

**2021 FINANCIAL YEAR**  
INTERIM REPORT AS OF MARCH 31, 2021





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## SUMMARY OF THE FIRST QUARTER OF THE 2021 FINANCIAL YEAR

### NEW LOCATION FOR 140 EDAG TEST SPECIALISTS IN MUNICH: GROUND-BREAKING CEREMONY FOR EDAG TEST CENTER

The EDAG Group is set to bundle its all-round test competencies and capacities in a new, future-oriented building at the "Waldmeisterstraße" site in Munich - in the direct vicinity of the BMW Group's Research and Innovation Center. The official ground-breaking ceremony in February 2021 marked the start of this future-oriented project. EDAG's 140 EDAG test specialists are expected to move into the two new building complexes in May 2022.

This will then provide a 5,200 m<sup>2</sup> test area and a modern multi-storey office building measuring 1,400 m<sup>2</sup>.

As the entire test center is on one floor, the new facility will provide ideal working conditions, and the flexibly designed offices will perfectly meet the requirements of a modern working world for our employees. In addition, the new facility will enable us to significantly expand



our portfolio of services relating to the validation of E/E components, and to carry out our innovative "SMART Test Lab" project, among other things. In the future, customers will, with the use of webcams and the live transmission of images, be able to track assembly, assessment and acceptance dates online, or check the status of a test part online.

EDAG already offers the mobility industry a 360-degree range of trial and testing services for environmental simulation, functional testing, the validation of interior and exterior vehicle components, vehicle safety and E/E component validation.

JANUARY

FEBRUARY

MARCH

## SUMMARY OF THE FIRST QUARTER OF THE 2021 FINANCIAL YEAR

### TWICE THE STRENGTH - EDAG PRODUCTION SOLUTIONS AND SEW-EURODRIVE ENTER INTO COOPERATION



project stages of developments. Motivated by these considerations, EDAG Production Solutions GmbH & Co. KG (EDAG PS) and SEW-EURODRIVE GmbH & Co KG entered into a cooperation to enable them to provide integrated production solutions for the automotive and non-automotive industries in the future.

EDAG PS is an international full-service provider in the field of production engineering. The EDAG Group subsidiary offers 360-degree engineering for the development of highly efficient manufacturing sites and plants, from planning and virtual commissioning through to hand over to the operating company.

With more than 50 years' experience as a general planner and contractor for manufacturers in the automotive industry, EDAG PS has expanded its portfolio in the smart factory sector enormously in recent years.

With so much experience as a general contractor in plant engineering, EDAG PS can offer not just project management skills, experience in logistics planning, robot technology and safety engineering, but above all expertise in the integration of system components in the plant. This integrated approach provides additional process reliability for a functioning overall concept in smart production. In terms of market development, too, the cooperation offers both companies great potential.

Engineering and system components for production plants have always formed a symbiotic unit. In the future, the challenges posed by smart solutions in production and logistics will call for intensified cooperation between these two subject areas in the early

manufacturers in the automotive industry, EDAG PS has expanded its portfolio in the smart factory sector enormously in recent years.

JANUARY

FEBRUARY

MARCH

## KEY FIGURES OF AND EXPLANATIONS BY THE EDAG GROUP AS PER MARCH 31, 2021

(in € million or %)	1/1/2021 – 3/31/2021	1/1/2020 – 3/31/2020
Vehicle Engineering	100.4	123.8
Production Solutions	20.0	28.6
Electrics/Electronics	45.5	46.8
Consolidation	- 9.2	- 6.1
<b>Total revenues<sup>1</sup></b>	<b>156.7</b>	<b>193.2</b>
Growth:		
Vehicle Engineering	-18.9%	0.0%
Production Solutions	-30.1%	-8.0%
Electrics/Electronics	-2.8%	4.5%
<b>Change of revenues<sup>1</sup></b>	<b>-18.9%</b>	<b>-2.4%</b>
Vehicle Engineering	2.9	3.1
Production Solutions	- 3.7	- 1.5
Electrics/Electronics	2.2	2.2
<b>Adjusted EBIT</b>	<b>1.4</b>	<b>3.8</b>
Vehicle Engineering	2.9%	2.5%
Production Solutions	-18.4%	-5.2%
Electrics/Electronics	4.9%	4.7%
<b>Adjusted EBIT margin</b>	<b>0.9%</b>	<b>2.0%</b>
<b>Profit or loss</b>	<b>- 2.1</b>	<b>0.0</b>
Earnings per share (€)	-0.08	0.00

<sup>1</sup> The performance figure "revenues" is used in the sense of gross performance (sales revenues and changes in inventories) in the following.

(in € million or %)	3/31/2021	12/31/2020
Fixed assets	291.5	295.2
Net working capital	2.5	- 24.0
Net financial debt (incl. lease liabilities)	- 130.3	- 104.3
Provisions	- 62.9	- 65.1
<b>Equity</b>	<b>100.8</b>	<b>101.8</b>
<b>Balance sheet total</b>	<b>616.7</b>	<b>620.1</b>
Net financial debt (wo lease liabilities)	4.6	33.1
Equity/BS total	16.3%	16.4%
Net Gearing [%] incl. lease liabilities	129.3%	102.4%
Net Gearing [%] wo/ lease liabilities	n/a	n/a

(in € million or %)	1/1/2021 – 3/31/2021	1/1/2020 – 3/31/2020
Operating cash flow	- 19.0	4.8
Investing cash flow	- 3.5	- 4.4
Free cash flow	- 22.5	0.3
Financing cash flow	- 2.4	- 6.7
Adjusted cash conversion rate <sup>2</sup>	65.7%	66.9%
CapEx	3.5	4.4
CapEx/Revenues	2.2%	2.3%

<sup>2</sup> The key figure "adjusted cash conversion rate" is defined as the adjusted EBIT before depreciation, amortization and impairment less capital expenditures 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.

	3/31/2021	12/31/2020
Headcount end of period, including trainees	7,871	7,984
Trainees as %	3.7%	4.2%

In the first quarter of 2021, revenues decreased by € 36.5 million or 18.9 percent to € 156.7 million compared to the same period in the previous year (Q1 2020: € 193.2 million), mainly as a result of the ongoing challenges caused by the COVID-19 pandemic and a production order that had come to an end since the previous year. In addition, there were also temporary impairments in the operating performance due to the cyber attack that occurred in mid-March. There was a slight decline in revenues in the Electrics/Electronics segment, while the Vehicle Engineering and Production Solutions segments reported considerable decreases in revenues.

Compared to the previous year, the EBIT in the reporting period decreased by € 3.3 million to € -0.8 million (Q1 2020: € 2.5 million). This means that an EBIT margin of -0.5 percent was achieved (Q1 2020: 1.3 percent).

Primarily adjusted for the depreciation, amortization and impairments from the purchase price allocations that were recorded in the reporting period in 2021 and external special items in conjunction with the cyber attack, the adjusted EBIT figure was € 1.4 million (Q1 2020: € 3.8 million), which is equivalent to an adjusted EBIT margin of 0.9 percent (Q1 2020: 2.0 percent).

The headcount, including trainees, on March 31, 2021 was 7,871 employees (12/31/2020: 7,984 employees). 5,637 of these employees were employed in Germany, and 2,234 in the rest of the world (RoW) (12/31/2020: [Germany: 5,741; RoW: 2,243]).

In the first quarter of 2021, gross investments in fixed assets amounted to € 3.5 million, which was below the level of the same period in the previous year (Q1 2020: € 4.4 million). The equity ratio on the reporting date was 16.3 percent (12/31/2020: 16.4 percent).

At € 130.3 million, the net financial debt (including lease liabilities) increased compared to the level recorded on December 31, 2020 (€ 104.3 million). Without taking lease liabilities into account, the net financial assets on March 31, 2021 amount to € 4.6 million (12/31/2020: net financial assets € 33.1 million), which is equivalent to a € 25.5 million reduction in the assets.

For the EDAG Group, supporting its customers, employees and society during the Corona pandemic remains a priority. In this context, we place great emphasis on

active crisis management, and have an EDAG Corona Crisis Team which was installed in March 2020. The team, which is in regular contact with the relevant authorities, provides employees with a continuous stream of up-to-date information about the corona virus by e-mail and on a specially set up information portal. A Corona hotline has also been organized so that any further questions EDAG employees might have can be answered on a daily basis. In addition, numerous preventive and protective measures have been implemented worldwide. These include hygiene stations, an obligation to wear masks on all EDAG premises, the increased use of online meetings and mobile working / working from home, and a staggered attendance model. Since April 2021, the EDAG Group has been providing employees with free corona test sets for voluntary self testing.

To ensure its financial flexibility, EDAG is continuing to hire fewer employees and reduce the amount of capital expenditure that is adjustable at short notice, and, in the sense of strict cost management, is also taking advantage of potential savings opportunities such as fewer business trips, and virtual rather than face-to-face meetings. Continuing use is also being made of short-time work in Germany, and to some extent in other countries, too. In this context, a Corona company agreement has been concluded, which provides for an increase in the amount of short-time working compensation paid in cases of social hardship.

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

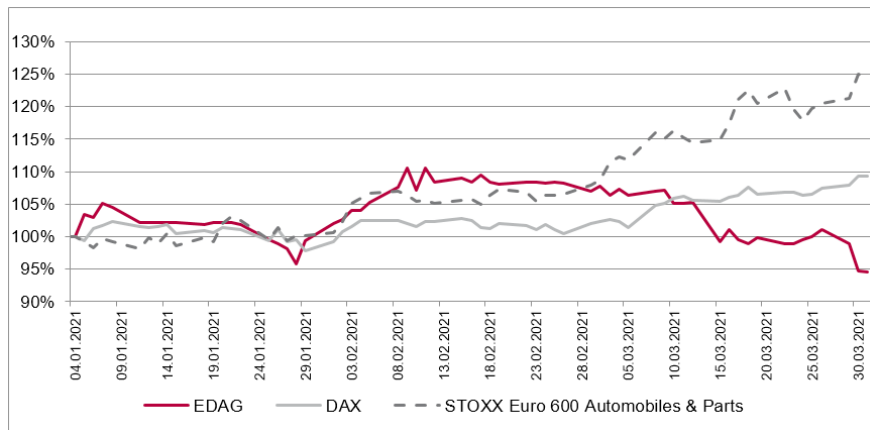


# THE EDAG SHARE

On January 4, 2021, the DAX started the first quarter of the financial year with 13,890 points. With a closing value of 13,789 points, the index reached a new record level on February 19. Following this, the German share index continued to rise, reaching new highs. With a closing value of 15,009 points on March 31, the DAX reached a new record level. The STOXX Automobiles & Parts Index fluctuated between 514 and 656 points during the same period.

## 1 Price Development

On January 4, 2021, the opening price of the EDAG share in XETRA trading was € 9.18. Following this, a positive trend was observed in the development of the share, which closed at € 10.50 on February 11. In the wake of the ad hoc announcement on March 14, the share price successively declined until a closing price of € 8.99 was reached on March 31. This was also the lowest closing price in the reporting period. During the first quarter of 2021, the average XETRA trade volume was 4,464 shares a day.



Source: Comdirect

## 2 Key Share Data

	1/1/2021 – 3/31/2021
<b>Prices and trading volume:</b>	
Share price on September 30 (€) <sup>1</sup>	8.99
Share price, high (€) <sup>1</sup>	10.50
Share price, low (€) <sup>1</sup>	8.99
Average daily trading volume (number of shares) <sup>2</sup>	4,464
Market capitalisation on September 30 (€ million)	224.75

<sup>1</sup> Closing price on Xetra

<sup>2</sup> 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](http://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 following 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 our local presence for our customers.

#### Presentation of the Vehicle Engineering Segment

The Vehicle Engineering segment ("VE") consists of services along the vehicle development process as well as responsibility for modules, derivatives and complete vehicles. We serve our customers from the initial idea through to the finished prototype. The segment is divided into the following divisions:

Our **Body Engineering** department brings together all of our services such as package & ergonomics, body assembly, surface design and interior & 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. In addition to dealing with computation and simulation, the Dimensional Management team works on the reproducibility and

geometrical quality of the products. 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. Functionality is validated and durability analyzed on the test equipment and facilities at our test laboratories, in readiness for start of production. This includes tests on individual components, modules, engines, motors, transmissions, and even complete vehicles. In the **Models & Vehicle Solutions** department, we offer a full range of styling, ideation and design services, and in our design studios we are able to implement the virtual design validation process and construct physical models for all phases of vehicle engineering. In the associated Prototype and Vehicle Construction 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 round off the portfolio of this department. This also includes the construction of classic cars, including custom-made spare parts. Complete vehicle development and interdisciplinary module packages, some of them calling for the involvement of our international subsidiaries, are managed by the **Project Management** department. 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 (PS) segment - operating through the independent company EDAG Production Solutions GmbH & Co. KG, Fulda, its international subsidiaries and profit centers - is an all-round engineering partner which accepts responsibility for the development and implementation of production processes at 12 sites in Germany and at international sites in the USA, India, the Czech Republic, Hungary, Sweden, 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 realization support. The "Industry 4.0" methods and tools serve as the basis for the networked engineering between the product development and plant construction processes.



Since January 2021, EDAG PS has been organized in the following divisions:  
Automotive, Industrial and Smart City Solutions.

The **Automotive Solutions** division is the long-standing division of EDAG PS. EDAG PS offers customers in the automotive industry an extensive portfolio which ranges from planning to virtual commissioning. It has the comprehensive production development competence needed to master all the interfaces between product development, production engineering and plant engineering and construction. This division has two main points of focus: the manufacturability and feasibility of the product on the one hand, and mechatronic engineering in body manufacturing, final assembly and the components on the other. The aim is to reduce the number of hours in the engineering process for each factory, production line and production cell by means of standardization and automation. Digital factory methods are used in all production lines (digital, virtual and real-life) to guarantee that functional requirements are met and implemented. To meet customers' requirements, the engineers develop realistic 3D simulation cells in which the planning, design and technological concepts are implemented and validated, both mechanically and electrically, in line with process requirements. Early involvement during the engineering process makes it possible to systematically improve production processes and ensure an optimal start of production (ramp-up).

In the **Industrial Solutions** division, holistic and independent production solutions are developed, digitally validated and implemented. Starting with analysis and consulting, then the planning and development of production plants through to their realization, support along the entire product and production development process is provided for customers in the automotive sector, and particularly in industry in general. The key services in this division are the six elements of the smart factory: product design for manufacturability, coordinated technical building equipment and plant layout, individual production solutions, networking through smart logistics, digitalization and networking in production, and VR and AR in production. This enables EDAG PS to achieve optimal process reliability for its customers, along with a sustainable factory infrastructure, maximum productivity, supply chain excellence, complexity control, and optimal decision-making and process validation. The portfolio is also complemented by Feynsinn, a process consulting and CAx development department. IT-assisted sequences and methods are developed here, as is software for product design, development, production and marketing. Feynsinn

also offers consulting, conceptual and realization services in the field of visualization technologies. A range of training opportunities completes the EDAG PS portfolio.

Alongside these two core business fields, the **Smart City** division is also being developed, to advance digitalization and networking in the public arena. The focus of this division is on intelligent networking solutions: smart mobility, smart infrastructure, smart people and smart government. With these connectivity solutions, EDAG PS helps cities and municipalities to network the transport of passengers and goods, gather and consolidate city-related information, make digitalization accessible to people, and digitize processes and link data interfaces.

### Presentation of the Electrics/Electronics Segment

The structures in the Electrics/Electronics segment consist of six programs that represent a complete E/E portfolio from the customer's point of view, and externally reflect the most important customer trends. These six programs are: Vehicle Electrics & Electronics, E-Drive & Energy Systems, Comfort & Body Systems, Autonomous Drive & Safety, Connectivity & User Experience (UX) and Mobility & Cloud Services. Systematic innovation management, adherence to new agile development processes and rapid customer-oriented development are the values that are also applied in customer projects in the digital transformation process.

Thanks to the competence organization in the growth domains, the range of services offered by the E/E segment provides all development services required for a complete vehicle.

Various different sites cooperate to provide the work results. This includes in particular the growth domains eMobility, autonomous driving, digital networking both inside and outside of the car, and solutions for mobility services. Also included in the range of services are developments relating to comfort and safety systems.

To accommodate the constantly increasing number of functions and the internal and external networking of vehicles, the **Architecture & Networks Development** division develops innovative domain or service-oriented architectures on the basis of a fully integrated tool-based EDAG E/E architecture development process. Starting with the initial feature list, through topology and the vehicle electrical system, to integration in the corresponding vehicle, EDAG provides support and development

services for all development phases through to series production, using the company's own benchmark, feature and component databases.

The **Systems Engineering** division develops electrical and electronic systems and functions. The systems are divided into their individual elements: sensor technology, actuator technology and controls. The core competency centers on the management of the development process throughout the entire development, following either the OEM's or EDAG's process model. Whereas there is a tendency to perform specifying activities at the beginning, the focus of tasks shifts towards controlling system integration and system validation as the project progresses, concluding with support during the approval phase of the market-ready systems.

**E/E Software & Digitalization** develops hardware and software components. EDAG provides support along the entire development cycle from the concept phase to series production, and assumes responsibility for all development activities. Development in line with the ASPICE model in highly automated tool chains and agile development teams is one of the daily challenges faced in the endeavor to ensure efficient processing with high-quality engineering in the projects. Information technology is another key aspect of Software & Digitalization. Here, EDAG develops innovative services on behalf of customers. EDAG's service portfolio includes order-related UX, agile development processes and distinctive technological expertise in classic software development in the front-end and back-end and in special applications in the field of AI and data science.

The **Integration & Validation** division combines validation and testing skills. Apart from specific test stand construction, this also calls for knowledge of test strategies, test specifications and test performance. The tests are carried out in the laboratory, at the test site, on the road, or in virtual test environments in a variety of ways ranging from manual to highly automated. All E/E aspects relating to prototype and test vehicle construction are also included in this division.

In its generally applicable, interdisciplinary function, competence in the field of **functional safety & cyber security** in particular is gaining in significance. In society's endeavors to minimize risks (Vision Zero), comprehensive security concepts that also cover the infrastructure and monitoring elements such as vehicle guidance systems are being developed. With the introduction of a new standard in ISO/SAE 21434 and planned standardized requirements for the type approval of vehicles,

cyber security is becoming increasingly important, and here too, EDAG intends to take a leading position.

A further addition to the service portfolio is **Process & Product Data Management** ("PPDM"), which attends to the cross-divisional management of all processes aimed at achieving milestones in the product creation process. The services range from process management, through certification, homologation and release management, to commissioning and digital mock-up.

## 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 international 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, by further optimizing our assets and infrastructure, and increasing automation in the development process
- 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 2020.

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 2021, the world economy in 2020 was influenced primarily by the Covid-19 pandemic, and exhibited a 3.3 percent contraction (2019: 2.8 percent growth). For the current year, the IMF anticipates a growth rate of 6.0 percent.

The European market (EU-27 + EFTA) recorded a severe downturn in 2020 (-24.3 percent). Recovery in the first quarter of 2021 was only very moderate, rising to 3.1 million vehicles (+1 percent). The development of the five largest individual markets varied widely: whereas the number of new vehicles registered in Germany in 2021 fell by only 6.4 Prozent, there were downturns in the two-figure range on the markets in Great Britain (-12.0 percent) and Spain (-14.9 percent). On the other hand, there were considerable increases in the number of new vehicles registered in Italy (+28.7 percent) and France (+21.1 percent).

In Germany, the dynamic growth in new registrations of electric passenger cars remained at a high level in the first quarter of 2021 (+172 percent compared to the same period in the previous year). PHEVs (Plug-In Hybrid Electrical Vehicles), registrations of which more than tripled compared to the first quarter of 2020 (+195 percent), accounted for a significant share of sales growth. Overall, sales of electric passenger cars, which amounted to 142,741, accounted for a market share of 21.7 percent (same period in the previous year: 7.5 percent). At 38.3 percent, the proportion of gasoline-fueled passenger cars in the reporting period was well below the previous year's level (51.2 percent); likewise, at 24.1 percent, the proportion of diesel-fueled passenger cars was also significantly below the level in the previous year (31.9 percent).

In the USA, the volume on the light vehicle market (passenger cars and light trucks) increased by 11 percent to about 3.9 million vehicles in the first quarter. Sales of passenger cars fell by 5 percent, while sales in the light truck segment increased by 17 percent. There was a significant increase (+76 percent) in the number of new vehicles sold in China (5.0 million). This strong growth is a consequence of the previous year's very low level, resulting from the harsh lockdown in February and

March. The passenger car market crashed by 45 percent at that time. Gains were also recorded on the markets in Japan (+4 percent) and India (+36 percent). Brazil (-7 percent) and Russia (-3 percent) were unable to match the previous year's figures.

Innovation drivers such as autonomous and connected driving, digitalization, eMobility and new mobility services continue to have a worldwide impact, and are also affecting the market for engineering services. Current market trends are still 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. It is assumed that, in the medium to long term, there will be an increase in development expenses (primarily in software and electrification).

### 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, 2021, orders on hand increased to € 385.7 million compared to € 294.4 million as of December 31, 2020 (3/31/2020: € 380.0 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 € 204.4 million, which compared to the same quarter in the previous year (€ 275.4 million), represents a decrease of € 71.0 million.

Revenues decreased by € 36.5 million or 18.9 percent to € 156.7 million compared to the same period in the previous year (Q1 2020: € 193.2 million), mainly as a result of the ongoing challenges caused by the COVID-19 pandemic and a production order that had come to an end since the previous year. In addition, there were also temporary impairments in the operating performance due to the cyber attack that occurred in mid-March. There was a slight decline in revenues in the Electrics/Electronics segment, while the Vehicle Engineering and Production Solutions segments reported considerable decreases in revenues.



The materials and services expenses decreased by € 17.8 million to € 14.9 million. At 9.5 percent, the materials and services expenses ratio was below the level of the same period of the previous year (Q1 2020: 16.9 percent). This development is mainly due to a production order ending in 2020. At 3.9 percent, the materials expenses ratio was also below the level of the same period in the previous year (Q1 2020: 10.5 percent). At 5.6 percent, the ratio of service expenses in relation to the revenues was likewise below the level of the same period in the previous year (Q1 2020: 6.4 percent).

The EDAG Group's personnel expenses decreased by € 8.7 million or 6.7 percent to € 119.9 million compared to the same period in the previous year. Besides severance pay, the personnel expenses include income from government subsidies for short-time compensation in the amount of € 3.0 million (Q1 2020: € 0.7 million). Further severance payments as knock-on effects from the measures adopted in the previous year within the context of optimizing the cost structure and improving performance are shown in other expenses. In the quarter just ended, the company had a workforce of 7,893 employees on average, including apprentices (Q1 2020: 8,391 employees). Depreciation, amortization and impairments totaled € 9.4 million (Q1 2020: € 10.9 million). The other operating expenses decreased by € 3.6 million to € 19.2 million.

Compared to the previous year, the EBIT in the reporting period decreased by € 3.3 million to € -0.8 million (Q1 2020: € 2.5 million). This means that an EBIT margin of -0.5 percent was achieved (Q1 2020: 1.3 percent).

Primarily adjusted for the depreciation, amortization and impairments from the purchase price allocations that were recorded in the reporting period in 2021 and external special items in conjunction with the cyber attack, the adjusted EBIT figure was € 1.4 million (Q1 2020: € 3.8 million), which is equivalent to an adjusted EBIT margin of 0.9 percent (Q1 2020: 2.0 percent).

The financial result for the first quarter of 2021 was € -2.3 million, (Q1 2020: € -2.5 million), an improvement of € 0.2 million compared to the same period in the previous year.

#### **Development of the Vehicle Engineering Segment**

Incoming orders amounted to € 117.3 million in the first quarter of 2021, which was a significant 35.9 percent below the value for the same period in the previous year (Q1 2020: € 183.0 million). At € 100.4 million, revenues remained below the previous year's level (Q1 2020: 123.8 million). All in all, an EBIT of € 1.5 million was recorded for the Vehicle Engineering segment in the quarter just ended (Q1 2020: € 2.3 million). The EBIT margin amounted to 1.5 percent and was thus below the previous year's level (Q1 2020: 1.8 percent). Compared to the same period in the previous year, the adjusted EBIT margin increased to 2.9 percent (Q1 2020: 2,5 percent).

#### **Development of the Production Solutions Segment**

In this segment, incoming orders amounted to € 30.1 million, which was above the level of the same period in the previous year (Q1 2020: € 26.2 million). Revenues decreased by a significant 30.1 percent to € 20.0 million (Q1 2020: € 28.6 million). Overall, the EBIT for the Production Solutions segment stood at € -4.3 million in the first quarter (Q1 2020: € -1.6 million). The sharp decline in the revenues and EBIT is primarily attributable to continuing difficult market conditions in the first quarter and the resulting under-utilization of resources. In addition, this segment was affected harder by the effects of the cyber incident and the corona pandemic than others. The adjusted EBIT margin amounted to -18.4 percent (Q1 2020: -5.2 percent).

#### **Development of the Electrics/Electronics Segment**

Incoming orders decreased by € 11.4 million to € 61.6 million compared to the same period in the previous year (Q1 2020: € 73.0 million). Revenue totaled € 45.5 million, which was also slightly below the same period in the previous year (€ 46.8 million). The EBIT stood at € 2.0 million (Q1 2020: € 1.8 million). This meant that the EBIT margin amounted to 4.4 percent (Q1 2020: 3.8 percent). The adjusted EBIT margin was 4.9 percent, which was a slight improvement on the previous year's level (Q1 2020: 4.7 percent).

#### **Cash Flows and Financial Position**

At € 616.7 million, the EDAG Group's statement of financial position total was slightly below the level of December 31, 2020 (€ 620.1 million). The non-current assets decreased by € 2.9 million to € 313.3 million (31/12/2020: € 316.3 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. By

contrast, deferred tax assets in non-current assets rose by € 0.9 million. In the current assets, the reduction of current accounts receivable by € 15.2 million is countered by an increase in contract assets in the amount of € 34.4 million. Other current non-financial assets increased by € 3.7 million to € 19.9 million (12/31/2020: € 16.2 million) due to prepaid expenses and receivables from subsidies for short-time compensation. Cash and cash-equivalents decreased by € 24.8 million. At € 131.5 million, however, these are still at a very high level.

On the equity, liabilities and provisions side, equity decreased by € 1.1 million to € 100.8 million as a result of the current loss. The equity ratio was 16.3 percent (12/31/2020: 16.4 percent).

At € 278.8 million, non-current liabilities and provisions were slightly below the level of December 31, 2020 (12/31/2020: € 282.2 million). This was mainly due to a decrease of € 2.5 million in the non-current lease liabilities. In the current liabilities and provisions on the other hand, there was a slight increase of € 1.1 million to € 237.1 million.

In the first quarter of 2021, the operating cash flow was € -19.0 million (Q1 2020: € 4.8 million). The reduction was due partly to a decrease in earnings, but primarily to effects from the trade working capital.

At € 3.5 million, gross investments in the reporting period were lower than in the previous year (Q1 2020: € 4.4 million). The ratio of gross investments in relation to revenues was therefore 2.2 percent (Q1 2020: 2.3 percent).

On the reporting date, unused lines of credit in the amount of € 102.7 million exist in the Group (12/31/2020: € 103.7 million). In addition, we also have the option of drawing on a further € 60 million made available by a KfW entrepreneur loan at any time. The Executive Management continues to regard 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 2020.

On March 31, 2021 the EDAG Group employed a workforce of 7,871 employees (12/31/2020: 7,984 employees). Personnel expenses in the reporting period amounted to € 119.9 million (Q1 2020: € 128.5 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 Group Management Report in the Annual Report for 2020. The magnitude of the SARS-CoV-2 pandemic makes it impossible to make a reliable quantitative forecast of the future development of the overall economy, industry and also the EDAG Group for the coming months, the 2021 financial year and beyond. We refer here to our comments in the Forecast report. 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 2020.

## 3.2 Forecast

According to the International Monetary Fund's (IMF) current outlook issued in April 2021, the world economy contracted by 3.3 percent in 2020. Global growth is projected at 6.0 percent for 2021, and this is expected to moderate to 4.4 percent in 2022.

According to current estimates announced in April 2021, Germany can expect an increase of 3.6 percent in economic performance in 2021; the trend is expected to continue, with a growth rate of 3.4 percent in 2022. In the January forecast, a growth rate of 3.5 was still anticipated for 2021, and of 3.1 percent for 2022. Within the euro area, the IMF expects a growth rate of 4.4 percent in 2021, and of 3.8 percent in 2022 (in the January forecast, the IMF expects a growth rate of 4.2 percent in 2021, and of 3.6 percent for 2022).

Projections indicate that the recovery of the US economy is expected to amount to 6.4 percent in 2021. In the January forecast, a growth rate of 5.1 was still anticipated. In contrast to the January forecast (+2.5 percent), a stronger growth rate of 3.5 percent is now projected for 2022.

According to current estimates, China, with forecasts for a 8.4 percent increase in economic output in 2021 (0.3 percentage points more than in the January forecast) and 5.6 percent in 2022, will continue to be a growth engine for the global economy, and is therefore one of the states with the fastest growing economic performance in 2021.

To a high degree, the outlook in the automotive industry for 2021 is marked by the increasing recovery of the markets. During the Covid-19 pandemic-related production stops of numerous vehicle manufacturers in April and May 2020, sales figures were significantly below those of the previous years. Now, with production having been resumed and recovery being sustained, Morgan Stanley anticipates a significant increase (approx. 7.1 percent) in global sales to 78 million vehicles in 2021. Recent estimates indicate that just under 73 million vehicles were sold in 2020. In January, estimated sales figures for 2020 stood at 71.7 million vehicles.

According to VDA estimates, the number of new vehicles registered within Europe (EU-27 + EFTA) will increase by 12 percent to a total of 13.4 million passenger cars

in 2021. For Germany, the VDA also forecasts an increase of 8 per cent to 3.2 million passenger cars. The background here is the ongoing recovery of the sales markets.

Following the decrease in China's sales figures in 2020, the VDA anticipates a recovery of 8 percent to 21.4 million units in 2021.

Besides the sales figures, however, technological and digital trends continue to have an enormous influence not just on our own business model, but also on those of the OEMs. In particular, a large number of new automotive startup companies can see an opportunity to shape the mobility of the future. The current emission standards are pushing the further development of classic powertrain types and promoting the integration of alternative powertrains. The BEV/PHEV<sup>1</sup> technologies are also becoming increasingly important. In addition, however, e-fuels and the hydrogen-based fuel cell are providing high-tech engineering service providers with diverse opportunities. 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.

As a global-level partner to our customers, EDAG wants to operate successfully and achieve profitable growth rates again. EDAG is one of the top engineering service providers in the automotive sector, and well positioned to handle the market changes towards increasingly large and complex projects with more and more engineering responsibility. Targeted investments and a clear focus on our performance and technology spectrum have strengthened our international market position for fully integrated vehicle development and large module packages. By creating a synergy between the flexible and mobile application of our expertise, the utilization of our internal, best-cost resources, and an international project management team, we strive, at a global level, to meet our customers' expectations.

Qualified and committed employees are essential for the implementation of our strategy. EDAG offers selective training measures and a high-level apprenticeship

<sup>1</sup> Battery electric vehicle (BEV)/plug-in hybrid electric vehicle (PHEV)



program in order to meet high customer requirements and achieve our growth targets. Training measures and advanced education are available to both experienced and young professionals.

The market for engineering services remains highly dynamic. With a growing focus on CO<sub>2</sub> 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.

At present we still see no risk to the continued existence of the company in the Covid-19 pandemic and the resulting economic global crisis, but do see a risk that its development might be impaired. On the reporting date, unused lines of credit with institutions in the amount of € 102.7 million currently exist in the Group (12/31/2020: € 103.7 million). In addition, we also have the option of drawing on a further € 60 million made available by a KfW entrepreneur loan at any time. As a result, we see ourselves in a very well good financial position to meet the challenges of the 2021 financial year.

Delays in the awarding of contracts, project cancellations, heterogeneous capacity utilization in different areas and locations, and continuing price pressure still pose additional short term risks for engineering service providers. Short-time work is an instrument that can also be used in Germany in the 2021 financial year, and to some extent in other countries, as a tried and tested countermeasure.

Bearing in mind the highly dynamic way in which the situation is changing and the exceptional uncertainties arising as a result, there is, from today's point of view, still only a very restricted possibility of forecasting economic development and deriving a reliable and dependable quantitative outlook.

As a globally operating company, the EDAG Group is keeping a keen eye on further developments, and, in close contact with customers, has made preparations so that any additional countermeasures that prove necessary can be taken as quickly as possible.

Due to the fact that it is still not entirely possible to make reliable forecasts, we are continuing to limit ourselves to a qualitative comparative forecast, because - particularly in terms of the extent and duration of the negative effects of the Covid-19 pandemic - the development of the EDAG Group's net assets, financial position and financial performance can still not be reliably forecast in the usual form.

We anticipate a moderate increase in revenues in the 2021 financial year. On the basis of current estimates, we also still assume that we will have a comparatively weak first half of 2021, and a comparatively better second half of the year, although this assessment largely depends on the future development of the pandemic. In the worst case, revenues could stagnate or even decline.

On the strength of the savings measures that have been implemented, we still expect a marked, positive increase in the adjusted EBIT in either case.

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 Group Management Report in the 2020 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	1/1/2021 – 3/31/2021	1/1/2020 – 3/31/2020
<b>Profit or loss</b>		
Sales revenues and changes in inventories <sup>1</sup>	156,749	193,220
Sales revenues	156,083	191,268
Changes in inventories	666	1,952
Other income	5,838	4,389
Material expenses	- 14,858	- 32,665
<b>Gross Profit</b>	<b>147,729</b>	<b>164,944</b>
Personnel expenses	- 119,858	- 128,528
Depreciation, amortization and impairment	- 9,448	- 10,943
Net result from impairment losses or impairment loss reversals of financial assets	- 22	- 157
Other expenses	- 19,189	- 22,824
<b>Earnings before interest and taxes (EBIT)</b>	<b>- 788</b>	<b>2,492</b>
Result from investments accounted for using the equity method	28	- 43
Financial income	36	71
Financing expenses	- 2,360	- 2,511
<b>Financial result</b>	<b>- 2,296</b>	<b>- 2,483</b>
<b>Earnings before taxes</b>	<b>- 3,084</b>	<b>9</b>
Income taxes	1,027	- 3
<b>Profit or loss</b>	<b>- 2,057</b>	<b>6</b>

<sup>1</sup> For the sake of simplicity, described as revenue in the following.

in € thousand	1/1/2021 – 3/31/2021	1/1/2020 – 3/31/2020
<b>Profit or loss</b>	<b>- 2,057</b>	<b>6</b>
<b>Other Comprehensive Income</b>		
<b>Under certain conditions reclassifiable profits/losses</b>		
Currency conversion difference		
Profits/losses included in equity from currency conversion difference	186	- 1,610
<b>Total under certain conditions reclassifiable profits/losses</b>	<b>186</b>	<b>- 1,610</b>
<b>Not reclassifiable profits/losses</b>		
Revaluation of net obligation from defined benefit plans		
Revaluation of net obligation from defined benefit plans before taxes	1,125	4,521
Deferred taxes on defined benefit plans and obligations	- 338	- 1,104
Share of other comprehensive income of at-equity accounted investments, net of tax	18	51
<b>Total not reclassifiable profits/losses</b>	<b>805</b>	<b>3,468</b>
Total other comprehensive income before taxes	1,329	2,962
Total deferred taxes on the other comprehensive income	- 338	- 1,104
<b>Total other comprehensive income</b>	<b>991</b>	<b>1,858</b>
<b>Total comprehensive income</b>	<b>- 1,066</b>	<b>1,864</b>
<b>Earnings per share of shareholders of EDAG Group AG [diluted and basic in €]</b>		
Earnings per share	- 0.08	0.00

## 2 Consolidated Statement of Financial Position

in € thousand	3/31/2021	12/31/2020
<b>Assets</b>		
Goodwill	74,270	74,258
Other intangible assets	14,596	15,334
Property, plant and equipment	68,709	69,324
Rights of use from leasing	116,193	118,700
Financial assets	149	135
Investments accounted for using the equity method	17,544	17,498
Non-current other financial assets	671	725
Non-current other non-financial assets	156	165
Deferred tax assets	21,037	20,133
<b>Non-current assets</b>	<b>313,325</b>	<b>316,272</b>
Inventories	3,303	2,654
Current contract assets	85,685	51,319
Current accounts receivables	58,968	74,123
Current other financial assets	2,632	1,889
Current securities, loans and financial instruments	18	32
Current other non-financial assets	19,862	16,155
Income tax assets	1,389	1,343
Cash and cash-equivalents	131,515	156,292
<b>Current assets</b>	<b>303,372</b>	<b>303,807</b>
<b>Assets</b>	<b>616,697</b>	<b>620,079</b>

in € thousand	3/31/2021	12/31/2020
<b>Equity, liabilities and provisions</b>		
Subscribed capital	920	920
Capital reserves	40,000	40,000
Retained earnings	78,040	80,097
Reserves from profits and losses recognized directly in equity	- 12,790	- 13,595
Currency conversion differences	- 5,395	- 5,581
<b>Equity</b>	<b>100,775</b>	<b>101,841</b>
Provisions for pensions and similar obligations	36,786	37,463
Other non-current provisions	3,588	3,552
Non-current financial liabilities	120,449	120,778
Non-current lease liabilities	117,856	120,340
Non-current other non-financial liabilities	87	83
Deferred tax liabilities	36	6
<b>Non-current liabilities and provisions</b>	<b>278,802</b>	<b>282,222</b>
Current provisions	22,523	24,114
Current financial liabilities	6,504	2,441
Current lease liabilities	17,008	17,029
Current contract liabilities	120,026	125,402
Current accounts payable	20,428	22,978
Current other financial liabilities	3,889	3,691
Current other non-financial liabilities	46,223	38,496
Income tax liabilities	519	1,865
<b>Current liabilities and provisions</b>	<b>237,120</b>	<b>236,016</b>
<b>Equity, liabilities and provisions</b>	<b>616,697</b>	<b>620,079</b>



### 3 Consolidated Cash Flow Statement

in € thousand		1/1/2021 – 3/31/2021	1/1/2020 – 3/31/2020
	<b>Profit or loss</b>	<b>- 2,057</b>	<b>6</b>
+/-	Income tax expenses/income	- 1,027	3
-	Income taxes paid	- 1,545	- 1,946
+	Financial result	2,296	2,483
+	Interest and dividend received	36	75
+/-	Depreciation and amortization/write-ups on tangible and intangible assets	9,448	10,943
+/-	Other non-cash item expenses/income	106	4,628
+/-	Increase/decrease in non-current provisions	- 667	- 6,649
-/+	Profit/loss on the disposal of fixed assets	- 1	9
-/+	Increase/decrease in inventories	- 693	- 799
-/+	Increase/decrease in contract assets, receivables and other assets that are not attributable to investing or financing activities	- 22,858	- 26,629
+/-	Increase/decrease in current provisions	- 1,588	- 1,548
+/-	Increase/decrease in accounts payables and other liabilities and provisions that are not attributable to investing or financing activities	- 424	24,206
=	<b>Cash inflow/outflow from operating activities/operating cash flow</b>	<b>- 18,974</b>	<b>4,782</b>
+	Deposits from disposals of tangible fixed assets	5	44
-	Payments for investments in tangible fixed assets	- 2,697	- 3,410
-	Payments for investments in intangible fixed assets	- 819	- 1,038
+	Deposits from disposals of financial assets	1	115
-	Payments for investments in financial assets	- 15	- 149
=	<b>Cash inflow/outflow from investing activities/investing cash flow</b>	<b>- 3,525</b>	<b>- 4,438</b>

in € thousand		1/1/2021 – 3/31/2021	1/1/2020 – 3/31/2020
-	Interest paid	- 2,171	- 2,103
+	Borrowing of financial liabilities	4,417	-
-	Repayment of financial liabilities	- 63	- 930
-	Repayment of lease liabilities	- 4,574	- 3,697
=	<b>Cash inflow/outflow from financing activities/financing cash flow</b>	<b>- 2,391</b>	<b>- 6,730</b>
	<b>Net Cash changes in financial funds</b>	<b>- 24,890</b>	<b>- 6,386</b>
-/+	Effect of changes in currency exchange rate and other effects from changes of financial funds	113	- 1,021
+	Financial funds at the start of the period	156,292	70,618
=	<b>Financial funds at the end of the period [cash &amp; cash equivalents]</b>	<b>131,515</b>	<b>63,211</b>
=	<b>Free cash flow (FCF) – equity approach</b>	<b>- 22,499</b>	<b>344</b>

## 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
<b>As per 1/1/2021</b>	<b>920</b>	<b>40,000</b>	<b>80,097</b>	<b>- 5,581</b>	<b>- 13,474</b>	<b>- 121</b>	<b>101,841</b>
Profit or loss	-	-	- 2,057	-	-	-	- 2,057
Other comprehensive income	-	-	-	186	787	18	991
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>- 2,057</b>	<b>186</b>	<b>787</b>	<b>18</b>	<b>- 1,066</b>
<b>As per 3/31/2021</b>	<b>920</b>	<b>40,000</b>	<b>78,040</b>	<b>- 5,395</b>	<b>- 12,687</b>	<b>- 103</b>	<b>100,775</b>

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
<b>As per 1/1/2020</b>	<b>920</b>	<b>40,000</b>	<b>103,499</b>	<b>- 3,418</b>	<b>- 13,035</b>	<b>- 102</b>	<b>127,864</b>
Profit or loss	-	-	7	-	-	-	7
Other comprehensive income	-	-	-	- 1,610	3,417	51	1,858
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>- 1,610</b>	<b>3,417</b>	<b>51</b>	<b>1,865</b>
<b>As per 3/31/2020</b>	<b>920</b>	<b>40,000</b>	<b>103,506</b>	<b>- 5,028</b>	<b>- 9,618</b>	<b>- 51</b>	<b>129,729</b>

## 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, 2021 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, 2020. The Consolidated Financial Statement of EDAG Group AG and its subsidiaries for December 31, 2020 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, 2021 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, 2021, 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:

- **IFRS 4** – Extension of the existing option for delayed first-time adoption of IFRS 9 (IASB publication: June 25, 2020; EU endorsement: December 15, 2020)
- **IFRS 9 / IAS 39 / IFRS 7** – Interest Rate Benchmark Reform (IASB publication: August 27, 2020; EU endorsement: January 15, 2021)
- **IFRS 16** – Extension of relief for COVID 19-related rent concessions (IASB publication: March 31, 2021; EU endorsement: open)

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 1.09 percent has been used for pension provisions in Germany (12/31/2020: 0.83 percent). An unchanged discount rate of 0.20 percent has been used for pension provisions in Switzerland (12/31/2020: 0.20 percent).

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 interim reporting period. Accordingly, the weighted average expected annual tax rate in the amount of 33.33 percent (12/31/2020: 23.14 percent effective reported tax rate) was used.

Otherwise, the same accounting and valuation methods and consolidation principles as were used in the 2020 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 2020. This Consolidated Interim Report should therefore be read in conjunction with the Consolidated Financial Statement of EDAG Group AG for December 31, 2020.

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.

**Estimates and discretionary decisions due to the COVID-19 pandemic**

Preparation of the Consolidated Interim Report in accordance with IFRS requires management to make estimates and discretionary decisions that may affect the recognition and measurement of assets and liabilities in the balance sheet, the disclosure of contingent receivables and liabilities on the balance sheet date, and the reported income and expenses for the reporting period.

Due to the fact that it is still not possible to foresee the global consequences of the COVID-19 pandemic, these estimates and discretionary decisions are subject to increased uncertainty. The amounts actually realized may deviate from these estimates and discretionary decisions; changes may have a material impact on the Consolidated Interim Report.

All available information relating to expected future economic developments and country-specific government measures was taken into account when the estimates and discretionary decisions were being updated.

This information was included in the impairment test for assets and financial investments accounted for using the equity method. In addition, impairment tests

were carried out for the cash-generating units, which confirmed the recoverability of the relevant underlying book values.

**5.3 Changes in the Scope of Consolidation**

On March 31, 2021, the group of combined or consolidated companies is composed as follows:

	Switzerland	Germany	Other Countries	Total
Fully consolidated companies	3	5	22	30
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.

## 5.4 Currency Conversion

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

Country		3/31/2021	1Q 2021	12/31/2020	1Q 2020
		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	0.8521	0.8747	0.8990	0.8616
Brazil	BRL	6.7409	6.5927	6.3735	4.9111
USA	USD	1.1725	1.2056	1.2271	1.1023
Malaysia	MYR	4.8618	4.9002	4.9340	4.6073
Hungary	HUF	363.2700	360.9856	363.8900	339.0774
India	INR	85.8130	87.9081	89.6605	79.8511
China	CNY	7.6812	7.8111	8.0225	7.6937
Mexico	MXN	24.0506	24.5163	24.4160	22.0446
Czech Republic	CZK	26.1430	26.0648	26.2420	25.6137
Switzerland	CHF	1.1070	1.0905	1.0802	1.0668
Poland	PLN	4.6508	4.5431	4.5597	4.3226
Russia	RUB	88.3175	89.7192	91.4671	73.7020
Sweden	SEK	10.2383	10.1177	10.0343	10.6658
Japan	JPY	129.9100	127.7270	126.4900	120.0952
Turkey	TRY	9.7250	8.9049	9.1131	6.7391

## 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, all effects of purchase price allocations and external special effects in conjunction with the cyber attack on EBIT.

in € thousand	1/1/2021 – 3/31/2021	1/1/2020 – 3/31/2020
<b>Earnings before interest and taxes (EBIT)</b>	<b>- 788</b>	<b>2,492</b>
Adjustments:		
Expenses from purchase price allocation	633	1,297
Other adjustmens	1,587	-
<b>Total adjustments</b>	<b>2,220</b>	<b>1,297</b>
<b>Adjusted earnings before interest and taxes (adjusted EBIT)</b>	<b>1,432</b>	<b>3,789</b>

## 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, 2021, the non-current assets amounted to € 313.3 million (12/31/2020: € 316.3 million). Of these, € 0.6 million are domestic, € 273.5 million are German, and € 39.2 million are non-domestic (12/31/2020: [domestic: € 0.7 million; Germany: € 275.0 million; non-domestic: € 40.6 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 Group 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 Group Management Report.

The range of services offered by the **Electrics/Electronics** segment (E/E) encompasses six programs that represent a complete E/E portfolio from the customer's point of view, and externally reflect the most important customer trends. These six programs are: Vehicle Electrics & Electronics, E-Drive & Energy Systems, Comfort & Body Systems, Autonomous Drive & Safety, Connectivity & User Experience (UX) and Mobility & Cloud Services. For more detailed descriptions of these skills, please see the chapter "Business Model" in the Interim Group Management Report.

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

in € thousand	1/1/2021 – 3/31/2021					
	Vehicle Engineering	Production Solutions	Electrics/ Electronics	Total segments	Consolidation	Total Group
Sales revenues with third parties	98,468	18,051	39,564	156,083	-	156,083
Sales revenues with other segments	1,216	2,000	5,977	9,193	- 9,193	-
Changes in inventories	731	- 34	- 31	666	-	666
<b>Total revenues<sup>1</sup></b>	<b>100,415</b>	<b>20,017</b>	<b>45,510</b>	<b>165,942</b>	<b>- 9,193</b>	<b>156,749</b>
EBIT	1,537	- 4,313	1,988	- 788	-	- 788
EBIT margin [%]	1.5%	-21.5%	4.4%	-0.5%	n/a	-0.5%
Purchase price allocation (PPA)	584	49	-	633	-	633
Other adjustments	752	585	250	1,587	-	1,587
<b>Adjusted EBIT</b>	<b>2,873</b>	<b>- 3,679</b>	<b>2,238</b>	<b>1,432</b>	<b>-</b>	<b>1,432</b>
Adjusted EBIT margin [%]	2.9%	-18.4%	4.9%	0.9%	n/a	0.9%
Depreciation, amortization and impairment	- 7,210	- 922	- 1,316	- 9,448	-	- 9,448
Ø Employees per segment	4,451	1,286	2,156	7,893		7,893

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
<b>Total revenues<sup>1</sup></b>	<b>123,814</b>	<b>28,645</b>	<b>46,821</b>	<b>199,280</b>	<b>- 6,060</b>	<b>193,220</b>
<b>EBIT</b>	<b>2,274</b>	<b>- 1,571</b>	<b>1,789</b>	<b>2,492</b>	<b>-</b>	<b>2,492</b>
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	-	-	-	-	-	-
<b>Adjusted EBIT</b>	<b>3,091</b>	<b>- 1,495</b>	<b>2,193</b>	<b>3,789</b>	<b>-</b>	<b>3,789</b>
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

<sup>1</sup> 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	1/1/2021 – 3/31/2021							
	Vehicle Engineering		Production Solutions		Electrics/ Electronics		Total	
Customer sales division A	12,753	13%	2,605	14%	13,391	34%	28,749	18%
Customer sales division B	4,983	5%	542	3%	9,367	24%	14,892	10%
Customer sales division C	1,545	2%	383	2%	2,142	5%	4,070	3%
Customer sales division D	12,278	12%	1,368	8%	5,180	13%	18,826	12%
Customer sales division E	4,738	5%	1,232	7%	595	2%	6,565	4%
Customer sales division F	186	0%	630	3%	-	0%	816	1%
Customer sales division G	4,823	5%	189	1%	48	0%	5,060	3%
Customer sales division H	35,225	36%	1,641	9%	1,772	4%	38,638	25%
Customer sales division I	6,650	7%	1,777	10%	2,348	6%	10,775	7%
Miscellaneous	15,287	16%	7,684	43%	4,721	12%	27,692	18%
<b>Sales revenue with third parties</b>	<b>98,468</b>	<b>100%</b>	<b>18,051</b>	<b>100%</b>	<b>39,564</b>	<b>100%</b>	<b>156,083</b>	<b>100%</b>

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%
<b>Sales revenue with third parties</b>	<b>120,358</b>	<b>100%</b>	<b>27,450</b>	<b>100%</b>	<b>43,460</b>	<b>100%</b>	<b>191,268</b>	<b>100%</b>

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	1/1/2021 – 3/31/2021					
	Vehicle Engineering	Production Solutions	Electrics/ Electronics	Total Segments	Consolidation	Total Group
Period-related revenue recognition	97,063	19,652	45,496	162,211	-	162,211
Point in time revenue recognition	2,621	399	45	3,065	-	3,065
Sales revenue with other segments	- 1,216	- 2,000	- 5,977	- 9,193	-	- 9,193
<b>Sales revenue with third parties</b>	<b>98,468</b>	<b>18,051</b>	<b>39,564</b>	<b>156,083</b>	<b>-</b>	<b>156,083</b>
Sales revenue with other segments	1,216	2,000	5,977	9,193	- 9,193	-
Changes in inventories	731	- 34	- 31	666	-	666
<b>Total revenues</b>	<b>100,415</b>	<b>20,017</b>	<b>45,510</b>	<b>165,942</b>	<b>- 9,193</b>	<b>156,749</b>

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
<b>Sales revenue with third parties</b>	<b>120,358</b>	<b>27,450</b>	<b>43,460</b>	<b>191,268</b>	<b>-</b>	<b>191,268</b>
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
<b>Total revenues</b>	<b>123,814</b>	<b>28,645</b>	<b>46,821</b>	<b>199,280</b>	<b>- 6,060</b>	<b>193,220</b>



## 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	3/31/2021	12/31/2020
Total renting and leasing contracts	4,323	4,602
Open purchase orders	4,926	2,583
Other miscellaneous financial obligations	4	243
<b>Total</b>	<b>9,253</b>	<b>7,428</b>

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	3/31/2021	12/31/2020
Non-current financial liabilities	- 120,449	- 120,778
Non-current lease liabilities	- 117,856	- 120,340
Current financial liabilities	- 6,504	- 2,441
Current lease liabilities	- 17,008	- 17,029
Current securities, loans and financial instruments	18	32
Cash and cash equivalents	131,515	156,292
<b>Net financial debt/-credit [-/+]</b>	<b>- 130,284</b>	<b>- 104,264</b>
<b>Net financial debt/-credit wo/lease liabilities [-/+]</b>	<b>4,580</b>	<b>33,105</b>
Equity	100,775	101,841
<b>Net Gearing [%] incl. lease liabilities</b>	<b>129.3%</b>	<b>102.4%</b>
<b>Net Gearing [%] wo/lease liabilities</b>	<b>n/a</b>	<b>n/a</b>

At € 130.3 million, the net financial debt on March 31, 2021 is € 26.0 million above the previous year's value (€ 104.3 million). Without taking lease liabilities into account, the net financial assets on March 31, 2021 amount to € 4.6 million (12/31/2020: net financial assets € 33.1 million), which is equivalent to a € 28.5 million reduction in the assets.

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 two to seven years.

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 € 102.7 million on the reporting date (12/31/2020: € 103.7 million). In addition, EDAG Engineering GmbH, a subsidiary of EDAG Engineering Group AG (EDAG), contractually agreed a KfW entrepreneur loan of € 60 million. The loan has a term to maturity of almost two years, and use can be made of it at any time. It is subject to the usual KfW conditions.

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

in € thousand		3/31/2021	12/31/2020
	Inventories	3,303	2,654
+	Current contract assets	85,686	51,319
+	Current accounts receivable	58,968	74,123
-	Current contract liabilities	- 120,026	- 125,402
-	Current accounts payable	- 20,428	- 22,978
=	<b>Trade Working Capital (TWC)</b>	<b>7,503</b>	<b>- 20,284</b>
+	Non-current other financial assets	671	725
+	Non-current other non-financial assets	156	165
+	Deferred tax assets	21,038	20,133
+	Current other financial assets excl. Interest-bearing receivables	2,632	1,889
+	Current other non-financial assets	19,862	16,155
+	Income tax assets	1,389	1,343
-	Non-current other non-financial liabilities	- 87	- 83
-	Deferred tax liabilities	- 36	- 6
-	Current other financial liabilities	- 3,889	- 3,691
-	Current other non-financial liabilities	- 46,223	- 38,497
-	Income tax liabilities	- 519	- 1,865
=	<b>Other working capital (OWC)</b>	<b>- 5,006</b>	<b>- 3,732</b>
	<b>Net working capital (NWC)</b>	<b>2,497</b>	<b>- 24,016</b>

Compared to December 31, 2020, trade working capital increased by € 27,787 thousand, from € -20,284 thousand to € 7,503 thousand. The increase mainly results from a higher capital commitment in contract assets and contractual liabilities. By way of contrast, accounts receivable decreased by € 15,155 thousand.

Influenced by an increase in other non-financial liabilities to employees, the other working capital stands at at € -5,006 thousand, compared to € -3,732 thousand on December 31, 2020. In contrast, the accrued income, receivables from subsidies for short-time compensation and deferred tax assets all increased.

### 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 2020.

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	Measured at Fair Value through Profit and Loss [FVtPL]	Measured at Amortized Cost [AC]		Not allocated to a measurement category [n.a.]	Balance sheet item as per 3/31/2021
		Carrying Amount	Fair Value		
<b>Financial Assets</b>					
Financial assets <sup>1</sup>	80	69	69	-	149
Non-current other financial assets	-	436	436	235	671
Current contract assets	-	-	-	85,686	85,686
Current accounts receivables	-	58,968	58,968	-	58,968
Current other financial assets	-	2,409	2,409	223	2,632
Current securities, loans and financial instruments	18	-	-	-	18
Cash and cash-equivalents	-	131,515	131,515	-	131,515
<b>Financial Assets</b>	<b>98</b>	<b>193,397</b>	<b>193,397</b>	<b>86,144</b>	<b>279,639</b>
<b>Financial liabilities</b>					
Non-current financial liabilities	-	120,449	122,511	-	120,449
Non-current lease liabilities	-	-	-	117,856	117,856
Current financial liabilities	241	6,263	6,263	-	6,504
Current lease liabilities	-	-	-	17,008	17,008
Current contract liabilities	-	-	-	120,026	120,026
Current accounts payable	-	20,428	20,428	-	20,428
Current other financial liabilities	-	3,889	3,889	-	3,889
<b>Financial liabilities</b>	<b>241</b>	<b>151,029</b>	<b>153,091</b>	<b>254,890</b>	<b>406,160</b>

<sup>1</sup> In the financial assets, classified at fair value through profit or loss [FVtPL], shares in non-consolidated subsidiaries are recognized at carried-forward acquisition cost in accordance with IFRS 9.B5.2.3.

in € thousand	Measured at Fair Value through Profit and Loss [FVtPL]	Measured at Amortized Cost [AC]		Not allocated to a measurement category [n.a.]	Balance sheet item as per 12/31/2020
		Carrying Amount	Fair Value		
<b>Financial Assets</b>					
Financial assets <sup>1</sup>	80	55	55	-	135
Non-current other financial assets	-	434	434	291	725
Current contract assets	-	-	-	51,319	51,319
Current accounts receivables	-	74,123	74,123	-	74,123
Current other financial assets	-	1,668	1,668	220	1,888
Current securities, loans and financial instruments	32	-	-	-	32
Cash and cash-equivalents	-	156,292	156,292	-	156,292
<b>Financial Assets</b>	<b>112</b>	<b>232,572</b>	<b>232,572</b>	<b>51,830</b>	<b>284,514</b>
<b>Financial liabilities</b>					
Non-current financial liabilities	-	120,778	123,670	-	120,778
Non-current lease liabilities	-	-	-	120,340	120,340
Current financial liabilities	46	2,395	2,395	-	2,441
Current lease liabilities	-	-	-	17,029	17,029
Current contract liabilities	-	-	-	125,402	125,402
Current accounts payable	-	22,978	22,978	-	22,978
Current other financial liabilities	-	3,691	3,691	-	3,691
<b>Financial liabilities</b>	<b>46</b>	<b>149,842</b>	<b>152,734</b>	<b>262,771</b>	<b>412,659</b>

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. 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 3/31/2021			
	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Current securities, loans and financial instruments	18	-	-	18
<b>Financial liabilities</b>				
Derivative financial liabilities	-	241	-	241

in € thousand	Assessed at fair value 12/31/2020			
	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Current securities, loans and financial instruments	32	-	-	32
<b>Financial liabilities</b>				
Derivative financial liabilities	-	46	-	46

## 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 abridged 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 2020.



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

in € thousand	1/1/2021 – 3/31/2021	1/1/2020 – 3/31/2020
<b>EDAG Group with boards of directors<sup>1</sup> (EDAG Group AG &amp; EDAG Schweiz Sub-Holding AG)</b>		
Work-related expenses	240	240
Travel and other expenses	-	5
Consulting expenses	1	-
<b>EDAG Group with supervisory boards<sup>1</sup> (EDAG Engineering GmbH &amp; EDAG Engineering Holding GmbH)</b>		
Work-related expenses	27	11
Compensation costs	146	185
<b>EDAG Group with ATON companies (parent company and its affiliated companies)</b>		
Goods and services rendered	30	38
Goods and services received	-	29
<b>EDAG Group with unconsolidated subsidiaries</b>		
Other operating expenses	1	2
<b>EDAG Group with associated companies</b>		
Goods and services rendered	150	211
Goods and services received	5	6
Other operating income	116	120
Other operating expenses	12	12
Income from investments	28	- 43
<b>EDAG Group with other related companies and persons</b>		
Goods and services rendered	2	29
Interest expense	2	76
Other operating income	2	2
Paid leases for rights of use	1,176	1,222

<sup>1</sup> Overall, these are all payments due at short notice.

## 5.10 Subsequent Events

No important events took place after the reporting period.

Arbon, May 4, 2021

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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The Consolidated Interim Report includes statements about future developments.

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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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