2020 FINANCIAL YEAR

INTERIM REPORT AS OF MARCH 31, 2020

CONTENT

SUMMARY OF THE FIRST QUARTER OF THE 2020 FINANCIAL YEAR

EDAG - TOP AGAIN

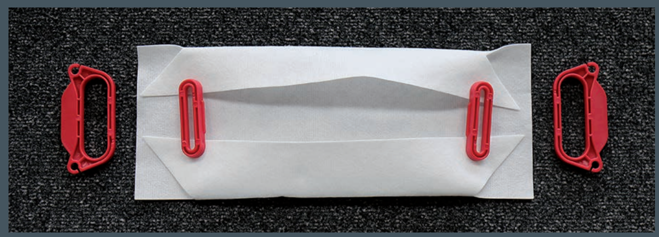
EDAG received "Top Employer" award in the category "Engineers" for the 13th time!

EDAG Engineering GmbH once again received a "Top Employer" award for its outstanding HR management in Düsseldorf on February 6, 2020. For the 13th time in a row, the independent jury of the "Top Employers Institute" presented engineering service provider EDAG with a "Top Employer" award in the category "Engineers". Special mention was made of the outstanding working conditions at the facilities in Fulda, Ingolstadt, Sindelfingen, Munich, Wolfsburg, etc. and the company's consistent employee orientation. The company took 3rd place this year.

"An exceptional result; one which we are very pleased about and regard as an acknowledgement of our continuous work and quality in HR management. As a mobility service provider, it is extremely important for us to have experienced employees who are both highly qualified and enjoy working for us. We see it as our task to create the kind of conditions that will provide our employees with opportunities for their professional and personal development," emphasized Holger Merz, CFO of the EDAG Group.

COUNTERING THE SHORTAGE OF MASKS - FOR MORE SAFETY

EDAG Group develops mask holders for masks for everyday use



Current findings indicate that protective masks provide more protection in the Corona crisis, and above all reduce the risk of infecting others. The supply situation for these masks is, however, currently difficult. Above all, professional protective masks need to be reserved first and foremost for people working in hospitals, medical practices and the emergency services.

Motivated by these considerations, the EDAG Group have developed the "mask4all" mask holder. Combined with standard household fabrics or the kind of medical non-woven materials that are available over the counter, they can be used to assemble face masks to help to contain COVID-19. The idea is for private individuals to make the masks themselves, to relieve the critical supply situation.

The design of the EDAG Group's mask holder was kept deliberately simple, functional and sustainable. It consists of 3D printed holder elements, between which most types of fabric, woven or non-woven, can be held in place. This saves the time-consuming job of sewing masks, and also enables the fabric to be changed and washed quickly and regularly. In addition, since it has now become difficult to find elastic bands on the market, the mask holder's reusability also makes it a sustainable solution.

The EDAG Group has made the 3D print data for the mask holder available for free download on its website. With this initiative, EDAG wants to make a small contribution to overcoming the Corona crisis.

JANUARY FEBRUARY MARCH

KEY FIGURES OF AND EXPLANATIONS BY THE EDAG GROUP AS PER MARCH 31, 2020

(in € million or %)	1/1/2020 – 3/31/2020	1/1/2019 – 3/31/2019
Vehicle Engineering	123.8	123.8
Production Solutions	28.6	31.2
Electrics/Electronics	46.8	44.8
Consolidation	- 6.1	- 1.9
Total revenues[1]	**193.2**	**197.9**
Growth:		
Vehicle Engineering	*0.0%*	*4.5%*
Production Solutions	*-8.0%*	*-21.9%*
Electrics/Electronics	*4.5%*	*17.8%*
Change of revenues[1]	***-2.4%***	***2.2%***
Vehicle Engineering	3.1	7.9
Production Solutions	- 1.5	- 1.0
Electrics/Electronics	2.2	4.1
Adjusted EBIT	**3.8**	**11.0**
Vehicle Engineering	*2.5%*	*6.4%*
Production Solutions	*-5.2%*	*-3.2%*
Electrics/Electronics	*4.7%*	*9.3%*
Adjusted EBIT margin	***2.0%***	***5.6%***
Profit or loss	***0.0***	**4.9**
Earnings per share (€)	0.00	0.20

[1] The performance figure "revenues" is used in the sense of gross performance (sales revenues and changes in inventories) in the following.

(in € million or %)	3/31/2020	12/31/2019
Fixed assets	325.1	331.6
Net working capital	87.1	83.6
Net financial debt (incl. leasing liabilities)	- 235.7	- 232.0
Provisions	- 46.8	- 55.3
Equity	**129.7**	**127.9**
Balance sheet total	**657.6**	**644.6**
Net financial debt (wo leasing liabilities)	- 77.8	- 71.0
Equity / BS total	*19.7%*	*19.8%*
Net financial debt / Equity	*181.7%*	*181.4%*
Net financial debt wo leasing liabilities / Equity	*60.0%*	*55.6%*

(in € million or %)	1/1/2020 – 3/31/2020	1/1/2019 – 3/31/2019
Operating cash flow	4.8	12.7
Investing cash flow	- 4.4	- 5.7
Free cash flow	0.3	7.0
Financing cash flow	- 6.7	- 8.3
Adjusted cash conversion rate[2]	66.9%	72.5%
CapEx	4.4	5.7
CapEx/Revenues	*2.3%*	*2.9%*

	3/31/2020	12/31/2019
Headcount end of period	8,345	8,488
Trainees as %	*4.6%*	*5.1%*

[2] The key figure "adjusted cash conversion rate" is defined as the adjusted EBIT before depreciation, amortization and impairment less gross investments divided by the adjusted EBIT before depreciation, amortization and impairment. The adjusted EBIT before depreciation, amortization and impairment is calculated from the adjusted EBIT plus depreciation, amortization and impairment less expenses from the purchase price allocation.

At € 193.2 million, revenue in the first quarter of 2020 was below the previous year's level of € 197.9 million. This represents a drop in revenues of 2.4 percent.

While the Vehicle Engineering segment remained at the same level as the previous year, and the Electric/Electronic segments reported an increase in revenues, the Production Solutions segment saw a decrease in revenues.

The EBIT, which was adjusted for the effects from the purchase price allocations (adjusted EBIT) stood at € 3.8 million, which is below the value for the previous year (€ 11.0 million). This is equivalent to an adjusted EBIT margin of 2.0 percent (Q1 2019: 5.6 percent).

The unadjusted EBIT in the quarter year just ended stood at € 2.5 million, compared to the previous year's value of € 9.7 million.

Alongside the ongoing dynamic market environment, the COVID 19 pandemic is also posing new challenges. EDAG experienced the first effects of the corona pandemic in the figures for the first quarter of 2020. Official requirements meant that individual EDAG sites, but also some EDAG customers' sites, particularly in China, Italy and Spain, were temporarily shut.

The headcount, including trainees, on March 31, 2020 was 8,345 employees (12/31/2019: 8,488 employees). 5,925 of these employees were employed in Germany, and 2,420 in the rest of the world (RoW) (12/31/2019: [Germany: 6,010; RoW: 2,478]).

In the first quarter of 2020, gross investments in fixed assets amounted to € 4.4 million, which was below the level of the same period in the previous year (Q1 2019: € 5.7 million). The equity ratio on the reporting date was 19.7 percent (12/31/2019: 19.8 percent).

At € 235.7 million, the net financial debt is slightly above the level recorded on December 31, 2019 (€ 232.0 million).

For the EDAG Group, supporting its customers, employees and society during the Corona pandemic remains a priority. The EDAG Group has therefore taken numerous preventive and protective measures worldwide since the Corona crisis began to develop, and at the beginning of February set up a crisis team as a precautionary measure. Since then, the crisis team has been in daily contact with the relevant authorities, and continuously provides employees with up-to-date information about the Covid-19 virus by e-mail and on a specially set up information portal. In addition, a Corona hotline has been provided to answer any further questions our employees might have on a daily basis.

Moreover, additional disinfectant dispensers have been set up in widely frequented areas such as canteens, entrance areas or in the restrooms at all EDAG sites since the beginning of February. As a further preventive measure, business trips have been restricted until further notice, and may only be undertaken if absolutely necessary. For the most part, they have been replaced by web ex-conferences, telephone conferences, etc. The travel regulations are being constantly adapted and communicated by the EDAG crisis team on the basis of the latest findings and recommendations of the authorities. We have also closed all of our company canteens for the time being. To compensate for this, we have organized mobile delivery services at many of our sites, to ensure that our employees are still supplied with food and beverages.

Mobile working is an important instrument for upholding everyday working life. We increased the corresponding IT capacities within a very short time, so as to quickly be able to provide the maximum possible number of home office workplaces, and also increase the distances between the workplaces in all of our offices so that they either comply with or exceed requirements.

To ensure its financial flexibility, EDAG is currently hiring fewer new employees, reducing the amount of capital expenditure that is adjustable at short notice, and also taking advantage of potential savings opportunities such as fewer business trips, and virtual rather than face-to-face meetings. Short-time work is also being used as a countermeasure in Germany, and to some extent in other countries, too.

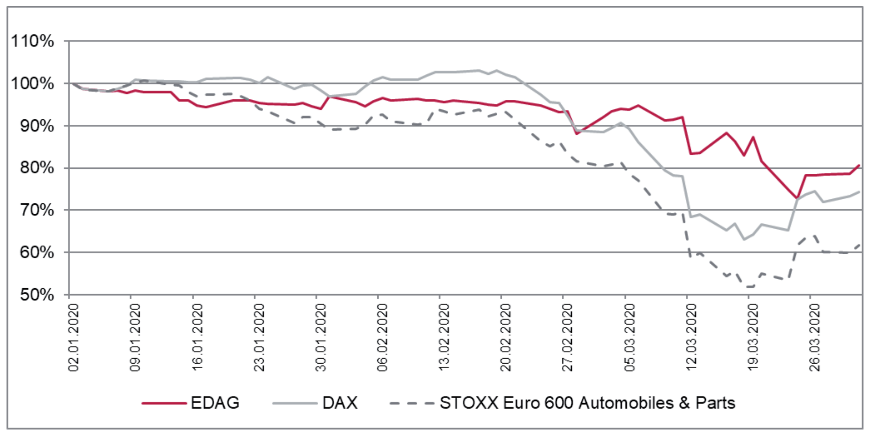
However, given the current uncertainty with regard to the duration and extent of the Corona pandemic, EDAG cannot predict whether the measures it has taken to date or potential future actions will effectively mitigate the impact of the Corona pandemic on our assets, financial position and financial performance.

THE EDAG SHARE

On January 2, 2020, the DAX started the first quarter of the financial year with 13,234 points. With a closing value of 13,789 points, the index reached a new record level on February 19. Following this, the stock markets, in particular values from the automotive sector, came under pressure. As the status of SARS-CoV-2 was upgraded from epidemic to global pandemic, the stock markets fell sharply, especially in March. On March 18, the DAX fell to a closing price of 8,442 points, which was also its lowest level in the reporting period. Following this, the index gradually rose, ending the reporting period at 9,936 points on March 31. The STOXX Automobiles & Parts Index fluctuated between 267 and 518 points during the same period.

1 Price Development

On January 2, 2020, the opening price of the EDAG share in XETRA trading was € 10.14. The highest closing price in the reporting period, € 10.42, was reached on the same day. The lowest closing price in the reporting period, € 7.58, was reached on March 24. Following this, a positive trend was observed in the development of the share, which closed at € 8.40 on March 31. The EDAG share therefore outperformed the DAX and the STOXX Automobiles & Parts Index in the first quarter of 2020. During the first quarter of 2020, the average XETRA trade volume was 9,244 shares a day.



Source: Comdirect

2 Key Share Data

	1/1/2020 – 3/31/2020
Prices and trading volume:	
Share price on March 31 (€)[1]	8.40
Share price, high (€)[1]	10.42
Share price, low (€)[1]	7.58
Average daily trading volume (number of shares)[2]	9,244
Market capitalisation on March 31 (€ million)	210.0

[1] Closing price on Xetra

[2] On Xetra

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 www.edag.com.

INTERIM GROUP MANAGEMENT REPORT

1 Basic Information on the Group

1.1 Business Model

Three Segments

With the parent company, EDAG Engineering Group AG, Arbon (Switzerland) ("EDAG Group AG"), 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. The entire group of companies will hereinafter be referred to as EDAG Group or EDAG.

The business is organized in the 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 automotive and commercial vehicle industries. Our global network ensures ensures our local presence for our customers.

For a more detailed representation of the EDAG segments, please see the Group Management Report in the Annual Report for 2019.

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 five central areas, each with its own operationalizable objectives:

- Growth by intensifying and extending our global 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 and by further optimizing our assets and infrastructure
- Systematic expansion of activities in "best cost countries", in order to meet customer requirements on competitive terms while guaranteeing sustainable growth

For a more detailed representation of the above-mentioned objectives, please see the Group Management Report in the Annual Report for 2019.

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

According to the latest forecast made by the International Monetary Fund (IMF) in April 2020, the world economy exhibited 2.9 percent growth in 2019 (2018: 3.6 percent). The IMF assumes that growth in the current year will fall by 3.0 percent, primarily due to the influence of the SARS-CoV-2 pandemic.

The European passenger vehicle market (EU-28 + EFTA) reported fewest new registrations in the first quarter since the early 2000s. Compared to the year before, there was a substantial decline in sales in both March (-51.8 percent) and the first quarter of 2020 (-26.3 percent). Overall, quarterly sales amounted to 3.1 million vehicles, after 4.1 million vehicles the year before.

While the number of new vehicles registered in Germany fell by 20.3 per cent, Italy (-35.5 per cent) experienced the sharpest decline, followed by France (-34.1 per cent), Great Britain and Spain (both -31.0 per cent).

In Germany, electric car sales revived again in the first quarter of the year (+125 percent) compared to the growth rate in 2019 (+61 percent). The key driving force here proved to be PHEVs (plug-in hybrid electric vehicles), sales of which grew by 44 percent in 2019, and have now increased to 258 percent. In the first quarter, sales of electric cars reached a record high (7.5 percent). However, total sales in the first quarter were 20.3 percent below last year's level. At 51.2 percent, the proportion of gasoline-fueled passenger cars was below the 2019 level (59.4 percent); the proportion of diesel-fueled passenger cars remained stable (31.9 percent) compared to level for 2019 (32.0 percent).

In the USA, the volume on the light vehicle market (passenger cars and light trucks) in March dropped by 38 percent to approx. 1.0 million vehicles compared to the same period in the previous year. The first quarter of 2020 ended at minus 13.0 percent, which was also down on the previous year's results. All together, a total of 3.5 million light vehicles were sold. While there was a 46 percent downturn in the passenger car segment, sales of light trucks fell by 35 percent. China recorded a sharp decline in the first quarter with 2.8 million vehicles (-45 percent), the weakest quarter since 2011. Japan (-10 percent), India (-22.0 percent) and Brazil (-8 percent) also recorded substantial downturns. Going against to the global trend, the Russian light vehicle market grew slightly (+2 percent).

The automotive market is in a period of transition, and undergoing major structural changes. Innovation drivers such as autonomous and connected driving, digitalization, eMobility and new mobility services are having a worldwide impact, and are also affecting the market for engineering services. At the same time, changes in customer requirements (including the declining relevance of "automotive status"), a downward trend in demand for cars, and political uncertainties are also having their effect. These trends are creating great momentum, and consequently both opportunities and risks for the engineering service market. In the short term, budget shifts and the reprioritization of investment decisions on the part of customers will result in a very volatile market environment characterized by delays in the awarding of contracts and the re-scheduling of projects. In the medium to long term, an increase in development expenses (primarily in software and electrification) is expected.

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 March 31, 2020, orders on hand increased to € 380.0 million compared to € 294.4 million as of December 31, 2019 (3/31/2019: € 387.5 million). Neither potential call-offs relating to general agreements nor call-offs relating to production orders are included in the orders on hand. In the first quarter just ended, the EDAG Group generated incoming orders amounting to € 275.4 million, which compared to the same quarter in the previous year (€ 288.0 million), represents a decrease of € 12.6 million.

Revenues decreased by € 4.7 million or 2.4 percent to € 193.2 million compared to the same period in the previous year (Q1 2019: € 197.9 million) due to the continuing difficult and dynamic market conditions and the additional challenges posed by the COVID-19 pandemic. Whereas revenues declined in the Production Solutions segment, they remained at the same level as the previous year in the Vehicle Engineering segment, and the Segment Electrics/Electronics recorded an increase in revenues.

Compared to the previous year, the EBIT in the reporting period decreased by € 7.2 million to € 2.5 million (Q1 2019: € 9.7 million). This means that an EBIT margin of 1.3 percent was achieved (Q1 2019: 4.9 percent).

Adjusted for the depreciation, amortization and impairments from the purchase price allocations that were recorded in the reporting period in 2020, the adjusted EBIT figure was € 3.8 million (Q1 2019: € 11.0 million), which is equivalent to an adjusted EBIT margin of 2.0 percent (Q1 2019: 5.6 percent).

The materials and services expenses increased by € 2.9 million to € 32.7 million. At 16.9 percent, the materials and services expenses ratio was above the level of the same period of the previous year (Q1 2019: 15.0 percent). This effect was largely due to an increased volume of materials purchased for production orders. At 10.5 percent, the materials expenses ratio was above the level of the same period in the previous year (6.9 percent). At 6.4 percent, the ratio of service expenses in relation to the revenues is below the level of the same period in the previous year (Q1 2019: 8.2 percent).

The EDAG Group's personnel expenses increased slightly by € 1.5 million or 1.1 percent to € 128.5 million compared to the same period in the previous year. The personnel expenses include severance payments in the amount of € 1.6 million (Q1 2019: € 1.1 million). The personnel expenses in Q1 2019 include income relating to other periods in the amount of € 5.6 million. In the first quarter just ended, the company had a workforce of 8,391 employees on average, including apprentices (Q1 2019: 8,684 employees). At 66.5 percent, the ratio of personnel expenses was slightly above the previous year's level (Q1 2019: 64.2 percent).

Depreciation, amortization and impairments totaled € 10.9 million (Q1 2019: € 11.0 million). The ratio for other expenses in relation to revenues was 11.8 percent and thus below last year's level (Q1 2019: 12.4 percent), mainly due to economies having been made.

In the first quarter of 2020, the financial result was € -2.5 million (Q1 2019: € -2.3 million), a drop of € 0.1 million compared with the same period in the previous year. One significant effect was a worsening in the results of investments accounted for using the equity method compared with the same period in the previous year. Lower interest expenses in particular had the opposite effect.

Development of the Vehicle Engineering Segment

Incoming orders amounted to € 183.0 million in the first quarter of 2020, which was 2.9 percent below the value for the same period in the previous year (Q1 2019: € 188.5 million). At € 123.8 million, revenues remained at the previous year's level (Q1 2019: € 123.8 million). € 14.5 million from a production order is included in the revenues (Q1 2019: € 10.0 million). The proportion for materials and services expenses here stood at € 12.1 million (Q1 2019: € 7.9 million). This production order, which came to an end in March 2020, involved a high proportion of purchased materials and low added value. All in all, an EBIT of € 2.3 million was achieved for the Vehicle Engineering segment in the quarter just ended (Q1 2019: € 7.0 million). The EBIT margin amounted to 1.8 percent and was thus below the level of the same period in the previous year (Q1 2019: 5.7 percent). Without the effects from purchase price allocations, this resulted in an adjusted EBIT margin of 2.5 percent (Q1 2019: 6.4 percent).

Development of the Production Solutions Segment

In this segment, incoming orders amounted to € 26.2 million, which was significantly below the level of the same period in the previous year (Q1 2019: € 36.2 million). Revenues decreased by 8.0 percent to € 28.6 million (Q1 2019: € 31.2 million). Overall, the EBIT for the Production Solutions segment stood at € -1.6 million in the quarter just ended (Q1 2019: € -1.1 million). The sharp decline in the revenues and EBIT is attributable to continuing difficult market conditions in the quarter just ended and the resulting under-utilization of resources. The adjusted EBIT margin was -5.2 percent and therefore below the previous year's level (Q1 2019: -3.2 percent).

Development of the Electrics/Electronics Segment

Incoming orders increased by € 5.9 million to € 73.0 million compared to the same period in the previous year (Q1 2019: € 67.1 million). Revenue totaled € 46.8 million, an increase of 4.5 percent compared to the same period in the previous year (€ 44.8 million). The EBIT stood at € 1.8 million (Q1 2019: € 3.7 million). This meant that the EBIT margin amounted to 3.8 percent (Q1 2019: 8.4 percent). Without the effects from the purchase price allocations, this resulted in an adjusted EBIT margin of 4.7 percent (Q1 2019: 9.3 percent).

Cash Flows and Financial Position

Compared to December 31, 2019, the EDAG Group's total assets increased by € 12.9 million to € 657.6 million. The non-current assets decreased by € 5.9 million to € 339.6 million (12/31/2019: € 345.5 million), primarily as a result of the depreciation and amortization on rights of use from leased assets and of other intangible assets and property, plant and equipment. In the current assets, the reduction of current accounts receivable by € 8.4 million is countered by an increase in contract assets in the amount of € 30.3 million. Cash and cash-equivalents decreased by € 7.4 million to € 63.2 million.

At € 294.3 million (12/31/2019: € 303.9 million), non-current liabilities and provisions remain below the level of December 31, 2019. This was mainly due to a decrease of € 6.8 million in provisions for pensions and similar obligations and a reduction of € 3.0 million in the non-current lease liabilities. Current liabilities and provisions increased by € 20.7 million to € 233.5 million. The main effect on current liabilities and provisions was an increase of € 38.4 million in contract liabilities. The opposite effect was seen primarily in the reduction of € 19.8 million in the accounts payable.

In the first quarter of 2020, the operating cash flow was € 4.8 million (Q1 2019: € 12.7 million). The reduction was due partly to a decrease in earnings, but primarily to an increased effect in capital being tied up in the trade working capital.

At € 4.4 million, gross investments in the reporting year were lower than in the previous year (Q1 2019: € 5.7 million). The ratio of gross investments in relation to revenues was therefore 2.3 percent (Q1 2019: 2.9 percent).

On the reporting date, unused lines of credit in the amount of € 101.3 million exist in the Group (12/31/2019: € 101.8 million). The Executive Management regards the overall economic situation of the EDAG Group as good. The company has a sound financial basis, and was able to fulfil its payment obligations at all times throughout the reporting period.

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 more than 50 years of 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 Group Management Report in the Annual Report for 2019.

On March 31, 2020 the EDAG Group employed a workforce of 8,345 employees (12/31/2019: 8,488 employees). Personnel expenses in the reporting period amounted to € 128.5 million (Q1 2019: € 127.1 million).

3 Forecast, Risk and Reward Report

3.1 Risk and Reward Report

There were no significant changes during the reporting period to the risks and rewards described in the Annual Report for 2019. Considering the measures taken, our position on the market, and our strategic and financial strength, we remain confident of our ability to contain the existing risks and deal successfully with the resulting challenges. For a more detailed representation of the Risk and Reward Report, please see the Group Management Report in the Annual Report for 2019.

3.2 Forecast

According to the International Monetary Fund's (IMF) latest April 2020 outlook, the world economy exhibited 2.9 percent growth in 2019. While a decline of 3.0 percent is expected for 2020, a recovery of 5.8 percent is forecast for 2021. For 2020, this means a decline in economic performance for the first time since the financial crisis of 2008/09. This is primarily due to the impact of the SARS-CoV-2 pandemic. Substantial monetary policy incentives have already been initiated by several central banks in order to cushion the economic impact, and individual countries have also set up emergency aid programs for the economy. In Germany alone, the total volume of measures affecting the budget amounts to € 353.3 billion and the total volume of guarantees to € 819.7 billion. Further risks to global economic development arise as a result of the American-Chinese trade tensions and the possibility of a no deal Brexit.

According to current estimates announced in April 2020, Germany can expect economic performance to contract by 7.0 percent in 2020. In the coming year, on the other hand, a counter-development and a growth rate of 5.2 percent are projected. Within the euro area, the IMF expects a downturn of 7.5 percent in 2020, and a recovery of 4.7 percent in 2021.

The US economy is expected to experience a downturn of 5.9 percent in 2020. Here, too, a recovery of 4.7 percent is expected for 2021.

According to current estimates, China, with forecasts for a 1.2 percent increase in economic output in 2020 and 9.2 percent in 2021, will continue to be a growth engine for the global economy, and is therefore one of the few states with growing economic performance in 2020.

The outlook in the automotive industry for 2020 is also subject to considerable uncertainty due to the SARS-CoV-2 pandemic. According to the IHS March update, production is expected to drop significantly in 2020. In mid-March 2020, many car manufacturers announced production stops at their plants around the globe. Work was resumed at the first plants in April 2020.

As a result of consumer uncertainty and official closure orders, a significant decrease in sales of passenger car is also expected in 2020. Based on the latest estimates from April, Morgan Stanley anticipates a significant decline (approx. -13.7 percent) in global sales in 2020.

According to VDA estimates, the number of new vehicles registered within Europe (EU-28 + EFTA) will fall by 21 percent to a total of 12.5 million passenger cars in 2020. For Germany, the VDA forecasts a similar decline of 20 per cent to 2.9 million passenger cars. Here too, the background is the SARS-CoV-2 pandemic and the associated closure of car dealerships and administrative offices, which brought the European market to a virtual standstill this spring.

Following the decrease in China's sales figures in 2019, the VDA anticipates a further drop of -10 percent to 19.0 million units in 2020.

Besides the sales figures, however, technological and digital trends have an enormous influence not just on our own business model, but also on those of the OEMs. The current issues are accelerating the further development of classic powertrain types and promoting the integration of alternative powertrains. The BEV/PHEV[1] technologies are also becoming increasingly important. Additional challenges for all market participants are being created by the future-oriented fields of software, sensors, and autonomous and connected driving. The development of new digital business fields and mobility services necessitates additional development and capacity requirements, which could lead to new growth opportunities for the engineering service market. The continuing consolidation of the engineering service providers and changed responsibility models in the drafting of work contracts will also bring about lasting changes within the sector. According to an assessment by the VDA, the automobile engineering service sector will experience annual average growth of about 1.0 percent until 2030.

The market for engineering services remains highly dynamic. With a growing focus on CO2 reduction, the development of alternative drive concepts is being massively accelerated. Trend topics such as highly automated driving and data-based business models call for completely new vehicle architectures, and are increasingly leading to a separation of hardware and software in development. The large number of powertrain variants will make flexible and networked smart factories indispensable. All these developments are driving the demand for development services, and will, in the medium to long term, lead to considerable opportunities.

[1] Battery electric vehicle (BEV)/plug-in-hybrid electric vehicle (PHEV)

On the other hand, global trade disputes, sharply declining sales figures and above all the consequences of the SARS-CoV-2 pandemic are having a hugely negative impact on the automotive market.

As already mentioned in more detail in the 2019 Annual Report, these macroeconomic conditions give rise to exceptional uncertainties that significantly impair our forecasting ability. We are therefore continuing to limit ourselves to a qualitative comparative forecast, because - particularly in terms of the extent and duration of the negative effects of the SARS-CoV-2 pandemic - the development of the EDAG Group's net assets, financial position and financial performance cannot be reliably forecast in the usual form. In view of the situation, sales revenues and earnings are expected to decline in the 2020 financial year compared with the previous year, which in the worst case could have a material impact on financial performance.

The Executive Management constantly monitors possible effects on the business and takes comprehensive measures to ensure that the protection of employees and the continuation of business operations in the Group companies are guaranteed.

For further explanations, please see the 2019 Annual Report.

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	1/1/2020 – 3/31/2020	1/1/2019 – 3/31/2019
Profit or loss		
Sales revenues and changes in inventories [1]	193,220	197,901
Sales revenues	191,268	199,860
Changes in inventories	1,952	- 1,959
Other income	4,389	4,238
Material expenses	- 32,665	- 29,773
Gross Profit	**164,944**	**172,366**
Personnel expenses	- 128,528	- 127,072
Depreciation, amortization and impairment	- 10,943	- 11,010
Net result from impairments or reversals on financial instruments	- 157	- 20
Other expenses	- 22,824	- 24,527
Earnings before interest and taxes (EBIT)	**2,492**	**9,737**
Result from investments accounted for using the equity method	- 43	294
Financial income	71	112
Financing expenses	- 2,511	- 2,741
Financial result	**- 2,483**	**- 2,335**
Earnings before taxes	**9**	**7,402**
Income taxes	- 3	- 2,463
Profit or loss	**6**	**4,939**

[1] For the sake of simplicity, described as revenue in the following.

in € thousand	1/1/2020 – 3/31/2020	1/1/2019 – 3/31/2019
Profit or loss	**6**	**4,939**
Other Comprehensive Income		
Under certain conditions reclassifiable profits/losses		
Currency conversion difference		
Profits/losses included in equity from currency conversion difference	- 1,610	392
Total under certain conditions reclassifiable profits/losses	**- 1,610**	**392**
Not reclassifiable profits/losses		
Revaluation of net obligation from defined benefit plans		
Revaluation of net obligation from defined benefit plans before taxes	4,521	- 3,129
Deferred taxes on defined benefit plans and obligations	- 1,104	943
Share of other comprehensive income of at-equity accounted investments, net of tax	51	- 32
Total not reclassifiable profits/losses	**3,468**	**- 2,218**
Total other comprehensive income before taxes	2,962	- 2,769
Total deferred taxes on the other comprehensive income	- 1,104	943
Total other comprehensive income	**1,858**	**- 1,826**
Total comprehensive income	**1,864**	**3,113**
Earnings per share of shareholders of EDAG Group AG [diluted and basic in €]		
Earnings per share	0.00	0.20

2 Consolidated Statement of Financial Position

in € thousand	3/31/2020	12/31/2019
Assets		
Goodwill	74,137	74,367
Other intangible assets	19,230	20,742
Property, plant and equipment	73,558	74,500
Rights of use from leasing	140,467	144,372
Financial assets	189	160
Investments accounted for using the equity method	17,473	17,464
Non-current other financial assets	862	1,037
Non-current other non-financial assets	155	66
Deferred tax assets	13,484	12,742
Non-current assets	**339,555**	**345,450**
Inventories	9,424	8,633
Current contract assets	101,131	70,823
Current accounts receivables	127,235	135,665
Current other financial assets	3,017	2,274
Current securities, loans and financial instruments	43	51
Current other non-financial assets	12,619	10,122
Income tax assets	1,325	976
Cash and cash-equivalents	63,211	70,618
Current assets	**318,005**	**299,162**
Assets	**657,560**	**644,612**

in € thousand	3/31/2020	12/31/2019
Equity, liabilities and provisions		
Subscribed capital	920	920
Capital reserves	40,000	40,000
Retained earnings	103,506	103,499
Reserves from profits and losses recognized directly in equity	- 9,669	- 13,137
Currency conversion differences	- 5,028	- 3,418
Equity	**129,729**	**127,864**
Provisions for pensions and similar obligations	30,977	37,759
Other non-current provisions	3,357	3,449
Non-current financial liabilities	120,000	120,000
Non-current lease liabilities	139,698	142,658
Deferred tax liabilities	255	20
Non-current liabilities and provisions	**294,287**	**303,886**
Current provisions	12,408	14,173
Current financial liabilities	21,040	21,698
Current lease liabilities	18,174	18,269
Current contract liabilities	83,874	45,500
Current accounts payable	35,203	55,014
Current other financial liabilities	4,676	4,363
Current other non-financial liabilities	53,622	49,679
Income tax liabilities	4,547	4,166
Current liabilities and provisions	**233,544**	**212,862**
Equity, liabilities and provisions	**657,560**	**644,612**

3 Consolidated Cash Flow Statement

	in € thousand	1/1/2020 – 3/31/2020	1/1/2019 – 3/31/2019
	Profit or loss	**6**	**4,939**
+	Income tax expenses	3	2,463
-	Income taxes paid	- 1,946	- 5,044
+	Financial result	2,483	2,334
+	Interest and dividend received	75	105
+/-	Depreciation and amortization/write-ups on tangible and intangible assets	10,943	11,010
+/-	Other non-cash item expenses/income	4,628	- 3,960
+/-	Increase/decrease in non-current provisions	- 6,649	3,532
-/+	Profit/loss on the disposal of fixed assets	9	141
-/+	Increase/decrease in inventories	- 799	- 1,067
-/+	Increase/decrease in contract assets, receivables and other assets that are not attributable to investing or financing activities	- 26,629	- 4,065
+/-	Increase/decrease in current provisions	- 1,548	- 1,847
+/-	Increase/decrease in accounts payables and other liabilities and provisions that are not attributable to investing or financing activities	24,206	4,126
=	**Cash inflow/outflow from operating activities/ operating cash flow**	**4,782**	**12,667**
+	Deposits from disposals of tangible fixed assets	44	32
-	Payments for investments in tangible fixed assets	- 3,410	- 4,187
-	Payments for investments in intangible fixed assets	- 1,038	- 1,515
+	Deposits from disposals of financial assets	115	6
-	Payments for investments in financial assets	- 149	- 30
=	**Cash inflow/outflow from investing activities/ investing cash flow**	**- 4,438**	**- 5,694**

	in € thousand	1/1/2020 – 3/31/2020	1/1/2019 – 3/31/2019
-	Interest paid	- 2,103	- 2,275
-	Repayment of financial liabilities	- 930	- 1,700
-	Repayment of leasing liabilities	- 3,697	- 4,314
=	**Cash inflow/outflow from financing activities/ financing cash flow**	**- 6,730**	**- 8,289**
	Net Cash changes in financial funds	**- 6,386**	**- 1,316**
-/+	Effect of changes in currency exchange rate and other effects from changes of financial funds	- 1,021	406
+	Financial funds at the start of the period	70,618	63,862
=	**Financial funds at the end of the period [cash & cash equivalents]**	**63,211**	**62,952**
=	**Free cash flow (FCF) – equity approach**	**344**	**6,973**

4 Consolidated Statement of Changes in Equity

in € thousand	Subscribed capital	Capital reserves	Retained earnings	Currency conversion	Revaluation from pension plans	Shares in investments accounted for using the equity method	Total equity attributable to majority shareholders	Non controlling interest	Total equity
As per 1/1/2020	**920**	**40,000**	**103,499**	**- 3,418**	**- 13,035**	**- 102**	**127,864**	**-**	**127,864**
Profit or loss	-	-	7	-	-	-	7	-	7
Other comprehensive income	-	-	-	- 1,610	3,417	51	1,858	-	1,858
Total comprehensive income	**-**	**-**	**7**	**- 1,610**	**3,417**	**51**	**1,865**	**-**	**1,865**
As per 3/31/2020	**920**	**40,000**	**103,506**	**- 5,028**	**- 9,618**	**- 51**	**129,729**	**-**	**129,729**

in € thousand	Subscribed capital	Capital reserves	Retained earnings	Currency conversion	Revaluation from pension plans	Shares in investments accounted for using the equity method	Total equity attributable to majority shareholders	Non controlling interest	Total equity
As per 1/1/2019	**920**	**40,000**	**115,226**	**- 3,537**	**- 8,583**	**- 22**	**144,004**	**1**	**144,005**
Profit or loss	-	-	4,939	-	-	-	4,939	-	4,939
Other comprehensive income	-	-	-	393	- 2,186	- 32	- 1,825	-	- 1,825
Total comprehensive income	**-**	**-**	**4,939**	**393**	**- 2,186**	**- 32**	**3,114**	**-**	**3,114**
As per 3/31/2019	**920**	**40,000**	**120,165**	**- 3,144**	**- 10,769**	**- 54**	**147,118**	**1**	**147,119**

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):

International Securities Identification Number (ISIN):	CH0303692047
Securities identification number (WKN):	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 annual shareholders' meeting.

The financial statements of the subsidiaries included in the consolidated interim financial statements were prepared using uniform accounting and valuation principles as of EDAG Group AG's financial reporting date (March 31).

The unaudited consolidated interim 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 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 interim report of the EDAG Group AG for the period ending March 31, 2020 has been prepared in accordance with IAS 34 "Interim financial reporting". As the scope of the Consolidated Interim 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, 2019. The Consolidated Financial Statement of EDAG Group AG and its subsidiaries for December 31, 2019 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 March 31, 2020 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, 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.

The present condensed Consolidated Financial Statements and the Interim Group Management Report have not been subjected to an audit review in accordance with ISRE 2410, nor have they been audited in accordance with § 317 of the German Commercial Code.

New, Changed or Revised Accounting Standards

EDAG Group AG has applied the following accounting standards adopted by the EU and legally required to be applied since January 1, 2020, although they did not have any significant effect on the assets, financial position and financial performance of the EDAG Group in the Consolidated Interim Report:

- **Conceptual Framework** – Amendments to References to the Conceptual Framework for Financial Reporting (IASB-publication: March 29, 2018; EU endorsement: November 29, 2019)
- **IAS 1 / IAS 8** – Definition of Material (IASB publication: October 31, 2018; EU endorsement: November 29, 2019)
- **IFRS 9 / IAS 39 / IFRS 7** – Interest Rate Benchmark Reform (IASB publication: September 26, 2019; EU endorsement: January 15, 2020)
- **IFRS 3** – Definition of a Business (IASB publication: October 22, 2018; EU endorsement: April 21, 2020)

The accounting standard **IFRS 14**, which has been published by IASB and is required to be applied with effect from 2018, (IASB publication: January 30, 2014 - Regulatory Deferral Accounts) has 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 Interim Report.

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.

Accounting and Valuation Principles

For this consolidated interim report, a discount rate of 1.69 percent has been used for pension provisions in Germany (12/31/2019: 1.12 percent). A discount rate of 0.35 percent has been used for pension provisions in Switzerland (12/31/2019: 0.35 percent). The personnel expenses include severance pay in the amount of € 1.6 million.

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(c) was applied when determining income tax expense for the reporting period. Accordingly, the weighted average expected annual tax rate in the amount of 33 percent (12/31/2019: 34 percent effective reported tax charge) was used.

Otherwise, the same accounting and valuation methods and consolidation principles as were used in the 2019 consolidated financial statements for EDAG Group AG were applied when preparing the consolidated interim report and determining comparative figures. A detailed description of these methods has been published in the Notes to the Consolidated Financial Statement in the Annual Report for 2019. This Consolidated Interim Report should therefore be read in conjunction with the Consolidated Financial Statement of EDAG Group AG for December 31, 2019.

Presentation of the Consolidated Interim Report in accordance with IFRS requires qualified 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, and 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

On March 31, 2020, the group of combined or consolidated companies is composed as follows:

	Switzerland	Germany	Other Countries	Total
Fully consolidated companies	3	5	24	32
Companies accounted for using the equity method	-	1	-	1
Companies included at acquisition cost [not included in the scope of consolidation]	-	3	-	3

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.

With effect from January 1, 2020, EDAG Production Solutions, Inc., Troy was merged with EDAG, Inc., Troy.

5.4 Currency Conversion

Currency conversion in the Consolidated Interim Report was based on the following exchange rates:

Country	Currency	3/31/2020	1Q 2020	12/31/2019	1Q 2019
	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	0.8864	0.8616	0.8508	0.8723
Brazil	BRL	5.7001	4.9111	4.5157	4.2768
USA	USD	1.0956	1.1023	1.1234	1.1357
Malaysia	MYR	4.7330	4.6073	4.5953	4.6454
Hungary	HUF	360.0200	339.0774	330.5300	317.8774
India	INR	82.8985	79.8511	80.1870	80.0729
China	CNY	7.7784	7.6937	7.8205	7.6619
Mexico	MXN	26.1772	22.0446	21.2202	21.8038
Czech Republic	CZK	27.3120	25.6137	25.4080	25.6842
Switzerland	CHF	1.0585	1.0668	1.0854	1.1325
Poland	PLN	4.5506	4.3226	4.2568	4.3020
Russia	RUB	85.9486	73.7020	69.9563	74.8842
Sweden	SEK	11.0613	10.6658	10.4468	10.4223
Japan	JPY	118.9000	120.0952	121.9400	125.0984

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). Adjustments include income from initial consolidations and deconsolidations, restructuring and all effects of purchase price allocations on EBIT.

in € thousand	1/1/2020 – 3/31/2020	1/1/2019 – 3/31/2019
Earnings before interest and taxes (EBIT)	**2,492**	**9,737**
Adjustments:		
Expenses (+) from purchase price allocation	1,297	1,308
Income (-) from reversal of provisions for contingent considerations from business combinations	-	- 225
Expenses (+) from incidental expenses from M&A transactions	-	200
Total adjustments	**1,297**	**1,283**
Adjusted earnings before interest and taxes (adjusted EBIT)	**3,789**	**11,020**

The "expenses (+) from the purchase price allocation" are stated under the amortization. The "income (-) from the reversal of provisions for contingent considerations from business combinations" is shown in the other income. The "expenses (+) from incidental expenses from M&A transactions" are shown in the other expenses.

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 segment level is the EBIT/adjusted 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 March 31, 2020, the non-current assets amounted to € 339.6 million (12/31/2019: € 345.5 million). Of these, € 1.0 million are domestic, € 293.5 million are German, and € 45.1 million are non-domestic (12/31/2019: [domestic: € 1.0 million; Germany: € 297.5 million; non-domestic: € 47.0 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 2019 Annual 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 2019 Annual Report.

The range of services offered by the **Electrics/Electronics** segment ("E/E") includes the development of electrical and electronic systems, components, functions and services for everything from show cars and prototypes to the complete vehicle. These services are performed in competencies; these are described in greater detail in the chapter "Business Model" in the 2019 Annual Report.

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

in € thousand	1/1/2020 - 3/31/2020					
	Vehicle Engineering	Production Solutions	Electrics/ Electronics	Total segments	Consolidation	Total Group
Sales revenues with third parties	120,358	27,450	43,460	191,268	-	191,268
Sales revenues with other segments	1,360	1,228	3,472	6,060	- 6,060	-
Changes in inventories	2,096	- 33	- 111	1,952	-	1,952
Total revenues[1]	**123,814**	**28,645**	**46,821**	**199,280**	**- 6,060**	**193,220**
EBIT	**2,274**	**- 1,571**	**1,789**	**2,492**	**-**	**2,492**
EBIT margin [%]	1.8%	-5.5%	3.8%	1.3%	n/a	1.3%
Purchase price allocation (PPA)	817	76	404	1,297	-	1,297
Other adjustments	-	-	-	-	-	-
Adjusted EBIT	**3,091**	**- 1,495**	**2,193**	**3,789**	**-**	**3,789**
Adjusted EBIT margin [%]	2.5%	-5.2%	4.7%	1.9%	n/a	2.0%
Depreciation, amortization and impairment	- 7,495	- 1,627	- 1,821	- 10,943	-	- 10,943
Ø Employees per segment	4,827	1,419	2,145	8,391		8,391

in € thousand	1/1/2019 - 3/31/2019					
	Vehicle Engineering	Production Solutions	Electrics/ Electronics	Total segments	Consolidation	Total Group
Sales revenues with third parties	124,853	30,613	44,394	199,860	-	199,860
Sales revenues with other segments	1,285	398	221	1,904	- 1,904	-
Changes in inventories	- 2,289	141	189	- 1,959	-	- 1,959
Total revenues[1]	**123,849**	**31,152**	**44,804**	**199,805**	**- 1,904**	**197,901**
EBIT	**7,049**	**- 1,055**	**3,743**	**9,737**	**-**	**9,737**
EBIT margin [%]	5.7%	-3.4%	8.4%	4.9%	n/a	4.9%
Purchase price allocation (PPA)	830	74	404	1,308	-	1,308
Other adjustments	-	- 25	-	- 25	-	- 25
Adjusted EBIT	**7,879**	**- 1,006**	**4,147**	**11,020**	**-**	**11,020**
Adjusted EBIT margin [%]	6.4%	-3.2%	9.3%	5.5%	n/a	5.6%
Depreciation, amortization and impairment	- 6,777	- 1,749	- 2,484	- 11,010	-	- 11,010
Ø Employees per segment	5,087	1,589	2,008	8,684		8,684

[1] The performance figure "revenues" is used in the sense of gross performance (sales revenues and changes in inventories).

The following table reflects the concentration risk of the EDAG Group, divided according to the customer sales divisions and segments:

in € thousand	1/1/2020 – 3/31/2020*							
	Vehicle Engineering		Production Solutions		Electrics/ Electronics		Total	
Customer sales division A	17,568	15%	4,045	15%	14,074	32%	35,687	19%
Customer sales division B	4,210	3%	800	3%	10,718	25%	15,728	8%
Customer sales division C	2,602	2%	425	2%	1,736	4%	4,763	2%
Customer sales division D	17,009	14%	3,734	14%	4,926	11%	25,669	13%
Customer sales division E	19,353	16%	3,155	11%	880	2%	23,388	12%
Customer sales division F	7	0%	1,472	5%	-	0%	1,479	1%
Customer sales division G	4,957	4%	281	1%	84	0%	5,322	3%
Customer sales division H	32,550	27%	2,217	8%	2,058	5%	36,825	19%
Customer sales division I	9,069	8%	1,190	4%	3,024	7%	13,283	7%
Miscellaneous	13,033	11%	10,131	37%	5,960	14%	29,124	15%
Sales revenue with third parties	**120,358**	**100%**	**27,450**	**100%**	**43,460**	**100%**	**191,268**	**100%**

in € thousand	1/1/2019 – 3/31/2019*							
	Vehicle Engineering		Production Solutions		Electrics/ Electronics		Total	
Customer sales division A	20,166	16%	5,856	19%	13,765	31%	39,787	20%
Customer sales division B	7,646	6%	1,059	3%	13,765	31%	22,470	11%
Customer sales division C	3,590	3%	272	1%	1,522	3%	5,384	3%
Customer sales division D	17,631	14%	3,809	12%	4,816	11%	26,256	13%
Customer sales division E	20,561	16%	4,507	15%	535	1%	25,603	13%
Customer sales division F	42	0%	1,719	6%	-	0%	1,761	1%
Customer sales division G	2,713	2%	4	0%	204	0%	2,921	1%
Customer sales division H	21,202	17%	1,551	5%	1,454	3%	24,207	12%
Customer sales division I	8,086	6%	1,886	6%	2,322	5%	12,294	6%
Miscellaneous	23,216	19%	9,950	33%	6,011	14%	39,177	20%
Sales revenue with third parties	**124,853**	**100%**	**30,613**	**100%**	**44,394**	**100%**	**199,860**	**100%**

* Due to developments in EDAG's customer mix, including with new international OEMs, adjustments were made in the second quarter of 2019 to the differentiation made between the customer sales division H and Miscellaneous.

In the Electrics/Electronics segment, the EDAG Group generates over 50 percent of its sales revenues with one corporate group.

The following table reflects the revenue recognition of the EDAG Group, divided according to segments:

in € thousand	1/1/2020 – 3/31/2020					
	Vehicle Engineering	Production Solutions	Electrics/ Electronics	Total Segments	Consolidation	Total Group
Period-related revenue recognition	105,751	28,171	46,708	180,630	-	180,630
Point in time revenue recognition	15,967	507	224	16,698	-	16,698
Sales revenue with other segments	- 1,360	- 1,228	- 3,472	- 6,060	-	- 6,060
Sales revenue with third parties	**120,358**	**27,450**	**43,460**	**191,268**	**-**	**191,268**
Sales revenue with other segments	1,360	1,228	3,472	6,060	- 6,060	-
Changes in inventories	2,096	- 33	- 111	1,952	-	1,952
Total revenues	**123,814**	**28,645**	**46,821**	**199,280**	**- 6,060**	**193,220**

in € thousand	1/1/2019 – 3/31/2019					
	Vehicle Engineering	Production Solutions	Electrics/ Electronics	Total Segments	Consolidation	Total Group
Period-related revenue recognition	112,983	30,449	44,013	187,445	-	187,445
Point in time revenue recognition	13,155	562	602	14,319	-	14,319
Sales revenue with other segments	- 1,285	- 398	- 221	- 1,904	-	- 1,904
Sales revenue with third parties	**124,853**	**30,613**	**44,394**	**199,860**	**-**	**199,860**
Sales revenue with other segments	1,285	398	221	1,904	- 1,904	-
Changes in inventories	- 2,289	141	189	- 1,959	-	- 1,959
Total revenues	**123,849**	**31,152**	**44,804**	**199,805**	**- 1,904**	**197,901**

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 and liabilities, there are also other financial obligations, and these are composed as follows:

in € thousand	03/31/2020	12/31/2019
Total renting and leasing contracts	4,622	5,020
Open purchase orders	2,526	2,818
Other miscellaneous financial obligations	272	320
Total	**7,420**	**8,158**

The obligations from rental and leasing contracts are composed primarily of leasing agreements for low-value assets in the form of IT equipment, of short-term rental agreements and software leasing.

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	3/31/2020	12/31/2019
Non-current financial liabilities	- 120,000	- 120,000
Non-current leasing liabilities	- 139,698	- 142,658
Current financial liabilities	- 21,040	- 21,698
Current leasing liabilities	- 18,174	- 18,269
Current securities, loans and financial instruments	43	51
Cash and cash equivalents	63,211	70,618
Net financial debt/-credit [-/+]	**- 235,658**	**- 231,956**
Equity	129,729	127,864
Net Gearing [%] incl. Lease liabilities	**181.7%**	**181.4%**
Net Gearing [%] wo/ Lease liabilities	**60.0%**	**55.6%**

At € 235.7 million, the net financial debt on March 31, 2020 is € 3.7 million above the previous year's value (€ 232.0 million). Without taking lease liabilities into account, the net financial debt as of March 31, 2020 amounts to € 77.8 million (12/31/2019: € 71.0 million), which is equivalent to an increase of € 6.8 million.

The major creditor is a well-known credit institution in the form of a promissory note loan (Schuldscheindarlehen) with a total volume of € 120 million. The promissory note loan is composed of several tranches with various interest rates and terms to maturity of three to eight years. As of March 31, 2020, there is a current loan, including interest, in the amount of € 20.1 million from VKE-Versorgungskasse EDAG-Firmengruppe e.V., the other major creditor, (12/31/2019: € 20.6 million).

A further component of the net financial debt are liabilities from leases. The liabilities from leases primarily include leasing payments for office buildings, warehouses, production facilities and cars measured using the effective interest method.

The EDAG Group has unused lines of credit in the amount of € 101.3 million on the reporting date (12/31/2019: € 101.8 million).

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

in € thousand		3/31/2020	12/31/2019
	Inventories	9,424	8,633
+	Current contract assets	101,131	70,823
+	Current accounts receivable	127,235	135,665
-	Current contract liabilities	- 83,874	- 45,500
-	Current accounts payable	- 35,203	- 55,014
=	**Trade Working Capital (TWC)**	**118,713**	**114,607**
+	Non-current other financial assets	862	1,037
+	Non-current other non-financial assets	155	66
+	Deferred tax assets	13,484	12,742
+	Current other financial assets excl. Interest-bearing receivables	3,017	2,274
+	Current other non-financial assets	12,619	10,122
+	Income tax assets	1,325	976
-	Deferred tax liabilities	- 255	- 20
-	Current other financial liabilities	- 4,676	- 4,363
-	Current other non-financial liabilities	- 53,622	- 49,679
-	Income tax liabilities	- 4,547	- 4,166
=	**Other working capital (OWC)**	**- 31,638**	**- 31,011**
	Net working capital (NWC)	**87,075**	**83,596**

Compared to December 31, 2019, trade working capital increased by € 4,106 thousand, from € 114,607 thousand to € 118,713 thousand. The increase mainly results from the build-up of short-term contract assets in the amount of € 30,308 thousand and the decrease of € 19,811 thousand current accounts payable. The opposite effect was seen above all in the increase in short-term contract liabilities amounting to € 38,374 thousand.

At € -31,638 thousand, the other working capital increased slightly, compared to December 31, 2019 (€ -31,011 thousand).

Book Values, Valuation Rates and Fair Values of the Financial Instruments as per Measurement 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 Notes to the Consolidated Financial Statement in the Annual Report of EDAG Group AG for 2019.

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 investments and securities are valued at fair value. In the case of equity interests for which no market price is available, the acquisition costs are applied as a reasonable estimate of the fair value. 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 terms to maturity, and the values posted are close approximations of the fair values.

The book values or fair values of all financial instruments recorded in the condensed Consolidated Financial Statements are shown in the following table.

in € thousand	Valuation category as per IFRS 9	3/31/2020	
		Valuation statement of financial position as per IFRS 9	Valuation statement of financial position as per IFRS 16/IFRS 15
Financial assets			
Cash and cash-equivalents	[AC]	63,211	-
Accounts receivable and other receivables in terms of IAS 32.11	[AC]	130,444	-
Receivables from leases	[n.a.]	-	669
Contract assets	[n.a.]	-	101,131
Loans	[AC]	109	-
Investments and securities	[FVtPL]	105	-
Derivative financial assets	[FVtPL]	18	-
Financial liabilities			
Financial liabilities			
Credit institutions	[AC]	120,906	-
Other interest-bearing liabilities	[AC]	20,134	-
Liabilities from leases	[n.a.]	-	157,872
Accounts payable and other liabilities in terms of IAS 32.11	[AC]	38,611	-
Other liabilities in terms of IAS 32.11	[FVtPL]	1,268	-
Financial assets and financial liabilities, aggregated according to valuation category in accordance with IFRS 9			
Financial Assets measured at Amortized Cost	[AC]	193,764	-
Financial Assets at Fair Value through Profit and Loss	[FVtPL]	123	-
Financial Liabilities measured at Amortized Cost	[AC]	179,651	-
Financial Liabilities at Fair Value through Profit and Loss	[FVtPL]	1,268	-

in € thousand	Valuation category as per IFRS 9	12/31/2019	
		Valuation statement of financial position as per IFRS 9	Valuation statement of financial position as per IFRS 16/IFRS 15
Financial assets			
Cash and cash-equivalents	[AC]	70,618	-
Accounts receivable and other receivables in terms of IAS 32.11	[AC]	138,254	-
Receivables from leases	[n.a.]	-	720
Future receivables from construction contracts	[n.a.]	-	70,823
Loans	[AC]	80	-
Investments and securities	[FVtPL]	109	-
Derivative financial assets	[FVtPL]	23	-
Financial liabilities			
Financial liabilities			
Credit institutions	[AC]	121,088	-
Other interest-bearing liabilities	[AC]	20,610	-
Liabilities from leases	[n.a.]	-	160,927
Accounts payable and other liabilities in terms of IAS 32.11	[AC]	58,111	-
Other liabilities in terms of IAS 32.11	[FVtPL]	1,267	-
Financial assets and financial liabilities, aggregated according to valuation category in accordance with IFRS 9			
Financial Assets measured at Amortized Cost	[AC]	208,952	-
Financial Assets at Fair Value through Profit and Loss	[FVtPL]	132	-
Financial Liabilities measured at Amortized Cost	[AC]	199,809	-
Financial Liabilities at Fair Value through Profit and Loss	[FVtPL]	1,267	-

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, other financial liabilities and other interest-bearing 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 March 31, 2020 however, the fair value of the financial liabilities to credit institutions [AC] amounted to € 122,609 thousand (12/31/2019: € 122,422 thousand), with a book value of € 120,906 thousand (12/31/2019: € 121,088 thousand). The valuation of the fair value took place according to the "Level 2" measurement 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 measurement 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 3/31/2020			
	Level 1	Level 2	Level 3	Total
Financial assets				
Securities	25	-	-	25
Derivative financial assets	-	18	-	18
Financial liabilities				
Other liabilities	-	-	1,268	1,268

in € thousand	Assessed at fair value 12/31/2019			
	Level 1	Level 2	Level 3	Total
Financial assets				
Securities	29	-	-	29
Derivative financial assets	-	23	-	23
Financial liabilities				
Other liabilities	-	-	1,267	1,267

The other liabilities with fair values valuated according to level 3 are contingent considerations. These are evaluated on the basis of the defined sales revenue, EBIT and employee retention 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, the predicted employee retention 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	2020	2019
As per 1/1/	**1,267**	**2,226**
Loss recognized in financial expenses		
Net change of fair value	8	14
Profit recognized in other income		
Net change of fair value	-	- 225
Currency conversion difference	- 7	8
As per 3/31/	**1,268**	**2,023**

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 condensed Consolidated Financial Statements, but also with EDAG subsidiaries which are affiliated but not consolidated, with affiliated companies of the ATON Group, and with other related companies and persons.

For a more detailed account of the type and extent of the business relations, please see the Notes to the Consolidated Financial Statement in the annual report of EDAG Group AG for 2019.

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

in € thousand	1/1/2020 – 3/31/2020	1/1/2019 – 3/31/2019
EDAG Group with boards of directors[1] (EDAG Group AG & EDAG Schweiz Sub-Holding AG)		
Work-related expenses	240	203
Travel and other expenses	5	4
Consulting expenses	-	1
EDAG Group with supervisory boards[1] (EDAG Engineering GmbH & EDAG Engineering Holding GmbH)		
Work-related expenses	11	11
Compensation costs	185	226

in € thousand	1/1/2020 – 3/31/2020	1/1/2019 – 3/31/2019
EDAG Group with ATON companies (parent companie and its affiliated companies)		
Goods and services rendered	38	3,273
Goods and services received	29	486
Other operating income	-	108
Other operating expenses	-	117
EDAG Group with unconsolidated subsidiaries		
Other operating expenses	2	2
EDAG Group with associated companies		
Goods and services rendered	211	373
Goods and services received	6	-
Other operating income	120	143
Other operating expenses	12	14
Income from investments	- 43	294
EDAG Group with other related companies and persons		
Goods and services rendered	29	-
Interest expense	76	78
Other operating income	2	6
Paid leases for rights of use	1,222	1,280

[1] Overall, these are all payments due at short notice.

5.10 Subsequent Events

No important events took place after the reporting period.

Arbon, May 6, 2020

EDAG Engineering Group AG

Georg Denoke, Chairman of the Board of Directors

Sylvia Schorr, Member of the Board of Directors
and Chairwoman of the Audit Committee

Cosimo De Carlo, Chairman of the Group Executive Management (CEO)

Holger Merz, Member of the Group Executive Management (CFO)

LEGAL NOTICE

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Legal Notice

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The English version of the interim report is a translation of the German version. The German version is legally binding.

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