailed representation of the forecast for 2017, please see the Annual Report for 2016.

In June 2017, according to the VDA, there was a 2.1 percent increase in the number of new vehicles registered in Europe (EU 28 + EFTA) compared to the previous year. This results in a cumulative result of an increase of 4.6 percent for the first six months of 2017. The peak figure was recorded by Italy, with an increase of 8.9 percent in the first half of the year. In Great Britain on the other hand, the number of new vehicles registered fell by 1.3 percentage points. In Germany, where there was an increase of 3.1 percent, the situation is stable, though what is striking here is that while registrations of new diesel vehicles are down 9 percent, there was a 113 percent increase in registrations of new electric-powered vehicles.

In the USA, sales of new vehicles decreased by 2.2 percent in the first six months compared to the same period in the previous year. In China, there was an increase of 2.7 percent. Due to two weak months in April and May (-2 percent in each), it was not possible to maintain the 6 percent growth rate achieved in China in the first quarter. In Russia, where the outstanding figures achieved in March were re-confirmed in the second quarter of the year, a growth rate of 6.9 percent was recorded in the first half of the year.

Development of the Engineering Market

Development of the market for engineering services remains positive due to the rapid progress being made in technological vehicle development (e.g. driving assistance systems, autonomous driving, digitization and electric mobility). This type of development can involve both risks and opportunities for the engineering service market. The volume of engineering services externally awarded by the automotive OEMs and their suppliers will continue to increase in the future. For a more detailed representation of the growth rates forecast for the engineering service market, please see the Annual Report for 2016.

2.2 Financial Performance, Cash Flows and Financial Position of the EDAG Group in accordance with IFRS

Financial Performance

Development of the EDAG Group

As of June 30, 2017, orders on hand increased to € 361.3 million compared to € 318.9 million as per December 31, 2016. In the half year just ended, the EDAG Group generated incoming orders amounting to € 381.5 million which, compared to the same period in the previous year (€ 409.9 million), represents a reduction of € 28.4 million.

At € 351.4 million, the sales revenues and changes in inventories decreased by € 11.2 million or 3.1 percent compared to the same period in the previous year (first half of 2016: € 362.6 million). This is chiefly attributable to lower staffing levels, price pressure among the German OEMs, and unsatisfactory international business.

Compared to the previous year, the EBIT decreased by € 7.0 million to € 11.7 million (first half of 2016: € 18.7 million) in the reporting half year. This means that an EBIT margin of 3.3 percent was achieved (first half of 2016: 5.2 percent). Important reasons for the deviation in the results compared to the same period in the previous year were lower productivity due to delays in the awarding of contracts and price pressure in the market for engineering services, but also increased settlement expenses compared to the same period in the previous year, and an increase in the cost of launching a number of projects at EDAG Mexico.

Primarily adjusted for the depreciation, amortization and impairments from the purchase price allocations of the previous financial years that were recorded in the reporting period in 2017, the adjusted EBIT figure was € 14.2 million (first half of 2016: € 22.5 million), which is equivalent to an adjusted EBIT margin of 4.0 percent (first half of 2016: 6.2 percent).

The materials and services expenses decreased by 11.0 percent to € 41.6 million. At 11.8 percent, the materials and services expenses ratio was below the level of the same period of the previous year (first half of 2016: 12.9 percent). This effect was largely due to a lower volume of engineering services being purchased. At 7.0 percent, the ratio of services expenses in relation to the sales revenues and changes in inventories is below the level of the same period in the previous year (8.5 percent). At 4.8 percent, the materials expenses

ratio remained more or less at the same level as in same period of the previous year (4.4 percent).

The EDAG Group's personnel expenses increased by € 3.0 million or 1.3 percent to € 238.9 million compared to the same period in the previous year. As of June 30, 2017, the company had a workforce of 8,178 employees, including apprentices (12/31/2016: 8,270 employees). The ratio of personnel expenses in relation to sales revenues and changes in inventories, which stood at 68.0 percent, increased considerably compared with the same period in the previous year (first half of 2016: 65.1 percent). The reasons for this increase are lower productivity due to changes in market conditions, increased employee capacity for the performance of an equivalent service, and increased settlement expenses.

Depreciation, amortization and impairments totaled € 13.2 million (first half of 2016: € 13.8 million). The ratio for other expenses in relation to sales revenues and changes in inventories was 15.3 percent and thus at the level of the same period in the previous year (first half of 2016: 15.3 percent).

In the half year just ended, the financial result was € -2.9 million (first half of 2016: € -4.3 million), an improvement of € 1.4 million compared with the same period in the previous year. One significant effect is a reduction in the interest expense due to the early repayment of a loan to ATON Group Finance GmbH in the amount of € 46 million in the 2016 financial year.

Development of the "Vehicle Engineering" Segment

Incoming orders amounted to € 246.2 million in the first half of 2017, which was 5.0 percent below the value for the same period in the previous year (first half of 2016: € 259.1 million). Sales revenues and changes in inventories decreased by 3.1 percent to € 222.3 million (first half of 2016: € 229.5 million). All in all, an EBIT of € 7.1 million was achieved for the Vehicle Engineering segment in the half year just ended (first half of 2016: € 12.6 million). The EBIT margin amounted to 3.2 percent (first half of 2016: 5.5 percent). Without the effects from the purchase price allocations, this resulted in an adjusted EBIT margin of 4.0 percent (first half of 2016: 6.6 percent). The deviation in the results compared to the same period in the previous year is due to the generally difficult engineering service market environment, and in particular to a reduction in project margins in individual divisions and increased launching costs in the Laboratory/Testing and Body Engineering divisions at EDAG Mexico.

Development of the "Production Solutions" Segment

In this segment, incoming orders amounted to € 71.4 million, slightly below the level of

the same period in the previous year (first half of 2016: € 73.1 million), which represents a reduction of 2.4 percent. Sales revenues and changes in inventories decreased slightly, namely by 2.8 percent to € 58.4 million (first half of 2016: € 60.1 million). Overall, an EBIT of € 3.3 million (first half of 2016: € 5.8 million) was generated for the Production Solutions segment in the half year just ended. Although there is price pressure in the market in this segment, particularly in the field of implementation engineering, capacity utilization remains at a good level. Development in the Feysinn division, on the other hand, was positive. Nevertheless, at 5.9 percent, the adjusted EBIT margin is below the value for the previous year (first half of 2016: 10.0 percent).

Development of the "Electrics/Electronics" Segment

Incoming orders decreased by € 13.5 million to € 72.8 million compared to the same period in the previous year (first half of 2016: € 86.3 million). Sales revenues and changes in inventories decreased slightly, namely by € 2.4 million or 3.1 percent to € 75.2 million (first half of 2016: € 77.6 million). The EBIT stood at € 1.1 million (first half of 2016: € 0.8 million). The EBIT margin amounted to 1.5 percent (first half of 2016: 1.0 percent). Without the effects from the purchase price allocations, this resulted in an adjusted EBIT margin of 2.6 percent (first half of 2016: 2.1 percent). The negative effects on the EBIT margin described in "Development of the EDAG Group" were also felt in this segment. The realignment of the segment towards future business fields led to additional work and expense in the form of additional staffing measures and to the development of new competencies. Delays and reductions in the volumes of new orders awarded, but also cuts in one of the company's main customer's current orders had a negative impact on productivity.

Cash Flows and Financial Position

Compared to December 31, 2016, the EDAG Group's statement of financial position total increased by € 21.6 million to € 452.0 million. The reduction of current accounts receivable and other receivables (€ 28.6 million) is overcompensated by an increase in future receivables from construction contracts in the amount of € 38.5 million. Cash and cash-equivalents increased by € 2.7 million to € 21.8 million. In addition, the assets being held for sale increased by € 4.2 million, primarily due to the acquisition of a property specifically purchased with a view to resale.

On the equity, liabilities and provisions side, equity decreased by € 12.0 million to € 140.7 million, and the quota is now approximately 31.1 percent (12/31/2016: 35.5 percent). This decrease is primarily due to the dividend payout to the shareholders in the amount of € 18.8 million. The

opposite effect was had above all by current profits totaling €5.9 million and an increase in the profits and losses recognized directly in equity in the amount of €1.4 million resulting from an increase in the actuarial interest rate.

At €126.3 million, the non-current liabilities and provisions remain unchanged, compared with December 31, 2016.

Current liabilities increased by €33.7 million to €185.0 million. This is chiefly attributable to an increase in current financial liabilities from €36.0 million to €65.2 million, due to an increased trade working capital, the dividend payout to the shareholders, and the cash outflow as resulting from the acquisition of HRM Engineering AB, Sweden.

In the first half of 2017, the operating cash flow was €4.7 million (first half of 2016: €-9.0 million). The positive development was primarily due to a reduced effect in the trade working capital tied-up compared to the same period in the previous year.

At €8.9 million, gross investments in the reporting period were well below the previous year's level (first half of 2016: €16.8 million). The open purchase orders in the EDAG Group, which stood at €2.7 million on the reporting date, are consequently at a comparatively high level (6/30/2016: €1.9 million). The ratio of gross investments in relation to the sales revenues and changes in inventories was therefore 2.5 percent (first half of 2016: 4.6 percent).

On the reporting date, unused lines of credit in the amount of €61.8 million exist in the Group. The Group Executive Management regards the overall economic situation of the EDAG Group as good. With an equity ratio of 31.1 percent, the company has a sound financial basis, and was able to fulfil its payment obligations at all times throughout the first six months of the year.

2.3 HR Management and Development

The success of the EDAG Group as one of the leading engineering service providers in the automotive sector is inextricably linked to the skills and motivation of its employees. Behind the company's comprehensive service portfolio are people with widely differing occupations and qualifications. In addition, the EDAG Group is also characterized by the

special commitment and mentality of its employees. Throughout its 48-year history, EDAG has always ensured that both young and experienced employees are offered interesting and challenging activities and projects, and are provided with the prospect of and the necessary space for personal responsibility and decision-making. And this is the primary focus of both our human resources management and development. For a more detailed representation of personnel management and development, please see the Annual Report for 2016.

On June 30, 2017 the EDAG Group employed a workforce of 8,178 employees (12/31/2016: 8,270 employees). Personnel expenses amounted to €238.9 million in the 2017 reporting period (first half of 2016: €236.0 million).

3 Forecast, Risk and Reward Report

There were no significant changes during the reporting period to the risks and rewards described in the Annual Report for 2016. For a more detailed representation of the Risk and Reward Report, please see the Annual Report for 2016.

Assuming favorable economic conditions – that the economy will continue to grow, manufacturers will maintain or expand their research and development expenditures at a high level and continue to outsource development services, and that qualified personnel are available – the EDAG Group expects positive business development. Demands for engineering services were still only moderate during the first six months of the year. For 2017, the EDAG management continues to see opportunities for increasing sales by up to 5 percent, and expects the increase to be more or less identical in all segments. With regard to the adjusted EBIT, we anticipate a margin of approximately 4 to 6 percent. The VE segment is expected to be within this range, with the PS segment slightly above it, and the E/E segment slightly below. Due to the muted demand in the first half of the year, we assume that investments are below the level of previous years. Due to the continuing sound financial performance, we also expect a positive development of our financial situation in the future.

4 Disclaimer

The management report contains future-based statements related to anticipated developments. These statements are based on current projections, which by their nature include risks and uncertainties. Actual results may differ from the statements provided here.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 Consolidated Statement of Comprehensive Income

in € thousand	1/1/2017 – 6/30/2017	1/1/2016 – 6/30/2016	4/1/2017 – 6/30/2017	4/1/2016 – 6/30/2016
Profit or loss				
Sales revenues and changes in inventories	351,428	362,605	173,308	180,024
Sales revenues	351,390	362,680	173,281	180,029
Changes in inventories	38	- 75	27	- 5
Other income	7,757	8,230	4,079	4,561
Material expenses	- 41,640	- 46,769	- 22,521	- 22,672
Gross Profit	317,545	324,066	154,866	161,913
Personnel expenses	- 238,942	- 235,954	- 117,672	- 118,076
Depreciation, amortization and impairment	- 13,210	- 13,801	- 6,684	- 7,134
Other expenses	- 53,726	- 55,625	- 28,171	- 28,839
Earnings before interest and taxes (EBIT)	11,667	18,686	2,339	7,864
Result from investments accounted for using the equity method	289	- 41	306	- 21
Financial income	232	268	116	136
Financing expenses	- 3,397	- 4,525	- 1,701	- 2,307
Financial result	- 2,876	- 4,298	- 1,279	- 2,192
Earnings before taxes	8,791	14,388	1,060	5,672
Income taxes	- 2,930	- 4,859	- 355	- 2,116
Profit or loss	5,861	9,529	705	3,556

in € thousand	1/1/2017 – 6/30/2017	1/1/2016 – 6/30/2016	4/1/2017 – 6/30/2017	4/1/2016 – 6/30/2016
Profit or loss	5,861	9,529	705	3,556
Other Comprehensive Income				
Reclassifiable profits/losses				
Financial assets available for sale				
Profits/losses included in equity from valuation at fair value	- 7	- 4	- 10	- 6
Deferred taxes on financial assets available for sale	2	1	3	2
Currency conversion difference				
Profits/losses included in equity from currency conversion difference	- 525	298	- 885	374
Total reclassifiable profits/losses	- 530	295	- 892	370
Not reclassifiable profits/losses				
Revaluation of net obligation from defined benefit plans				
Revaluation of net obligation from defined benefit plans before taxes	1,939	- 5,634	933	- 3,748
Deferred taxes on defined benefit commitments and similar obligations	- 575	1,775	- 277	1,209
Share of other comprehensive income of at-equity accounted investments, net of tax	19	- 52	13	- 32
Total not reclassifiable profits/losses	1,383	- 3,911	669	- 2,571
Total other comprehensive income before taxes	1,426	- 5,392	51	- 3,412
Total deferred taxes on the other comprehensive income	- 573	1,776	- 274	1,211
Total other comprehensive income	853	- 3,616	- 223	- 2,201
Total comprehensive income	6,714	5,913	482	1,355
From the profit or loss attributable to:				
Shareholders of the parent company	5,843	9,503	696	3,542
Minority shares (non-controlling interest)	18	26	9	14
Of the total comprehensive income attributable to:				
Shareholders of the parent company	6,696	5,887	473	1,341
Minority shares (non-controlling interest)	18	26	9	14
Earnings per share of shareholders of EDAG Group AG [diluted/basic in €]				
Earnings per share	0.23	0.38	0.03	0.14

2 Consolidated Statement of Financial Position

in € thousand	6/30/2017	12/31/2016
Assets		
Goodwill	70,062	64,521
Other intangible assets	32,109	35,053
Property, plant and equipment	71,463	71,648
Financial assets	168	158
Investments accounted for using the equity method	15,743	15,434
Non-current accounts receivable and other receivables	929	902
Deferred tax assets	2,269	1,109
Non-current assets	192,743	188,825
Inventories	2,914	1,919
Future receivables from construction contracts	125,352	86,881
Current accounts receivable and other receivables	98,679	127,309
Other financial assets	54	61
Income tax assets	2,188	2,298
Cash and cash equivalents	21,811	19,067
Assets held for sale	8,288	4,056
Current assets	259,286	241,591
Assets	452,029	430,416

in € thousand	6/30/2017	12/31/2016
Equity, liabilities and provisions		
Subscribed capital	920	920
Capital reserves	40,000	40,000
Retained earnings	110,468	123,374
Reserves from profits and losses recognized directly in equity	- 8,576	- 9,954
Currency conversion differences	- 2,101	- 1,577
Equity attributable to shareholders of the parent company	140,711	152,763
Non-controlling interests	19	1
Equity	140,730	152,764
Provisions for pensions and similar obligations	26,438	27,038
Other non-current provisions	2,978	3,030
Non-current financial liabilities	87,687	88,080
Non-current accounts payable and other liabilities	981	-
Non-current income tax liabilities	1,460	1,460
Deferred tax liabilities	6,724	6,691
Non-current liabilities and provisions	126,268	126,299
Current provisions	10,341	9,485
Current financial liabilities	65,195	29,190
Future liabilities from construction contracts	30,861	29,689
Current accounts payable and other liabilities	73,291	76,017
Income tax liabilities	5,343	6,972
Current liabilities and provisions	185,031	151,353
Equity, liabilities and provisions	452,029	430,416

3 Consolidated Cash Flow Statement

in € thousand	1/1/2017 – 6/30/2017	1/1/2016 – 6/30/2016
Profit or loss	5,861	9,529
+ Income tax expenses	2,930	4,859
- Income taxes paid	- 6,430	- 8,564
+ Financial result	2,876	4,298
+ Interest and dividend received	209	500
+/- Depreciation and amortisation/write-ups on tangible and intangible assets	13,210	13,801
+/- Other non-cash item expenses/income	1,161	- 5,126
+/- Increase/decrease in non-current provisions	- 555	6,190
-/+ Profit/loss on the disposal of fixed assets	3	252
-/+ Increase/decrease in inventories	- 1,001	- 183
-/+ Increase/decrease in future receivables from construction contracts, receivables and other assets that are not attributable to investing or financing activities	- 10,567	- 22,215
+/- Increase/decrease in current provisions	1,072	- 570
+/- Increase/decrease in accounts payables and other liabilities and provisions that are not attributable to investing or financing activities	- 4,046	- 11,778
= Cash inflow/outflow from operating activities/operating cash flow	4,723	- 9,007
+ Deposits from disposals of tangible fixed assets	424	873
- Payments for investments in tangible fixed assets	- 7,603	- 14,280
+ Deposits from disposals of intangible fixed assets	-	29
- Payments for investments in intangible fixed assets	- 1,277	- 2,470
+ Deposits from disposals of financial assets	19	15
- Payments for investments in financial assets	- 29	- 32
+/- Deposits/Payments from disposals in shares of fully consolidated companies/divisions	- 21	-
- Payments for investments in shares of fully consolidated companies/divisions	- 5,971	- 586
= Cash inflow/outflow from investing activities/investing cash flow	- 14,458	- 16,451

in € thousand	1/1/2017 – 6/30/2017	1/1/2016 – 6/30/2016
- Payments to shareholders/partners (prior year dividend, capital repayments, other distributions)	- 18,750	- 18,750
- Interest paid	- 449	- 493
+ Borrowing of financial liabilities	35,684	102
- Repayment of financial liabilities	- 1,856	- 1,161
- Repayment of leasing liabilities	- 1,297	- 1,018
= Cash inflow/outflow from financing activities/financing cash flow	13,332	- 21,320
Net Cash changes in financial funds	3,597	- 46,778
-/+ Effect of changes in currency exchange rate and other effects from changes of financial funds	- 853	178
+ Financial funds at the start of the period	19,067	70,654
= Financial funds at the end of the period [cash & cash equivalents]	21,811	24,054
= Free cash flow (FCF) – equity approach	- 9,735	- 25,458

4 Consolidated Statement of Changes in Equity

in € thousand	Subscribed capital	Capital reserves	Retained earnings	Currency conversion	Revaluation from pension plans
As per 1/1/2017	920	40,000	123,374	- 1,577	- 9,870
Profit or loss	-	-	5,844	-	-
Other comprehensive income	-	-	-	- 525	1,364
Total comprehensive income	-	-	5,844	- 525	1,364
Dividends	-	-	- 18,750	-	-
As per 6/30/2017	920	40,000	110,468	- 2,102	- 8,506

in € thousand	Securities available for sale	Shares in investments accounted for using the equity method	Total equity attributable to majority shareholders	Non controlling interest	Total equity
As per 1/1/2017	- 4	- 80	152,763	1	152,764
Profit or loss	-	-	5,844	18	5,862
Other comprehensive income	- 4	19	854	-	854
Total comprehensive income	- 4	19	6,698	18	6,716
Dividends	-	-	- 18,750	-	- 18,750
As per 6/30/2017	- 8	- 61	140,711	19	140,730

in € thousand	Subscribed capital	Capital reserves	Retained earnings	Currency conversion	Revaluation from pension plans
As per 1/1/2016	920	40,000	123,982	- 2,004	- 7,706
Profit or loss	-	-	9,503	-	-
Other comprehensive income	-	-	-	299	- 3,859
Total comprehensive income	-	-	9,503	299	- 3,859
Dividends	-	-	- 18,750	-	-
As per 6/30/2016	920	40,000	114,735	- 1,705	- 11,565

in € thousand	Securities available for sale	Shares in investments accounted for using the equity method	Total equity attributable to majority shareholders	Non controlling interest	Total equity
As per 1/1/2016	- 4	- 25	155,163	80	155,243
Profit or loss	-	-	9,503	26	9,529
Other comprehensive income	- 3	- 52	- 3,615	-	- 3,615
Total comprehensive income	- 3	- 52	5,888	26	5,914
Dividends	-	-	- 18,750	-	- 18,750
As per 6/30/2016	- 7	- 77	142,301	106	142,407

5 Selected Explanatory Notes

5.1 General Information

The EDAG Group are experts in the development of vehicles, derivatives, modules and production facilities, specializing in complete vehicle development. As one of the largest independent engineering partners for the automotive industry, we regard mobility not simply as a product characteristic, but rather as a fully integrated purpose.

The parent company of the EDAG Group is EDAG Engineering Group AG ("EDAG Group AG"). EDAG Group AG was founded on November 2, 2015, and entered in the commercial register of the Swiss canton Thurgau on November 3, 2015. The registered office of the company is: Schlossgasse 2, 9320 Arbon, Switzerland.

Since December 2, 2015, the company has been listed for trading on the regulated market of the Frankfurt Stock Exchange with concurrent admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard):

ISIN ⁴ :	CH0303692047
WKN ⁵ :	A143NB
Trading symbol:	ED4

The shares are denominated in Swiss francs. The operating currency is the euro, and shares are traded in euros. The company's shares are briefed in a global certificate and deposited with Clearstream. Each company share entitles its holder to a vote at the company's general meeting. The restrictions on voting rights with the majority shareholders ATON Austria Holding GmbH, Going am Wilden Kaiser ("ATON") and HORUS, according to which restrictions were placed, under certain circumstances, on their voting rights when the members of the Board of Directors were being elected, expired on July 2, 2017. In view of this fact, ATON gained "control" of EDAG with effect from this date.

The financial statements of the subsidiaries included in the consolidated financial statements were prepared using uniform accounting and valuation principles as of the EDAG Group AG's reporting date (June 30).

The unaudited consolidated half-year financial report has been prepared using the euro as the reporting currency. Unless otherwise stated, all amounts are given in thousands of euros. Where percentage values and figures are given, differences of +/- € 1 thousand may occur due to rounding.

In accordance with IAS 1, the statement of financial position is divided into non-current and current assets, liabilities and provisions. Assets and liabilities are classified as current if they are expected to be sold or settled respectively within a year or within the company's or group's normal operating cycle. In compliance with IAS 12, deferred taxes are posted as non-current assets and liabilities. Likewise, pension provisions are also posted as non-current items.

The statement of comprehensive income is structured according to the nature of expense method.

5.2 Basic Principles and Methods

Basic Accounting Principles

The consolidated half-year financial report of the EDAG Group AG for the period ending June 30, 2017 has been prepared in accordance with IAS 34 "Interim financial reporting". As the scope of the consolidated half-year financial report has been reduced, making it shorter than the consolidated financial statement, it should be read in conjunction with the consolidated financial statement for December 31, 2016. The consolidated financial statement of EDAG Group AG and its subsidiaries for December 31, 2016 has been prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), as they are to be applied pursuant to Directive No. 1606/2002 of the European Parliament and Council regarding the application of international accounting standards in the EU. In addition to the International Financial Reporting Standards, the term IFRS also includes the still valid International Accounting Standards (IAS), the Interpretations of the IFRS Interpretations Committee (IFRS IC) and those of the former Standing Interpretations Committee (SIC). The requirements of all accounting standards and interpretations resolved as of June 30, 2017 and adopted in national law by the European Commission have been fulfilled.

In addition to the statement of financial position and the statement of comprehensive income, the IFRS consolidated financial statement also includes additional components,

⁴ International Securities Identification Number

⁵ German securities identification number (Wertpapierkennnummer)

namely the statement of changes in equity, the cash flow statement and the notes. The separate report on the risks of future development is included in the management report.

All estimates and assessments required for accounting and valuation in accordance with the IFRS standards are in conformity with the respective standards, are regularly reassessed, and are based on past experience and other factors including expectations as to future events that appear reasonable under the given circumstances. Wherever large-scale estimates were necessary, the assumptions made are set out in the note relating to the relevant item in the following.

This consolidated half-year financial report has not been subjected to an audit review in accordance with ISRE 2410.

Accounting and Valuation Principles

The following changes and accounting standards were published by the IASB, and are to be used from 2017 onwards, but have not yet been adopted by the EU. The application would not have any significant effect on the financial position, financial performance and cash flow of EDAG Group AG in the consolidated half-year financial report:

- IFRS 14 (IASB publication: January 30, 2014; EU endorsement: no): regulatory deferral accounts
- IFRS 10/IAS 28 (IASB publication: September 11, 2014; EU endorsement: open): Change in sale or contribution of assets between an investor and its associate or joint venture
- IAS 12 (IASB publication: January 19, 2016; EU endorsement: Q3 2017): Change: recognition of deferred tax assets for unrealized losses
- IAS 7 (IASB publication: January 29, 2016; EU endorsement: Q3 2017): Change: disclosure initiative
- Annual improvements to IFRS standards 2014 – 2016 (IASB publication: December 8, 2016; EU endorsement: Q3 2017)

Analysis of the effects of the accounting standards IFRS 15 "Revenue from contracts with customers", IFRS 16 "Leases" and IFRS 9 "Financial instruments", which have been published but are not yet legally required to be used, has not yet been completed. For explanations of the effects of using these accounting standards, please see the Notes to the Consolidated Financial Statement for December 31, 2016. Ongoing analysis in 2017 confirms the statements made there.

At the present time, we assume that the use of the other accounting standards and interpretations that have been published but are not yet in use will not have any material effect on the presentation of the financial position, financial performance and cash flow of the EDAG Group.

For this consolidated half-year financial report, a discount rate of 2.00 percent has been used for pension provisions in Germany (12/31/2016: 1.72 percent). An unchanged discount rate of 0.80 percent has been used for pension provisions in Switzerland. The increase in the interest rate in Germany led to an overall reduction in the pension provisions, to the applicable deferred taxes, and to the actuarial losses related to pension provisions recorded in reserves from profits and losses recognized directly in equity.

In the first quarter of 2017, the EDAG Group acquired a property for € 3.2 million. This purchase was specifically effected with a view to resale.

In accordance with the objective of financial statements set out in F.12 et seq., IAS 1.9 and IAS 8.10 et seq., IAS 34.30 was applied when determining income tax expense for the interim reporting period. Accordingly, the weighted average expected annual tax rate in the amount of 33.3 percent (12/31/2016: 37.1 percent) was used.

Otherwise, the same accounting and valuation methods and consolidation principles as were used in the 2016 consolidated financial statements for EDAG Group AG were applied when preparing the consolidated half-year financial report and determining comparative figures for the previous year. A detailed description of these methods has been published in the Notes to the Consolidated Financial Statement in the Annual Report for 2016. This consolidated half-year financial report should therefore be read in conjunction with the consolidated financial statement of EDAG Group AG for December 31, 2016.

Presentation of the consolidated half-year financial report in accordance with IFRS requires competent estimates for several balance sheet items which have an effect on the basis and valuation in the statement of financial position and statement of comprehensive income. The amounts that are actually realized can deviate from these estimates. Such estimates relate to ascertaining the useful life of the property, plant and equipment or intangible assets that are subject to wear and tear, the measurement of provisions, the valuation of investments and other assets or liabilities. Although adequate account is taken of existing uncertainties during valuation, actual results can still deviate from the estimates.

Irregular expenses incurred during the financial year are reported in cases where reporting would also be effected at the end of the financial year.

The EDAG Group's operating activities are not subject to any significant seasonal influences.

5.3 Changes in the Scope of Consolidation

In the period January 1, 2017 to June 30, 2017, the group of combined or consolidated companies developed as follows:

	Switzer- land	Germany	Others	Total
Fully consolidated companies				
Included as of 12/31/2016	3	9	25	37
Included for the first time in current financial year	-	-	4	4
Withdrawn in current financial year	-	1	-	1
Included as of 6/30/2017	3	8	29	40
Companies accounted for using the equity method				
Included as of 12/31/2016	-	1	-	1
Included for the first time in current financial year	-	-	-	-
Withdrawn in current financial year	-	-	-	-
Included as of 6/30/2017	-	1	-	1
Companies included at acquisition cost				
Included as of 12/31/2016	-	2	-	2
Included for the first time in current financial year	-	-	-	-
Withdrawn in current financial year	-	-	-	-
Included as of 6/30/2017	-	2	-	2

The companies included at acquisition cost are for the most part non-operational companies and general partners, and are not included in the scope of consolidation. The company accounted for using the equity method that is included is an associated company.

Acquisition of HRM Engineering AB, Sweden and its two Subsidiaries on May 31, 2017

The purchase price allocation is provisional, as not yet concluded. It is provisional particularly with regard to the fair value of the intangible assets acquired.

The cash outflows due to the acquisition of the company are as follows:

in € thousand	2017
Outflow of cash and cash equivalents, total	6,207
Cash and cash equivalents acquired with the subsidiary	260
Actual cash outflow	5,947

The following table sets out the assets, liabilities and provisions identified for the acquisition of the company and assumed at the time of acquisition.

in € thousand	Fair values at time of acquisition
Intangible Assets	1,084
Property, plant and equipment	117
Non-current assets	1,201
Accounts receivable and other receivables	3,536
Other current assets	42
Cash and cash-equivalents	260
Current assets	3,838
TOTAL assets	5,039
Financial liabilities	0
Trade payables	944
Other current liabilities	1,861
Deferred tax liabilities	225
TOTAL liabilities and provisions	3,029
Acquired net assets	2,011

The fair value of the acquired amounts receivable is equal to the gross amounts.

in € thousand	2017
Attributable fair value of the purchase price for net assets	7,538
Net assets at fair value	2,011
Capitalized goodwill	5,527

On May 31, 2017, the EDAG Group acquired a total of 100 percent of the shares in HRM Engineering AB, which has its head office in Sweden. HRM Engineering AB for its part holds 100 percent of the shares in both Müller HRM Engineering AB, Sweden and HRM Engineering i Trestad AB, Sweden. This acquisition enabled the EDAG Group to significantly expand its market presence on the Swedish market. HRM, which has been active in Sweden since the 1980s, is already a well-established engineering partner to the Swedish automotive

industry, working with Volvo and other companies. Approximately 120 employees at the Gothenburg branch offer an extensive range of services in the fields of electronics and software development, product engineering and quality engineering. Its range of business activities - particularly in the fields of Electrics/Electronics and software development - are an ideal addition to the activities of our team in Sweden.

The Swedish market is characterized by a highly dynamic development of motor vehicles and commercial vehicles, and offers good prospects for future growth. This new line-up, which expands both our competence base and team size, is therefore an important step towards achieving the growth targets we have set ourselves and further extending our good position.

The fair value of the purchase price is composed of the basic purchase price in the amount of € 6,570 thousand, € 363 thousand of which was still to be paid on the reporting date, and the net cash value of the contingent consideration in the amount of € 968 thousand. The contingent consideration in the undiscounted range from € 0 thousand to € 1,025 thousand is due to the original shareholders, when certain milestones relating to sales revenue and earnings performance are achieved. The resulting goodwill in the amount of € 5,527 thousand is not tax-deductible, and primarily consists of non-separable values for the knowledge of the employees and benefits from the expected synergies with EDAG Engineering AB, our existing subsidiary in Sweden. The goodwill has been assigned proportionally to the "Vehicle Engineering" CGU (€ 4,451 thousand) and the "Electrics/Electronics" CGU (€ 1,076 thousand). The sales revenues of HRM Engineering AB and its subsidiaries included in the consolidated statement of comprehensive income since the acquisition date amount to € 898 thousand, recognized loss to € 90 thousand. Had the corporate group already been included with effect from January 1, the combined group sales revenues for the half year would have amounted to € 357,941 thousand, and earnings after taxes to € 5,917 thousand.

5.4 Currency Conversion

Currency conversion in the consolidated half-year financial report was based on the following exchange rates:

Country	Currency	6/30/2017	1st half year 2017	12/31/2016	1st half year 2016
	1 EUR = Nat. currency	Spot rate on balance sheet date	Average exchange rate for period	Spot rate on balance sheet date	Average exchange rate for period
Great Britain	GBP	0.8793	0.8601	0.8562	0.7785
Brazil	BRL	3.7600	3.4393	3.4305	4.1349
USA	USD	1.1412	1.0825	1.0541	1.1155
Malaysia	MYR	4.8986	4.7499	4.7287	4.5748
Hungary	HUF	308.9700	309.4702	309.8300	312.7042
India	INR	73.7445	71.1244	71.5935	74.9776
China	CNY	7.7385	7.4417	7.3202	7.2937
Mexico	MXN	20.5839	21.0279	21.7719	20.1599
Czech Republic	CZK	26.1970	26.7871	27.0210	27.0394
Switzerland	CHF	1.0930	1.0764	1.0739	1.0960
Poland	PLN	4.2259	4.2685	4.4103	4.3686
Romania	RON	4.5523	4.5364	4.5390	4.4956
Russia	RUB	67.5449	62.7349	64.3000	78.4122
Sweden	SEK	9.6398	9.5954	9.5525	9.3015
Japan	JPY	127.7500	121.6587	123.4000	124.5015
South Korea	KRW	1,304.5600	1,235.5840	1,269.3600	1,318.8083

5.5 Reconciliation of the Adjusted Operating Profit (adjusted EBIT)

In addition to the data required according to the IFRS, the segment reporting also includes a reconciliation to the adjusted earnings before interest and taxes (adjusted EBIT). Among the adjustments, initial and deconsolidation income, restructuring in the scope of the company merger and all effects from the purchase price allocations on the EBIT are shown.

in € thousand	1/1/2017 – 6/30/2017	1/1/2016 – 6/30/2016	4/1/2017 – 6/30/2017	4/1/2016 – 6/30/2016
Earnings before interest and taxes (EBIT)	11,667	18,686	2,339	7,864
Adjustments:				
Expenses (+) from purchase price allocation	2,732	3,490	1,378	1,755
Income (-) / expenses (+) from deconsolidation	- 3	-	-	-
Income (-) from reversal of provisions	- 191	- 169	- 191	- 159
Expenses (+) from restructuring	-	205	-	106
Expenses (+) from the sale of real estate	-	254	-	80
Total adjustments	2,538	3,780	1,187	1,782
Adjusted earnings before interest and taxes (adjusted EBIT)	14,205	22,466	3,526	9,646

The "expenses (+) from the purchase price allocation" are stated under the amortization. The "income (-) / expenses (+) from deconsolidations" and "income (-) from the reversal of provisions" are shown in the non-operating income.

5.6 Segment Reporting

The segment reporting was prepared in accordance with IFRS 8 "Operating segments". Individual consolidated results are reported by company divisions in conformity with the internal reporting and organizational structure of the group. The key performance indicator for the Group Executive Management at the segment level is the EBIT, as the adjusted effects are presented under "Others". Therefore at segment level, the EBIT shown is basically equal to the adjusted EBIT. The only exception to this rule are the effects of the purchase price allocation shown in the segment EBIT. The segment presentation is designed to show the profitability as well as the assets and financial situation of the individual business activities. Intercompany sales are accounted for at customary market prices and are equivalent to sales towards third parties (arm's length principle).

As at June 30, 2017, the non-current assets amounted to € 192.7 million (12/31/2016: € 188.8 million). Of these, € 1.7 million are domestic, € 167.3 million are German, and € 23.7 million are non-domestic (12/31/2016: [domestic: € 1.9 million; Germany: € 170.9 million; non-domestic: € 16.0 million]).

The assets, liabilities and provisions are not reported by segments, as this information is not part of the internal reporting.

The **Vehicle Engineering** segment ("VE") consists of services along the vehicle development process as well as responsibility for derivative and complete vehicles. For descriptions of the individual departments in this segment, please see the chapter "Business Model" in the Interim Management Report.

As an all-round engineering partner, the **Production Solutions** segment ("PS") is responsible for the development and implementation of production processes. In addition to handling the individual stages in the product creation process and all factory and production systems-related services, Production Solutions are also able to optimally plan complete factories over all fields, including cross processes, and to provide the realization from a single source. For more detailed descriptions of the individual departments in this segment, please see the chapter "Business Model" in the Interim Management Report.

The range of services offered by the **Electrics/Electronics** segment ("E/E") includes the development of electrical and electronic systems for the comfort, driver assistance and safety

functions of a vehicle, and the development of cable harnesses. These services are performed in four departments; these are described in greater detail in the chapter "Business Model" in the Interim Management Report.

The three operative segments Vehicle Engineering, Production Solutions and Electrics/Electronics together represent the core business of the EDAG Group.

Under **Others**, it is primarily the subsidiary Haus Kurfürst GmbH, which was sold with effect from January 1, 2017, that is presented. All the adjustments referred to in the chapter "Reconciliation of the Adjusted Operating Profit (Adjusted EBIT)" are also given here.

in € thousand	1/1/2017 - 6/30/2017						
	Vehicle Engineering	Production Solutions	Electrics/Electronics	Others	Total segments	Consolidation	Total Group
Sales revenues	219,587	56,670	75,133	-	351,390	-	351,390
Sales revenues with other segments	2,711	1,765	15	-	4,491	- 4,491	-
Changes in inventories	19	-	19	-	38	-	38
Total sales revenues and changes in inventories	222,317	58,435	75,167	-	355,919	- 4,491	351,428
EBIT	7,062	3,273	1,138	194	11,667	-	11,667
EBIT margin [%]	3.2%	5.6%	1.5%	-	3.3%	n/a	3.3%
Purchase price allocation (PPA)	1,778	146	808	-	2,732	-	2,732
Other adjustments	-	-	-	- 194	- 194	-	- 194
Adjusted EBIT	8,840	3,419	1,946	-	14,205	-	14,205
Adjusted EBIT margin [%]	4.0%	5.9%	2.6%	-	4.0%	n/a	4.0%
Depreciation, amortization and impairment	- 9,078	- 1,582	- 2,550	-	- 13,210	-	- 13,210

in € thousand	1/1/2016 - 6/30/2016						
	Vehicle Engineering	Production Solutions	Electrics/Electronics	Others	Total segments	Consolidation	Total Group
Sales revenues	226,767	58,185	77,552	176	362,680	-	362,680
Sales revenues with other segments	2,787	1,906	12	82	4,787	- 4,787	-
Changes in inventories	- 80	-	5	-	- 75	-	- 75
Total sales revenues and changes in inventories	229,474	60,091	77,569	258	367,392	- 4,787	362,605
EBIT	12,559	5,839	796	- 508	18,686	-	18,686
EBIT margin [%]	5.5%	9.7%	1.0%	-	5.1%	n/a	5.2%
Purchase price allocation (PPA)	2,536	146	808	-	3,490	-	3,490
Other adjustments	-	-	-	290	290	-	290
Adjusted EBIT	15,095	5,985	1,604	- 218	22,466	-	22,466
Adjusted EBIT margin [%]	6.6%	10.0%	2.1%	-	6.1%	n/a	6.2%
Depreciation, amortization and impairment	- 10,270	- 1,439	- 2,091	- 1	- 13,801	-	- 13,801

Income and expenses as well as results between the segments are eliminated in the consolidation.

5.7 Contingent Liabilities/Receivables and Other Financial Obligations

Contingent Liabilities

As in the previous year, there were no material contingent liabilities on the reporting date.

Other Financial Obligations

In addition to the provisions, liabilities and contingent liabilities, there are also other financial liabilities, and these are composed as follows:

in € thousand	6/30/2017	12/31/2016
Obligations from the renting of property	152,083	160,370
Obligations from miscellaneous renting and leasing contracts	8,822	8,855
Open purchase orders	2,650	4,893
Other miscellaneous financial obligations	92	167
Total	163,647	174,285

Contingent Receivables

As in the previous year, there were no material contingent receivables on the reporting date.

5.8 Financial Instruments

Net Financial Debt/Credit

The Group Executive Management's aim is to keep the net financial debt as low as possible in relation to equity (net gearing).

in € thousand	6/30/2017	12/31/2016
Non-current financial liabilities	- 87,687	- 88,080
Current financial liabilities	- 65,195	- 29,190
Securities/derivative financial instruments	54	61
Cash and cash equivalents	21,811	19,067
Net financial debt/-credit [-/+]	- 131,017	- 98,142
Equity	140,730	152,764
Net Gearing [%]	93.1%	64.2%
Liabilities due to credit institutions	- 40,006	- 6,048
Cash and cash equivalents	21,811	19,067
Net financial balance with banks	- 18,195	13,019

By resolution of the general meeting of May 31, 2017, EDAG Group AG effected a dividend payout of € 18,750 thousand, which corresponds to € 0.75 per share.

Apart from ATON Group Finance GmbH, Going am Wilden Kaiser, Austria, the other major creditor of the EDAG Group is VKE Versorgungskasse EDAG-Firmengruppe e.V.

As of June 30, 2017, there were loan obligations to ATON Group Finance GmbH (including accrued interest) in the amount of € 89,669 thousand (12/31/2016: € 87,488 thousand). Of this amount, € 86,800 thousand is to be classified as non-current financing. As of June 30, 2017, there is a current loan, including interest, in the amount of € 20,856 thousand from VKE Versorgungskasse EDAG – Firmengruppe e.V. (12/31/2016: € 20,964 thousand).

The EDAG Group reported unused lines of credit in the amount of € 61.8 million on the reporting date (12/31/2016: € 98.4 million).

One of the major factors influencing the net financial debt is the working capital, which developed as follows:

in € thousand	6/30/2017	12/31/2016
Inventories	2,914	1,919
+ Future receivables from construction contracts	125,352	86,881
+ Current accounts receivable	84,290	115,585
- Future liabilities from construction contracts	- 30,861	- 29,689
- Current accounts payable	- 19,370	- 23,327
= Trade working capital (TWC)	162,325	151,369
+ Non-current accounts receivable and other receivables	929	902
+ Deferred tax assets	2,269	1,109
+ Current other receivables excl. Interest-bearing receivables	14,389	11,724
+ Income tax assets	2,188	2,298
- Non-current accounts payable and other liabilities	- 981	-
- Non-current income tax liabilities	- 1,460	- 1,460
- Deferred tax liabilities	- 6,724	- 6,691
- Current other liabilities	- 53,921	- 52,690
- Income tax liabilities	- 5,343	- 6,972
= Other working capital (OWC)	- 48,654	- 51,780
Net working capital (NWC)	113,671	99,589

The trade working capital increased from € 151,369 thousand to € 162,325 thousand, compared to December 31, 2016. The decrease in current accounts receivable in the amount of € 31,295 thousand was more than compensated for by the increase in future receivables from construction contracts in the amount of € 38,471 thousand.

At € -48,654 thousand, the other working capital increased slightly, compared to December 31, 2016 (€ -51,780 thousand).

Book values, valuation rates and fair values of the financial instruments as per valuation category

The principles and methods for assessing at fair value have not changed compared to last year. Detailed explanations of the valuation principles and methods can be found in the Annual Report of EDAG Group AG for 2016.

For the most part, cash and cash-equivalents, accounts receivable and other receivables have only a short time to maturity. For this reason, their book values on the reporting date are close approximations of the fair values.

The fair values of other receivables with a remaining term of more than a year correspond to the net present values of the payments associated with the assets, taking into account the relevant interest parameters, which reflect the market and counterparty-related changes in conditions and expectations.

The financial assets that are available for sale (AFS) are valued at fair value. In the case of equity interests, for which no market price is available, accounting is carried out at acquisition cost. In the financial assets, shares in non-consolidated subsidiaries and other investments are recognized at acquisition cost, taking impairments into account, as no observable fair values are available and other admissible methods of evaluation do not produce reliable results. There are currently no plans to sell these financial instruments.

Accounts payable and other financial liabilities regularly have short remaining terms to run, and the values posted are close approximations of the fair values.

The book values and fair values of all financial instruments recorded in the consolidated financial statements are shown in the following table.

in € thousand	Valuation category as per IAS 39	Book value 6/30/2017	Valuation balance sheet as per IAS 39				Presentation as per IAS 17/ IAS 11
			Amortized costs	Acquisition costs	Fair value recognized directly in equity	Fair value through profit or loss	
Financial assets (assets)							
Cash and cash equivalents	[LaR]	21,811	21,811	-	-	-	-
Accounts receivable and other receivables in terms of IAS 32.11	[LaR]	86,982	86,982	-	-	-	-
Future receivables from construction contracts	[n.a.]	125,352	-	-	-	-	125,352
Loans	[LaR]	117	117	-	-	-	-
Assets available for sale	[AFS]	106	52	-	54	-	-
Financial liabilities (liabilities)							
Financial liabilities							
Credit institutions	[FLAC]	40,006	40,006	-	-	-	-
Other interest-bearing liabilities	[FLAC]	110,527	110,527	-	-	-	-
Liabilities from financing leases	[n.a.]	2,312	-	-	-	-	2,312
Derivative financial liabilities	[FLHfT]	37	-	-	-	37	-
Accounts payable and other liabilities in terms of IAS 32.11	[FLAC]	22,234	21,203	-	-	1,031	-
Financial assets and financial liabilities, aggregated according to valuation category in accordance with IAS 39							
Loans and Receivables	[LaR]	108,910	108,910	-	-	-	-
Financial Assets Held for Trading	[FAHfT]	-	-	-	-	-	-
Available-for-Sale Financial Assets	[AFS]	106	52	-	54	-	-
Financial Liabilities measured at Amortized Cost	[FLAC]	172,767	171,736	-	-	1,031	-
Financial Liabilities Held for Trading	[FLHfT]	37	-	-	-	37	-

in € thousand	Valuation category as per IAS 39	Book value 12/31/2016	Valuation balance sheet as per IAS 39				Presentation as per IAS 17/IAS 11
			Amortized costs	Acquisition costs	Fair value recognized directly in equity	Fair value through profit or loss	
Financial assets (assets)							
Cash and cash equivalents	[LaR]	19,067	19,067	-	-	-	-
Accounts receivable and other receivables in terms of IAS 32.11	[LaR]	118,369	118,369	-	-	-	-
Future receivables from construction contracts	[n.a.]	86,881	-	-	-	-	86,881
Loans	[LaR]	106	106	-	-	-	-
Assets available for sale	[AFS]	113	52	-	61	-	-
Financial liabilities (liabilities)							
Financial liabilities							
Credit institutions	[FLAC]	6,048	6,048	-	-	-	-
Other interest-bearing liabilities	[FLAC]	108,456	108,456	-	-	-	-
Liabilities from financing leases	[n.a.]	2,400	-	-	-	-	2,400
Derivative financial liabilities	[FLHfT]	365	-	-	-	365	-
Accounts payable and other liabilities in terms of IAS 32.11		26,744	26,646	-	-	98	-
Financial assets and financial liabilities, aggregated according to valuation category in accordance with IAS 39							
Loans and Receivables	[LaR]	137,542	137,542	-	-	-	-
Financial Assets Held for Trading	[FAHfT]	-	-	-	-	-	-
Available-for-Sale Financial Assets	[AFS]	113	52	-	61	-	-
Financial Liabilities measured at Amortized Cost	[FLAC]	141,248	141,150	-	-	98	-
Financial Liabilities Held for Trading	[FLHfT]	365	-	-	-	365	-

The fair values of securities correspond to the nominal value multiplied by the exchange quotation on the reporting date.

The attributable fair values of liabilities due to credit institutions, loans and other financial liabilities are calculated as present values of the debt-related payments, based on the EDAG current yield curve valid at the time. By and large, the fair value of the financial liabilities corresponds to the book value. As at June 30, 2017 however, the fair value of the other interest-bearing liabilities [FLAC] amounted to € 111,676 thousand (12/31/2016: € 110,287 thousand), with a book value of € 110,527 thousand (12/31/2016: € 108,456 thousand). The valuation of the fair value took place according to the "Level 2" valuation category on the basis of a discounted cash flow model. In this context, the current market rates of interest and the contractually agreed parameters were taken as the basis.

The information for the determination of attributable fair value is given in tabular form, based on a three-level fair value hierarchy for each class of financial instrument. There are three evaluation categories:

Level 1: At level 1 of the fair value hierarchy, the attributable fair values are measured using listed market prices, as the best possible fair values for financial assets or liabilities can be observed in active markets.

Level 2: If there is no active market for a financial instrument, a company uses valuation models to determine the attributable fair value. Valuation models include the use of current business transactions between competent, independent business partners willing to enter into a contract; comparison with the current attributable fair value of another, essentially identical financial instrument; use of the discounted cash flow method; or of option pricing models. The attributable fair value is estimated on the basis of the results achieved using one of the valuation methods, making the greatest possible use of market data and relying as little as possible on company-specific data.

Level 3: The valuation models used at this level are not based on observable market data.

in € thousand	Assessed at fair value 6/30/2017			
	Level 1	Level 2	Level 3	Total
Financial assets				
Assets available for sale	54	-	-	54
Financial liabilities (liabilities)				
Derivative financial liabilities	-	37	-	37
Other liabilities	-	-	1,031	1,031

in € thousand	Assessed at fair value 12/31/2016			
	Level 1	Level 2	Level 3	Total
Financial assets (assets)				
Assets available for sale	61	-	-	61
Financial liabilities (liabilities)				
Derivative financial liabilities	-	365	-	365
Other liabilities	-	-	98	98

The other liabilities with fair values valuated according to level 3 are contingent considerations. These are valuated on the basis of the defined sales revenue and EBIT targets, taking into account the likelihood of their occurrence. With the valuation technique used, the expected value of the contingent consideration is determined according to the discounted cash flow method. The valuation model takes into account the present value of the contingent consideration, discounted using a risk-adjusted discount rate.

The material non-observable input factors include the predicted sales revenues, the predicted EBIT and the risk-adjusted discount rate.

The estimated fair values of the contingent considerations would drop if the expected sales revenues and the EBIT turned out to be lower than the defined target figures or the risk-adjusted discount rate were to rise. On the other hand, the fair values of the contingent considerations increase if the risk-adjusted discount rate falls.

The following table shows the reconciliation of the level 3 fair values:

in € thousand	2017
As per 1/1/2017	98
Acquired in a business combination	968
Loss recognized in financial expenses	
Net change of fair value	4
Profit recognized in other income	
Net change of fair value	25
Cash Flows	25
Currency conversion difference	12
As per 6/30/2017	1,031

in € thousand	2016
As per 1/1/2016	195
Acquired in a business combination	-
Loss recognized in financial expenses	
Net change of fair value	3
Profit recognized in other income	
Net change of fair value	5
Cash Flows	95
Currency conversion difference	-
As per 12/31/2016	98

5.9 Related Parties

In the course of its regular business activities, the EDAG Group correlates either directly or indirectly not only with the subsidiaries included in the consolidated financial statements, but also with subsidiaries which are affiliated but not consolidated, and with other related companies and persons.

For a more detailed account of the type and extent of the business relations, please see the Annual Report of EDAG Group AG for 2016.

There is a long-term, unsecured fixed interest loan with the ATON Group Finance GmbH which is due on November 6, 2018. This loan carries an interest rate of 5 percent, and can be redeemed in part prior to maturity.

A share purchase agreement concerning the Haus Kurfürst GmbH shares was entered into by EDAG GmbH and HORUS Vermögensverwaltungs GmbH & Co. KG, Munich ("HORUS") on December 7, 2016. With effect from January 1, 2017, HORUS acquired 100 percent of the shares for a purchase price of € 25 thousand.

The following table gives an overview of ongoing business transactions with related parties:

in € thousand	1/1/2017 – 6/30/2017	1/1/2016 – 6/30/2016
EDAG Group with boards of directors (EDAG Group AG & EDAG Schweiz Sub-Holding AG)		
Work-related expenses	417	410
Travel and other expenses	10	2
Rental expenses	159	177
Consulting expenses	3	15
EDAG Group with supervisory boards (EDAG GmbH & EDAG Holding GmbH)		
Work-related expenses	25	150
Travel and other expenses	1	6
Compensation costs	271	317
EDAG Group with group executive management		
Goods and services received	6	6

in € thousand	1/1/2017 – 6/30/2017	1/1/2016 – 6/30/2016
EDAG Group with ATON companies		
Goods and services rendered	15,719	12,848
Goods and services received	298	412
Interest expense	2,182	3,357
Other operating income	309	301
Other operating expenses	221	237
EDAG Group with unconsolidated subsidiaries		
Other operating expenses	2	2
EDAG Group with associated companies		
Goods and services rendered	481	1,091
Goods and services received	125	1,076
Other operating income	291	356
Other operating expenses	25	25
Income from investments	289	- 41
EDAG Group with other related companies and persons		
Goods and services rendered	306	13
Goods and services received	-	16
Interest expense	260	425
Other operating income	18	-
Other operating expenses	2,167	2,031

5.10 Subsequent Events

With effect from July 3, 2017, the EDAG Group acquired 100 percent of the shares in CKGP/PW & Associates Inc., which is based in Troy, Michigan, USA. The target company has firmly established its position among the North American vehicle manufacturers as an engineering partner for production plants, and offers a comprehensive range of services in the fields of conveyor technology/paint shop planning, material flow and logistics planning as well as manufacturing and process engineering.

Through this acquisition, EDAG has broadened access to the US market and expanded its range of skills in the Production Solutions segment, particularly in the fields of production planning and systems engineering, both of which are relevant to "Industrie 4.0". After the acquisition, CKGP/PW & Associates Inc. will gain access to the EDAG Group's global capacities and international customer base. In return, the EDAG Group will also profit from the excellent customer relations enjoyed by the traditional American company on the US market.

On the date that approval for the publication of the consolidated half-year financial report was given, not all of the information that IFRS 3.B.64 requires to be reported was available. In particular, it is not possible to give any reliable information with regard to either the fair values of the overall consideration transferred or the fair values of the assets and liabilities acquired.

AFFIRMATION OF THE LEGAL REPRESENTATIVE

We hereby certify, to the best of our knowledge, that in accordance with the applicable accounting principles for the consolidated half-year financial report, the condensed consolidated financial statements convey a proper picture of the assets, financial position and financial performance of the Group, and that the Interim Management Report represents the company's business trends, including the financial results and the position of the Group, such that the actual conditions and the essential opportunities and risks pertaining to the anticipated development of the Group are accurately delineated.

Arbon, August 16, 2017
EDAG Engineering Group AG



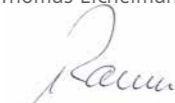
Jörg Ohlsen, Chief Executive Officer (CEO)



Jürgen Vogt, Chief Financial Officer (CFO)



Thomas Eichelmann, Chairman of the Board of Directors



Dr. Michael Hammes, Member of the Board of Directors



Sylvia Schorr, Member of the Board of Directors



Dr. Philippe Weber, Member of the Board of Directors

LEGAL NOTICE

Issued by:

EDAG Engineering Group AG
Schlossgasse 2
9320 Arbon/Switzerland
www.edag.com

Legal Notice

The consolidated half-year financial report includes statements about future developments. Like any form of entrepreneurial activity in a global environment, these statements are always associated with a degree of uncertainty. Our descriptions are based on the convictions and assumptions of the management, which in turn are based on currently available information. The following factors may, however, affect the success of our strategic and operative measures: geopolitical risks, changes in general economic conditions, in particular a prolonged economic recession, changes to exchange rates and interest rates, the launch of products by competitors, including increasing competitive pressure. Should any of these factors or other uncertainties materialize, or the assumptions on which the statements are based prove to be inaccurate, the actual results may differ from the forecast results. EDAG does not intend to continuously update predictive statements and information, as they relate to the circumstances that existed on the date of their publication.

EDAG ENGINEERING GROUP AG
SCHLOSSGASSE 2
9320 ARBON
SWITZERLAND
IR.EDAG.COM