FINANCIAL YEAR 2021

HALF-YEARLY FINANCIAL REPORT 2021

EDAG

CONTENT

SUMMARY OF THE FIRST HALF OF THE 2021 FINANCIAL YEAR

EDAG ITALIA WITH A NEW BRANCH OFFICE AND EXPANDED SERVICE PORTFOLIO

The EDAG Group expands its footprint in Italy with the inauguration of its new branch office in Fiorano Modenese. The new branch of EDAG Italia S.r.l. is located in the direct vicinity of the test track for Ferrari vehicles, and is part of the existing development sites in Turin and Sant'Agata Bolognese. Activities for the development and validation of electronic components are primarily combined and carried out there.

The new location in Fiorano Modenese consists of state-of-the-art offices and laboratories. Highly qualified engineers and technicians will be employed there, where they will continue to expand the existing range of services offered by EDAG Italia S.r.l.. These include the integration of prototype and production systems into the vehicle, the development and construction of specific test benches, test and performance equipment, and also vehicle testing and validation. In addition to the existing wide range of services in vehicle development, the new facility will make a significant contribution to strengthening the portfolio in the areas of human-machine interface (HMI) and infotainment.

The expansion of our activities in Italy is a further successful step in our internationalization strategy. This will enable the EDAG Group to assist and better serve its renowned Italian customers from the sport and luxury segment even more comprehensively.

APRIL MAY JUNE

SUMMARY OF THE FIRST HALF OF THE 2021 FINANCIAL YEAR

HIGH-PERFORMANCE ENGINEERING FOR HIGH-PERFORMANCE VEHICLES
THE EDAG GROUP TO SUPPORT THE SSR PERFORMANCE GMBH TEAM IN THE ADAC GT MASTERS 2021

The EDAG Group is to be the technical partner supporting the SSR Performance GmbH team in the ADAC GT Masters 2021 season. The company will be bringing its acknowledged 360-degree skills in complete vehicle engineering to bear in this engagement, and at the same time also pushing ahead with the transfer of technology from high-performance vehicles to production vehicles for future customer projects.
The EDAG Group has long-standing international experience, and, as a premium engineering partner, serves many well-known vehicle manufacturers and Tier 1 suppliers worldwide. Our success is based not only on its fully integrated engineering portfolio for vehicles, production plants and software and digitalisation, but also on its own commitment to proactively developing in-house concepts and solutions for the optimisation of mobility. This requires us to be continuously expanding our competences, and our teams to be constantly acquiring new knowledge of state-of-the art technologies, therefore making our involvement in the ADAC GT Masters and with the successful SSR team an absolute win-win situation. With our understanding of the complete vehicle and our lightweight design, aerodynamics and simulation skills, we will provide valuable technical support for the further development of the SSR Porsche 911 GT3 R, and at the same time incorporate this experience into future customer projects.

APRIL MAY JUNE

KEY FIGURES OF AND EXPLANATIONS BY THE EDAG GROUP AS PER JUNE 30, 2021

(in € million or %)	1/1/2021 – 6/30/2021	1/1/2020 – 6/30/2020	4/1/2021 – 6/30/2021	4/1/2020 – 6/30/2020
Vehicle Engineering	213.1	209.1	112.7	85.2
Production Solutions	47.4	50.0	27.3	21.3
Electrics/Electronics	92.1	86.1	46.6	39.3
Consolidation	- 19.5	- 12.6	- 10.3	- 6.6
Total revenues[1]	**333.1**	**332.5**	**176.4**	**139.3**
Growth:				
Vehicle Engineering	*1.9%*	*-16.5%*	*32.2%*	*-32.6%*
Production Solutions	*-5.2%*	*-14.4%*	*28.3%*	*-21.7%*
Electrics/Electronics	*7.0%*	*-0.1%*	*18.6%*	*-5.1%*
Change of revenues[1]	***0.2%***	***-14.8%***	***26.6%***	***-27.7%***
Vehicle Engineering	9.5	- 11.9	6.6	- 15.0
Production Solutions	- 3.5	- 4.8	0.2	- 3.3
Electrics/Electronics	4.6	1.8	2.4	- 0.4
Adjusted EBIT	**10.7**	**- 14.9**	**9.2**	**- 18.7**
Vehicle Engineering	*4.5%*	*-5.7%*	*5.9%*	*-17.6%*
Production Solutions	*-7.3%*	*-9.7%*	*0.7%*	*-15.7%*
Electrics/Electronics	*5.0%*	*2.1%*	*5.1%*	*-0.9%*
Adjusted EBIT margin	***3.2%***	***-4.5%***	***5.2%***	***-13.4%***
Profit or loss	***1.4***	***- 16.5***	***3.5***	***- 16.5***
Earnings per share (€)	0.06	- 0.66	0.14	- 0.66

[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 %)	6/30/2021	12/31/2020
Fixed assets	318.3	295.2
Net working capital	26.2	- 24.0
Net financial debt (incl. lease liabilities)	- 172.7	- 104.3
Provisions	- 67.0	- 65.1
Equity	**104.7**	**101.8**
Balance sheet total	**657.7**	**620.1**
Net financial debt/credit [-/+] wo lease liabilities	- 10.9	33.1
Equity / BS total	*15.9%*	*16.4%*
Net Gearing [%] incl. lease liabilities	*165.0%*	*102.4%*
Net Gearing [%] wo lease liabilities	*10.4%*	*n/a*

(in € million or %)	1/1/2021 – 6/30/2021	1/1/2020 – 6/30/2020	4/1/2021 – 6/30/2021	4/1/2020 – 6/30/2020
Operating cash flow	- 23.5	21.5	- 4.6	16.7
Investing cash flow	- 7.8	- 7.4	- 4.2	- 2.9
Free cash flow	- 31.3	14.1	- 8.8	13.7
Financing cash flow	- 12.2	- 14.7	- 9.8	- 8.0
CapEx	7.8	7.3	4.3	2.9
CapEx/Revenues	*2.3%*	*2.2%*	*2.4%*	*2.1%*

	6/30/2021	12/31/2020
Headcount end of period incl. apprentices	7,764	7,984
Trainees as %	3.7%	4.2%

On account of the market recovery that began to emerge in the reporting quarter, revenue in the first half of the year amounted to € 333.1 million, a slight increase of € 0.6 million or 0.2 percent compared to the same period in the previous year (first half of 2020: € 332.5 million). In the reporting quarter just ended, revenue totaled € 176.4 million, which represents an increase of € 37.1 million or 26.6 percent compared to the same period in the previous year. In comparison with the same period in the previous year, all segments experienced an increase in revenue in the reporting quarter just ended.

Compared to the previous year, the EBIT in the reporting period increased by € 24.6 million to € 7.1 million (first half of 2020: € -17.5 million). This means that an EBIT margin of 2.1 percent was achieved (first half of 2020: -5.3 percent).

Primarily adjusted for the depreciation, amortization and impairments from the purchase price allocations that were recorded in the reporting period in 2021 and directly attributable special items in conjunction with the cyber attack, the adjusted EBIT figure was € 10.7 million (first half of 2020: € -14.9 million), which is equivalent to an adjusted EBIT margin of 3.2 percent (first half of 2020: -4.5 percent).

The headcount, including trainees, on June 30, 2021 was 7,764 employees (12/31/2020: 7,984 employees). 5,559 of these employees were employed in Germany, and 2,205 in the rest of the world (RoW) (12/31/2020: [Germany: 5,741; RoW: 2,243]).

In the first half of 2021, gross investments in fixed assets amounted to € 7.8 million, which was slightly above the level of the same period in the previous year (first half of 2020: € 7.3 million). The equity ratio on the reporting date was 15.9 percent (12/31/2020: 16.4 percent).

At € 172.7 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 debt on June 30, 2021 amounted to € 10.9 million (12/31/2020: net financial assets € 33.1 million), which is equivalent to a € 44.0 million reduction.

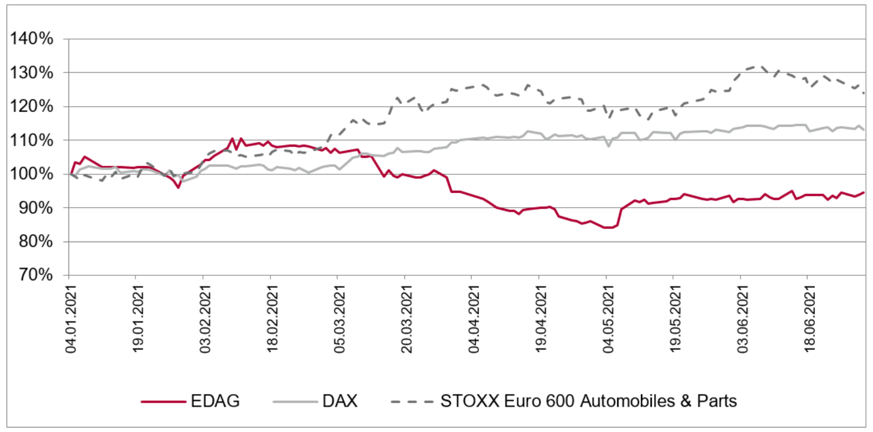
For the EDAG Group, supporting its customers, employees and society during the corona pandemic remains a priority. In this context, we place great emphasis on active crisis management, and installed an EDAG Corona Crisis Team in March 2020. The team, which is in regular contact with the relevant authorities, 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.

THE EDAG SHARE

On January 4, 2021, the DAX started the current financial year with 13,890 points. As the economic outlook continued to improve, the index gradually rose, reaching a new record closing value of 15,730 points on June 15. On June 30, the DAX closed the reporting period with 15,531 points. The STOXX Automobiles & Parts Index fluctuated between 514 and 692 points during the first half of 2021.

1 Price Development

On January 4, 2021, the opening price of the EDAG share in XETRA trading was € 9.18. The highest closing price in the reporting period, € 10.50, was reached on February 11. In the wake of the ad hoc announcement on March 14, the share price successively declined until a closing price of € 7.98 was reached on May 4. This was also the lowest closing price in the reporting period. Following this, the share gradually recovered, closing at € 8.98 on June 30. During the first half of 2021, the average XETRA trade volume was 5,020 shares a day.



Source: Comdirect

2 Key Share Data

	1/1/2021 – 6/30/2021
Prices and trading volume:	
Share price on June 30 (€)[1]	8.98
Share price, high (€)[1]	10.50
Share price, low (€)[1]	7.98
Average daily trading volume (number of shares)[2]	5,020
Market capitalisation on June 30 (€ million)	224.50

[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 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 business segments: 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 Solutions 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 cross-company 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 July 2021, the world economy in 2020 was influenced primarily by the Covid-19 pandemic, and exhibited a 3.2 percent contraction (2019: 2.8 percent growth). For the current year, the IMF anticipates a growth rate of 6.0 percent.

The European automotive market (EU-27 + EFTA & UK) recorded a severe downturn in the number of new registrations in 2020 (-24.3 percent). The first half of 2021 saw a recovery, however, with sales increasing to 6.5 million vehicles (+27 percent). The development of the five largest individual markets varied widely: whereas the number of new vehicles registered in Germany in the first half of 2021 rose by only 14.9 percent, stronger growth rates were observed on the markets in France (28.9 percent) and Spain (34.4 percent). Even sharper increases in the number of new registrations were registered in Great Britain (+39.2 percent) and Italy (+51.4 percent).

In Germany, the dynamic growth in new registrations of electric passenger cars remained at a high level in the first half of 2021 (+232.8 percent compared to the same period in the previous year). Overall, sales of electric passenger cars, which amounted to 312,287, accounted for a market share of 22.5 percent (same period in the previous year: 7.8 percent). At 38.6 percent, the proportion of gasoline-fueled passenger cars in the reporting period was well below the previous year's level (51.1 percent); likewise, at 22.6 percent, the proportion of diesel-fueled passenger cars was also significantly below the level in the previous year (31.7 percent).

In the USA, the volume on the light vehicle market (passenger cars and light trucks) in the first half of 2021 increased by 29 percent to about 8.3 million vehicles compared to the same period in the previous year. Sales of passenger cars rose by 21 percent, while sales in the light truck segment increased by 32 percent. In China, too, the number of new vehicles sold increased to 9.8 million (+27 percent). In the second quarter, however, sales there fell slightly by 1 percent to 4.8 million vehicles. The reason for the decline were effects from the early summer of 2020, on account of the backlogs that accumulated during the lockdown. Gains were also recorded on the markets in Japan (+12 percent) and very clearly India (+93 percent) in the first half of 2021. Brazil (+32 percent) and Russia (+37 percent) also recovered compared to the previous year's values.

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 rescheduling 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 June 30, 2021, orders on hand increased to € 392.0 million compared to € 333.8 million as of December 31, 2020 (6/30/2020: € 332.3 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 half year just ended, the EDAG Group generated incoming orders amounting to € 390.2 million, which compared to the same quarter in the previous year (€ 368.4 million), represents an increase of € 21.8 million.

On account of the market recovery that began to emerge in the reporting quarter, revenue in the first half of the year amounted to € 333.1 million, a slight increase of € 0.6 million or 0.2 percent compared to the same period in the previous year (first half of 2020: € 332.5 million). In the reporting quarter just ended, revenue totaled € 176.4 million, which represents an increase of € 37.1 million or 26.6 percent compared to the same period in the previous year. In comparison with the same period in the previous year, all segments experienced an increase in revenue in the reporting quarter just ended.

The materials and services expenses decreased by € 13.2 million to € 34.1 million. At 10.2 percent, the materials and services expenses ratio was below the level of the same period of the previous year (first half of 2020: 14.2 percent). This development is mainly due to a production order ending in 2020. At 3.8 percent, the materials expenses ratio was therefore also well below the level of the same period in the previous year (first half of 2020: 8.1 percent). On the other hand, at 6.4 percent, the ratio of service expenses in relation to the revenues was slightly above the level of the same period in the previous year (first half of 2020: 6.1 percent).

The EDAG Group's personnel expenses in the first half of 2021 increased by € 4.4 million or 1.9 percent to € 241.4 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 € 3.4 million (first half of 2020: € 6.3 million). 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 first half of this year, the company had a workforce of 7,844 employees on average, including apprentices (first half of 2020: 8,277 employees).

Depreciation, amortization and impairments totaled € 19.5 million (first half of 2020: € 21.7 million). The net result from the impairment/impairment loss reversal of financial assets amounted to € -0.4 million (first half of 2020: € -11.7 million) due, among other things, to lower allocations to provisions for risks compared to the previous year as a result of the emerging market recovery. The other operating expenses increased slightly by € 0.6 million to € 41.3 million.

The EBIT in the first half of the year increased by € 24.6 million to € 7.1 million compared to the previous year (first half of 2020: € -17.5 million). This means that an EBIT margin of 2.1 percent was achieved (first half of 2020: -5.3 percent).

Primarily adjusted for the depreciation, amortization and impairments from the purchase price allocations that were recorded in the reporting period in 2021 (€ 1.3 million) and directly attributable special items in conjunction with the cyber attack (€ 2.7 million), the adjusted EBIT figure was € 10.7 million (first half of 2020: € -14.9 million), which is equivalent to an adjusted EBIT margin of 3.2 percent (first half of 2020: -4.5 percent).

The financial result for the first half of 2021 was € -4.9 million, (first half of 2020: € -5.3 million), an improvement of € 0.4 million compared to the same period in the previous year.

Development of the Vehicle Engineering Segment

Incoming orders amounted to € 231.1 million in the first half of 2021, which was at the level of the previous year (first half of 2020: € 231.1 million). At € 213.1 million, revenues were above the previous year's level (first half of 2020: 209.1 million). All in all, an EBIT of € 6.8 million was reported for the Vehicle Engineering segment in the half year just ended (first half of 2020: € -13.5 million). The EBIT margin amounted to 3.2 percent and was thus well above the level of the same period in the previous year (first half of 2020: -6.5 percent). Compared to the same period in the previous year, there was a marked improvement in the adjusted EBIT margin, which increased to 4.5 percent (first half of 2020: -5.7 percent).

Development of the Production Solutions Segment

In this segment, incoming orders amounted to € 56.1 million, which was above the level of the same period in the previous year (first half of 2020: € 53.4 million). Revenue totaled € 47.4 million in the first half of the year, representing a decrease of 5.2 percent compared to the same period in the previous year (first half of 2020: € 50.0 million); nevertheless, at € 27.3 million, the reporting quarter just ended saw a significant increase compared to the same quarter in the previous year (€ 21.3 million). Overall, the EBIT for the Production Solutions segment stood at € -4.1 million in the first half year just ended (first half of 2020: € -4.9 million). Owing to the business model, this segment was hit comparatively harder by the effects of the cyber incident and the corona pandemic than others. The first half of the year saw an improvement in the adjusted EBIT margin to -7.3 percent compared to the same period in the previous year (first half of 2020: -9.7 percent). The adjusted EBIT in the reporting quarter just ended was € 0.2 million (2nd quarter of 2020: € -3.3 million), which is equivalent to an adjusted EBIT margin of 0.7 percent (2nd quarter of 2020: -15.7 percent).

Development of the Electrics/Electronics Segment

Incoming orders increased by € 14.3 million to € 107.4 million compared to the same period in the previous year (first half of 2020: € 93.1 million). At € 92.1 million, revenue was also above the level of the same period in the previous year (€ 86.1 million). The EBIT stood at € 4.4 million (first half of 2020: € 0.8 million). This meant that the EBIT margin amounted to 4.8 percent (first half of 2020: 1.0 percent). The adjusted EBIT margin was 5.0 percent, which was a marked improvement on the previous year's level (first half of 2020: 2.1 percent).

Cash Flows and Financial Position

At € 657.7 million, the EDAG Group's statement of financial position total was € 37.7 million above the level of December 31, 2020 (€ 620.1 million). The non-current assets increased by € 22.8 million to € 339.1 million (12/31/2020: € 316.3 million), primarily as a result of additions to rights of use from leased assets in connection with a long-term real estate lease and after taking account of scheduled depreciation and amortization. In the current assets, there was an increase in both the contract assets (€ 43.5 million) and the accounts receivable (€ 12.0 million). By way of contrast, cash and cash-equivalents decreased by € 43.2 million. At € 113.3 million, however, these are still at a very high level.

On the equity, liabilities and provisions side, equity increased by € 2.9 million to € 104.7 million as a result of the emerging market recovery on the current profit. The equity ratio was 15.9 percent (12/31/2020: 16.4 percent).

At € 304.3 million, non-current liabilities and provisions were well above the level of December 31, 2020 (12/31/2020: € 282.2 million). This was primarily attributable to an increase of € 23.0 million in the non-current lease liabilities, largely on account of a long-term real estate lease. The current liabilities and provisions increased by € 12.7 million to € 248.8 million, primarily as a result of other non-financial liabilities from employee benefits.

In the first half of 2021, the operating cash flow was € -23.5 million (first half of 2020: € 21.5 million). The reduction was primarily due to effects from the trade working capital.

At € 7.8 million, gross investments in the reporting period were higher than in the previous year (first half of 2020: € 7.3 million). The ratio of gross investments in relation to revenues was therefore 2.3 percent (first half of 2020: 2.2 percent).

On the reporting date, unused lines of credit in the amount of € 105.9 million exist in the Group (12/31/2020: € 103.7 million). On June 23, 2021, the Executive Management of EDAG Engineering GmbH, a subsidiary of EDAG Engineering Group AG (EDAG) decided to prematurely terminate the KfW entrepreneur loan of € 60 million that was contractually agreed in November 2020, without drawing on it. With the early termination of the loan, the ban on dividend payments also ceases to apply. As a result of the overall market recovery that is becoming apparent and the positive effects of the measures implemented last year to improve performance, the supplementary financial resources provided by the KfW loan are no longer necessary. It can thus be seen that the company has overcome the economic effects of the corona pandemic faster and better than was expected in November. 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 June 30, 2021, the EDAG Group employed a workforce of 7,764 employees (12/31/2020: 7,984 employees). Personnel expenses amounted to € 241.4 million in the reporting period (first half of 2020: € 237.0 million).

3 Forecast, Risk and Reward Report

3.1 Risk and Reward Report

The following significant changes have occurred during the reporting period to the risks and rewards described in Group Management Report in the Annual Report for 2020.

The risk to our particular industry has been moderated from risk category A (2020) to category B. The reasons for this are that the long-term strategy of the classic OEMs is becoming clearer, and a market recovery is in evidence. In contrast, volatility among the new OEMs and startups on the market continues at a high level. Operative risks in the second quarter remain in risk category A, though the probability of occurrence is now rated as low (2020: medium). Also unchanged is the assignment of financial risks to risk category C, with the probability of occurrence now being rated as low (2020: medium).

As regards the other risks and rewards, there were no significant changes during the reporting period to the risks and rewards described in the Group Management Report for 2020. A high degree of uncertainty is inherent in the assessment of risks and rewards for the further development of 2021, due in particular to the Covid-19 pandemic. Changes in the risks and rewards are subject to constant monitoring and evaluation, and where necessary included in our ongoing planning. 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) latest outlook issued in July 2021, the world economy contracted by 3.2 percent in 2020. Global growth is projected at 6.0 percent for 2021, and this is expected to moderate to 4.9 percent in 2022.

Germany can expect an increase of 3.6 percent in economic performance in 2021; the trend is expected to continue, with the growth rate stepping up to 4.1 percent in 2022. Within the euro area, the IMF expects a growth rate of 4.6 percent in 2021 and of 4.3 percent in 2022.

Projections indicate that the recovery of the US economy is expected to amount to 7.0 percent in 2021. A growth rate of 4.9 percent is anticipated in 2022.

According to current estimates, China, with forecasts for a 8.1 percent increase in economic output in 2021 and 5.7 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.

The forecast market recovery is also reflected in the number of new registrations expected. According to VDA estimates, the number of new vehicles registered within Europe (EU-27 + EFTA & UK) will increase by 8 percent to a total of 13 million passenger cars in 2021. For Germany, the VDA also forecasts an increase of 3 percent to 3 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.

Morgan Stanley anticipates a significant increase (approx. 8.5 percent) in global sales to 80 million vehicles in 2021. Recent estimates indicate that just under 74 million vehicles were sold in 2020.

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 making the further development of classic powertrain types essential, and promoting the integration of alternative powertrains. The BEV/PHEV[1] 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

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

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 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_2 reduction, the development of alternative drive concepts is being massively accelerated. This focus is also evident in the EU's climate protection package currently under discussion. 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 a risk that the company's development might be impaired by the Covid-19 pandemic. On the reporting date, unused lines of credit with institutions in the amount of € 105.9 million currently exist in the Group (12/31/2020: € 103.7 million). As a result, we see ourselves as being financially very well positioned 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, continuing price pressure and the global semiconductor shortage all pose additional risks for engineering service providers.

With the current dynamically changing situation and the exceptional uncertainties arising as a result, companies across all sectors find themselves facing considerable challenges when it comes to forecasting economic development and deriving a reliable and dependable quantitative outlook.

Working on the basis of the assumptions regarding market development and the expected continuation of the recovery of the global economy outlined above, the EDAG management anticipates an increase in revenues somewhere in the range of 3 percent to 5 percent for the Group in the 2021 financial year. Further, and on the basis of current estimates, our assumption that there will be a comparative improvement in the second half of 2021 compared to the first half, remains unchanged. This assumption does, however, continue to depend to a significant extent on the future development of the pandemic.

On the strength of the savings measures that have been implemented, our expectation of a marked and positive improvement in results in the adjusted EBIT remains unchanged, and current projections indicate an adjusted EBIT margin in the range of around 3 percent to 4 percent for the Group.

On account of the sustained growth, we expect investments in the 2021 financial year to be above the level of the previous year, and anticipate an investment rate that will probably be in the 3 percent to 4 percent range.

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

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.

A summary of the outlook for 2021 is included in the following table:

in € million	2020	Forecast 2021
Group		
Revenues	650.3	Increase of up to around 3 to 5 percent
Adjusted EBIT-margin	-0.7%	Range of around 3 to 4 percent
Investment rate	2.4%	Range of 3 to 4 percent

4 Disclaimer

The Interim 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.

ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS

1 Consolidated Statement of Comprehensive Income

in € thousand	1/1/2021 – 6/30/2021	1/1/2020 – 6/30/2020	4/1/2021 – 6/30/2021	4/1/2020 – 6/30/2020
Profit or loss				
Sales revenues and changes in inventories[1]	333,130	332,522	176,381	139,302
Sales revenues	332,675	334,649	176,592	143,381
Changes in inventories	455	- 2,127	- 211	- 4,079
Other income	10,642	8,407	4,804	4,018
Material expenses	- 34,098	- 47,310	- 19,240	- 14,645
Gross Profit	**309,674**	**293,619**	**161,945**	**128,675**
Personnel expenses	- 241,401	- 237,015	- 121,543	- 108,487
Depreciation, amortization and impairment	- 19,483	- 21,720	- 10,035	- 10,777
Net result from impairment losses or impairment loss reversals of financial assets	- 374	- 11,668	- 352	- 11,511
Other expenses	- 41,347	- 40,741	- 22,158	- 17,917
Earnings before interest and taxes (EBIT)	**7,069**	**- 17,525**	**7,857**	**- 20,017**
Result from investments accounted for using the equity method	214	- 478	186	- 435
Financial income	74	140	38	69
Financing expenses	- 5,206	- 5,001	- 2,846	- 2,490
Financial result	**- 4,918**	**- 5,339**	**- 2,622**	**- 2,856**
Earnings before taxes	**2,151**	**- 22,864**	**5,235**	**- 22,873**
Income taxes	- 717	6,403	- 1,744	6,406
Profit or loss	**1,434**	**- 16,461**	**3,491**	**- 16,467**

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

in € thousand	1/1/2021 – 6/30/2021	1/1/2020 – 6/30/2020	4/1/2021 – 6/30/2021	4/1/2020 – 6/30/2020
Profit or loss	**1,434**	**- 16,461**	**3,491**	**- 16,467**
Other Comprehensive Income				
Under certain conditions reclassifiable profits/losses				
Currency conversion difference				
Profits/losses included in equity from currency conversion difference	522	- 1,591	336	19
Total under certain conditions reclassifiable profits/losses	**522**	**- 1,591**	**336**	**19**
Not reclassifiable profits/losses				
Revaluation of net obligation from defined benefit plans				
Revaluation of net obligation from defined benefit plans before taxes	1,262	2,325	137	- 2,196
Deferred taxes on defined benefit plans and obligations	- 378	- 697	- 40	407
Share of other comprehensive income of at-equity accounted investments, net of tax	20	28	2	- 23
Total not reclassifiable profits/losses	**904**	**1,656**	**99**	**- 1,812**
Total other comprehensive income before taxes	1,804	762	475	- 2,200
Total deferred taxes on the other comprehensive income	- 378	- 697	- 40	407
Total other comprehensive income	**1,426**	**65**	**435**	**- 1,793**
Total comprehensive income	**2,860**	**- 16,396**	**3,926**	**- 18,260**
Earnings per share of shareholders of EDAG Group AG [diluted and basic in €]				
Earnings per share	0.06	- 0.66	0.14	- 0.66

2 Consolidated Statement of Financial Position

in € thousand	6/30/2021	12/31/2020
Assets		
Goodwill	74,316	74,258
Other intangible assets	14,328	15,334
Property, plant and equipment	68,312	69,324
Rights of use from leasing	143,438	118,700
Financial assets	154	135
Investments accounted for using the equity method	17,733	17,498
Non-current other financial assets	631	725
Non-current other non-financial assets	150	165
Deferred tax assets	19,995	20,133
Non-current assets	**339,057**	**316,272**
Inventories	3,343	2,654
Current contract assets	94,852	51,319
Current accounts receivables	86,156	74,123
Current other financial assets	1,535	1,889
Current securities, loans and financial instruments	28	32
Current other non-financial assets	17,844	16,155
Income tax assets	1,814	1,343
Cash and cash-equivalents	113,102	156,292
Current assets	**318,674**	**303,807**
Assets	**657,731**	**620,079**

in € thousand	6/30/2021	12/31/2020
Equity, liabilities and provisions		
Subscribed capital	920	920
Capital reserves	40,000	40,000
Retained earnings	81,532	80,097
Reserves from profits and losses recognized directly in equity	- 12,691	- 13,595
Currency conversion differences	- 5,060	- 5,581
Equity	**104,701**	**101,841**
Provisions for pensions and similar obligations	37,073	37,463
Other non-current provisions	3,683	3,552
Non-current financial liabilities	120,046	120,778
Non-current lease liabilities	143,342	120,340
Non-current other non-financial liabilities	86	83
Deferred tax liabilities	41	6
Non-current liabilities and provisions	**304,271**	**282,222**
Current provisions	26,280	24,114
Current financial liabilities	4,023	2,441
Current lease liabilities	18,468	17,029
Current contract liabilities	125,280	125,402
Current accounts payable	19,524	22,978
Current other financial liabilities	3,682	3,691
Current other non-financial liabilities	51,010	38,496
Income tax liabilities	492	1,865
Current liabilities and provisions	**248,759**	**236,016**
Equity, liabilities and provisions	**657,731**	**620,079**

3 Consolidated Cash Flow Statement

	in € thousand	1/1/2021 – 6/30/2021	1/1/2020 – 6/30/2020
	Profit or loss	**1,434**	**- 16,461**
+/-	Income tax expenses/income	717	- 6,403
-	Income taxes paid	- 2,456	- 1,776
+	Financial result	4,918	5,339
+	Interest and dividend received	63	134
+/-	Depreciation and amortization/write-ups on tangible and intangible assets	19,483	21,720
+/-	Other non-cash item expenses/income	- 880	14,283
+/-	Increase/decrease in non-current provisions	- 328	- 3,976
-/+	Profit/loss on the disposal of fixed assets	- 2	78
-/+	Increase/decrease in inventories	- 613	3,395
-/+	Increase/decrease in contract assets, receivables and other assets that are not attributable to investing or financing activities	- 56,247	15,611
+/-	Increase/decrease in current provisions	2,083	- 3,670
+/-	Increase/decrease in accounts payables and other liabilities and provisions that are not attributable to investing or financing activities	8,298	- 6,822
=	**Cash inflow/outflow from operating activities/operating cash flow**	**- 23,530**	**21,452**
+	Deposits from disposals of tangible fixed assets	32	134
-	Payments for investments in tangible fixed assets	- 5,602	- 5,620
-	Payments for investments in intangible fixed assets	- 2,174	- 1,711
+	Deposits from disposals of financial assets	3	10
-	Payments for investments in financial assets	- 22	- 11
=	**Cash inflow/outflow from investing activities/investing cash flow**	**- 7,763**	**- 7,367**

	in € thousand	1/1/2021 – 6/30/2021	1/1/2020 – 6/30/2020
-	Interest paid	- 4,368	- 4,097
+	Borrowing of financial liabilities	1,403	19,014
-	Repayment of financial liabilities	- 109	- 20,154
-	Repayment of lease liabilities	- 9,151	- 9,511
=	**Cash inflow/outflow from financing activities/financing cash flow**	**- 12,225**	**- 14,748**
	Net Cash changes in financial funds	**- 43,518**	**- 663**
-/+	Effect of changes in currency exchange rate and other effects from changes of financial funds	328	- 1,343
+	Financial funds at the start of the period	156,292	70,618
=	**Financial funds at the end of the period [cash & cash equivalents]**	**113,102**	**68,612**
=	**Free cash flow (FCF) – equity approach**	**- 31,293**	**14,085**

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
As per 1/1/2021	**920**	**40,000**	**80,097**	**- 5,581**	**- 13,474**	**- 121**	**101,841**
Profit or loss	-	-	1,434	-	-	-	1,434
Other comprehensive income	-	-	-	522	884	20	1,426
Total comprehensive income	**-**	**-**	**1,434**	**522**	**884**	**20**	**2,860**
As per 6/30/2021	**920**	**40,000**	**81,531**	**- 5,059**	**- 12,590**	**- 101**	**104,701**

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
As per 1/1/2020	**920**	**40,000**	**103,499**	**- 3,418**	**- 13,035**	**- 102**	**127,864**
Profit or loss	-	-	- 16,462	-	-	-	- 16,462
Other comprehensive income	-	-	-	- 1,591	1,628	28	65
Total comprehensive income	**-**	**-**	**- 16,462**	**- 1,591**	**1,628**	**28**	**- 16,397**
As per 6/30/2020	**920**	**40,000**	**87,037**	**- 5,009**	**- 11,407**	**- 74**	**111,467**

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 (June 30).

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

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

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

5.2 Basic Principles and Methods

Basic Accounting Principles

The consolidated half-year financial report of the EDAG Group AG for the period ending June 30, 2021 has been prepared in accordance with IAS 34 "Interim financial reporting". As the scope of the consolidated half-year financial report has been reduced, making it shorter than the consolidated financial statement, it should be read in conjunction with the consolidated financial statement for December 31, 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 June 30, 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 Interim 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 Condensed Consolidated Financial Statements and the Interim 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 half-year financial 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 half-year financial report, a discount rate of 1.12 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 ratio) was used.

Otherwise, the same accounting and valuation methods and consolidation principles as were used in the 2020 consolidated half-year financial report 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 half-year financial 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 half-year financial 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 half-year financial report. Above all, there is a great deal of uncertainty surrounding the unforeseeable potential effects of a fourth corona wave, should one happen.

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.

5.3 Changes in the Scope of Consolidation

On June 30, 2021, the group of combined or consolidated companies is composed as follows:

	Switzerland	Germany	Other Countries	Total
Fully consolidated companies	2	5	22	29
Companies accounted for using the equity method	-	1	-	1
Companies included at acquisition cost [not included in the scope of consolidation]	-	3	-	3

With the entry in the commercial register on June 28, 2021, EDAG Engineering Schweiz Sub-Holding AG, Arbon was merged with EDAG Engineering Group AG, Arbon with retrospective effect from January 1, 2021.

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 half-year financial report was based on the following exchange rates:

Country		6/30/2021 Spot rate on balance sheet date	1st half year 2021 Average exchange rate for period	12/31/2020 Spot rate on balance sheet date	1st half year 2020 Average exchange rate for period
Great Britain	GBP	0.8581	0.8684	0.8990	0.8743
Brazil	BRL	5.9050	6.4917	6.3735	5.4169
USA	USD	1.1884	1.2057	1.2271	1.1015
Malaysia	MYR	4.9336	4.9385	4.9340	4.6829
Hungary	HUF	351.6800	357.8540	363.8900	345.3946
India	INR	88.3240	88.4487	89.6605	81.6766
China	CNY	7.6742	7.7981	8.0225	7.7481
Mexico	MXN	23.5784	24.3207	24.4160	23.8571
Czech Republic	CZK	25.4880	25.8551	26.2420	26.3421
Switzerland	CHF	1.0980	1.0943	1.0802	1.0639
Poland	PLN	4.5201	4.5365	4.5597	4.4136
Russia	RUB	86.7725	89.6053	91.4671	76.6825
Sweden	SEK	10.1110	10.1299	10.0343	10.6610
Japan	JPY	131.4300	129.8117	126.4900	119.2072
Turkey	TRY	10.3210	9.5126	9.1131	7.1521

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 on EBIT and directly attributable special effects in conjunction with the cyber attack.

in € thousand	1/1/2021 – 6/30/2021	1/1/2020 – 6/30/2020	4/1/2021 – 6/30/2021	4/1/2020 – 6/30/2020
Earnings before interest and taxes (EBIT)	**7,069**	**- 17,525**	**7,857**	**- 20,017**
Adjustments:				
Expenses from purchase price allocation	1,266	2,583	633	1,286
Other adjustmens	2,326	58	739	58
Total adjustments	**3,592**	**2,641**	**1,372**	**1,344**
Adjusted earnings before interest and taxes (adjusted EBIT)	**10,661**	**- 14,884**	**9,229**	**- 18,673**

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 June 30, 2021, the non-current assets amounted to € 339.1 million (12/31/2020: € 316.3 million). Of these, € 0.5 million are domestic, € 299.0 million are German, and € 39.5 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 Management Report.

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

The range of services offered by the **Electrics/Electronics** segment (E/E) 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 competencies, please see the chapter "Business Model" in the Interim Management Report.

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

in € thousand	**1/1/2021 – 6/30/2021**					
	Vehicle Engineering	**Production Solutions**	**Electrics/ Electronics**	**Total segments**	**Consolidation**	**Total Group**
Sales revenues with third parties	209,950	42,989	79,736	332,675	-	332,675
Sales revenues with other segments	2,851	4,355	12,273	19,479	- 19,479	-
Changes in inventories	323	13	119	455	-	455
Total revenues[1]	**213,124**	**47,357**	**92,128**	**352,609**	**- 19,479**	**333,130**
EBIT	**6,766**	**- 4,084**	**4,387**	**7,069**	**-**	**7,069**
EBIT margin [%]	3.2%	-8.6%	4.8%	2.0%	n/a	2.1%
Purchase price allocation (PPA)	1,167	99	-	1,266	-	1,266
Other adjustments	1,565	511	250	2,326	-	2,326
Adjusted EBIT	**9,498**	**- 3,474**	**4,637**	**10,661**	**-**	**10,661**
Adjusted EBIT margin [%]	4.5%	-7.3%	5.0%	3.0%	n/a	3.2%
Depreciation, amortization and impairment	- 14,823	- 1,893	- 2,767	- 19,483	-	- 19,483
Ø Employees per segment	4,399	1,267	2,178	7,844		7,844

in € thousand	**1/1/2020 – 6/30/2020**					
	Vehicle Engineering	**Production Solutions**	**Electrics/ Electronics**	**Total segments**	**Consolidation**	**Total Group**
Sales revenues with third parties	208,031	47,595	79,023	334,649	-	334,649
Sales revenues with other segments	2,845	2,531	7,251	12,627	- 12,627	-
Changes in inventories	- 1,819	- 175	- 133	- 2,127	-	- 2,127
Total revenues[1]	**209,057**	**49,951**	**86,141**	**345,149**	**- 12,627**	**332,522**
EBIT	**- 13,493**	**- 4,855**	**823**	**- 17,525**	**-**	**- 17,525**
EBIT margin [%]	-6.5%	-9.7%	1.0%	-5.1%	n/a	-5.3%
Purchase price allocation (PPA)	1,623	152	808	2,583	-	2,583
Other adjustments	-	- 139	197	58	-	58
Adjusted EBIT	**- 11,870**	**- 4,842**	**1,828**	**- 14,884**	**-**	**- 14,884**
Adjusted EBIT margin [%]	-5.7%	-9.7%	2.1%	-4.3%	n/a	-4.5%
Depreciation, amortization and impairment	- 15,853	- 2,243	- 3,624	- 21,720	-	- 21,720
Ø Employees per segment	4,758	1,389	2,130	8,277		8,277

[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	1/1/2021 – 6/30/2021							
	Vehicle Engineering		Production Solutions		Electrics/ Electronics		Total	
Customer sales division A	27,220	13%	6,305	15%	26,708	33%	60,233	18%
Customer sales division B	11,170	5%	1,246	3%	19,168	24%	31,584	9%
Customer sales division C	3,678	2%	656	2%	4,317	5%	8,651	3%
Customer sales division D	25,639	12%	3,435	8%	10,551	13%	39,625	12%
Customer sales division E	10,088	5%	2,853	7%	939	1%	13,880	4%
Customer sales division F	330	0%	1,266	3%	-	0%	1,596	0%
Customer sales division G	11,315	5%	361	1%	152	0%	11,828	4%
Customer sales division H	75,127	36%	4,187	10%	3,062	4%	82,376	25%
Customer sales division I	14,723	7%	4,480	10%	5,314	7%	24,517	7%
Miscellaneous	30,660	15%	18,200	42%	9,525	12%	58,385	18%
Sales revenue with third parties	**209,950**	**100%**	**42,989**	**100%**	**79,736**	**100%**	**332,675**	**100%**

in € thousand	1/1/2020 – 6/30/2020							
	Vehicle Engineering		Production Solutions		Electrics/ Electronics		Total	
Customer sales division A	28,036	13%	7,696	16%	24,595	31%	60,327	18%
Customer sales division B	8,085	4%	1,477	3%	21,119	27%	30,681	9%
Customer sales division C	4,559	2%	806	2%	3,311	4%	8,676	3%
Customer sales division D	30,174	15%	6,095	13%	9,054	11%	45,323	14%
Customer sales division E	28,665	14%	4,960	10%	1,515	2%	35,140	11%
Customer sales division F	14	0%	1,966	4%	-	0%	1,980	1%
Customer sales division G	9,356	4%	452	1%	124	0%	9,932	3%
Customer sales division H	56,450	27%	4,533	10%	3,569	5%	64,552	19%
Customer sales division I	17,484	8%	1,420	3%	5,392	7%	24,296	7%
Miscellaneous	25,208	12%	18,190	38%	10,344	13%	53,742	16%
Sales revenue with third parties	**208,031**	**100%**	**47,595**	**100%**	**79,023**	**100%**	**334,649**	**100%**

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 – 6/30/2021					
	Vehicle Engineering	Production Solutions	Electrics/ Electronics	Total Segments	Consolidation	Total Group
Period-related revenue recognition	205,421	45,964	91,870	343,255	-	343,255
Point in time revenue recognition	7,380	1,380	139	8,899	-	8,899
Sales revenue with other segments	- 2,851	- 4,355	- 12,273	- 19,479	-	- 19,479
Sales revenue with third parties	**209,950**	**42,989**	**79,736**	**332,675**	**-**	**332,675**
Sales revenue with other segments	2,851	4,355	12,273	19,479	- 19,479	-
Changes in inventories	323	13	119	455	-	455
Total revenues	**213,124**	**47,357**	**92,128**	**352,609**	**- 19,479**	**333,130**

in € thousand	1/1/2020 – 6/30/2020					
	Vehicle Engineering	Production Solutions	Electrics/ Electronics	Total Segments	Consolidation	Total Group
Period-related revenue recognition	187,832	49,306	85,949	323,087	-	323,087
Point in time revenue recognition	23,044	820	325	24,189	-	24,189
Sales revenue with other segments	- 2,845	- 2,531	- 7,251	- 12,627	-	- 12,627
Sales revenue with third parties	**208,031**	**47,595**	**79,023**	**334,649**	**-**	**334,649**
Sales revenue with other segments	2,845	2,531	7,251	12,627	- 12,627	-
Changes in inventories	- 1,819	- 175	- 133	- 2,127	-	- 2,127
Total revenues	**209,057**	**49,951**	**86,141**	**345,149**	**- 12,627**	**332,522**

5.7 Contingent Liabilities/Receivables and Other Financial Obligations

Contingent Liabilities

As at the end of the 2020 reporting 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, which are composed as follows:

in € thousand	6/30/2021	12/31/2020
Total renting and leasing contracts	4,171	4,602
Open purchase orders	3,755	2,583
Other miscellaneous financial obligations	28	243
Total	**7,954**	**7,428**

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 at the end of the 2020 reporting year, there were no material contingent receivables on the reporting date.

5.8 Financial Instruments

Net Financial Debt/Credit

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

in € thousand	6/30/2021	12/31/2020
Non-current financial liabilities	- 120,046	- 120,778
Non-current lease liabilities	- 143,342	- 120,340
Current financial liabilities	- 4,023	- 2,441
Current lease liabilities	- 18,468	- 17,029
Current securities, loans and financial instruments	28	32
Cash and cash equivalents	113,102	156,292
Net financial debt/-credit [-/+]	**- 172,749**	**- 104,264**
Net financial debt/-credit wo lease liabilities [-/+]	**- 10,939**	**33,105**
Equity	104,701	101,841
Net Gearing [%] incl. Lease liabilities	**165.0%**	**102.4%**
Net Gearing [%] wo Lease liabilities	**10.4%**	**n/a**

At € 172.7 million, the net financial debt on June 30, 2021 is € 68.5 million above the value on December 31, 2020 (€ 104.3 million). Without taking lease liabilities into account, the net financial debt on June 30, 2021 amounts to € 10.9 million (12/31/2020: net financial assets € 33.1 million), which is equivalent to a € 44.0 million reduction.

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 future 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 € 105.9 million on the reporting date (12/31/2020: € 103.7 million). On June 23, 2021, the Executive Management of EDAG Engineering GmbH, a subsidiary of EDAG Engineering Group AG (EDAG) decided to prematurely terminate the KfW entrepreneur loan of € 60 million that was contractually agreed in November 2020, without drawing on it. With the early termination of the loan, the ban on dividend payments also ceases to apply. As a result of the overall market recovery that is becoming apparent and the positive effects of the measures implemented last year to improve performance, the supplementary financial resources provided by the KfW loan are no longer necessary. It can thus be seen that the company has overcome the economic effects of the corona pandemic faster and better than was expected in November.

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

	in € thousand	6/30/2021	12/31/2020
	Inventories	3,343	2,654
+	Current contract assets	94,852	51,319
+	Current accounts receivable	86,156	74,123
-	Current contract liabilities	- 125,280	- 125,402
-	Current accounts payable	- 19,524	- 22,978
=	**Trade Working Capital (TWC)**	**39,547**	**- 20,284**
+	Non-current other financial assets	631	725
+	Non-current other non-financial assets	150	165
+	Deferred tax assets	19,994	20,133
+	Current other financial assets excl. Interest-bearing receivables	1,535	1,889
+	Current other non-financial assets	17,844	16,155
+	Income tax assets	1,814	1,343
-	Non-current other non-financial liabilities	- 86	- 83
-	Deferred tax liabilities	- 41	- 6
-	Current other financial liabilities	- 3,682	- 3,691
-	Current other non-financial liabilities	- 51,010	- 38,497
-	Income tax liabilities	- 492	- 1,865
=	**Other working capital (OWC)**	**- 13,343**	**- 3,732**
	Net working capital (NWC)	**26,204**	**- 24,016**

Compared to December 31, 2020, trade working capital increased by € 59,831 thousand, from € -20,284 thousand to € 39,547 thousand. The increase mainly results from a higher capital commitment in contract assets and accounts receivable.

The other working capital decreased to € -13,343 thousand, compared to € -3,732 thousand on December 31, 2020. This decrease was influenced mainly by an increase in current other non-financial liabilities to employees.

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 abridged 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 6/30/2021
		Carrying Amount	Fair Value		
Financial Assets					
Financial assets[1]	80	74	74	-	154
Non-current other financial assets	-	454	454	177	631
Current contract assets	-	-	-	94,852	94,852
Current accounts receivables	-	86,155	86,155	-	86,155
Current other financial assets	-	1,309	1,309	226	1,535
Current securities, loans and financial instruments	28	-	-	-	28
Cash and cash-equivalents	-	113,102	113,102	-	113,102
Financial Assets	**108**	**201,094**	**201,094**	**95,255**	**296,457**
Financial liabilitites					
Non-current financial liabilities	-	120,046	121,644	-	120,046
Non-current lease liabilities	-	-	-	143,342	143,342
Current financial liabilities	38	3,985	3,985	-	4,023
Current lease liabilities	-	-	-	18,468	18,468
Current contract liabilities	-	-	-	125,281	125,281
Current accounts payable	-	19,525	19,525	-	19,525
Current other financial liabilities	-	3,682	3,682	-	3,682
Financial liabilitites	**38**	**147,238**	**148,836**	**287,091**	**434,367**

[1] 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		
Financial Assets					
Financial assets[1]	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	-	1,669	1,669	220	1,889
Current securities, loans and financial instruments	32	-	-	-	32
Cash and cash-equivalents	-	156,292	156,292	-	156,292
Financial Assets	**112**	**232,573**	**232,573**	**51,830**	**284,515**
Financial liabilitites					
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
Financial liabilitites	**46**	**149,842**	**152,734**	**262,771**	**412,659**

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 6/30/2021			
	Level 1	Level 2	Level 3	Total
Financial assets				
Current securities, loans and financial instruments	28	-	-	28
Financial liabilities				
Derivative financial liabilities	-	38	-	38

in € thousand	Assessed at fair value 12/31/2020			
	Level 1	Level 2	Level 3	Total
Financial assets				
Current securities, loans and financial instruments	32	-	-	32
Financial liabilities				
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 – 6/30/2021	1/1/2020 – 6/30/2020
EDAG Group with boards of directors[1] (EDAG Group AG & EDAG Schweiz Sub-Holding AG)[2]		
Work-related expenses	482	483
Travel and other expenses	2	8
Consulting expenses	6	5
EDAG Group with supervisory boards[1] (EDAG Engineering GmbH & EDAG Engineering Holding GmbH)		
Work-related expenses	27	38
Compensation costs	318	528
EDAG Group with ATON companies (parent company and its affiliated companies)		
Goods and services rendered	55	74
Goods and services received	-	29
EDAG Group with unconsolidated subsidiaries		
Other operating expenses	4	4
EDAG Group with associated companies		
Goods and services rendered	302	438
Goods and services received	82	567
Other operating income	233	238
Other operating expenses	25	25
Income from investments	214	- 478
EDAG Group with other related companies and persons		
Goods and services rendered	12	58
Interest expense	6	79
Other operating income	2	2
Paid leases for rights of use	2,362	2,444

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

[2] With the entry in the commercial register on June 28, 2021, EDAG Engineering Schweiz Sub-Holding AG, Arbon was merged with EDAG Engineering Group AG, Arbon with retrospective effect from January 1, 2021.

5.10 Subsequent Events

No important events took place after the reporting period.

AFFIRMATION OF THE LEGAL REPRESENTATIVE

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

Arbon, August 25, 2021
EDAG Engineering Group AG

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

Holger Merz, Member of the Group Executive Management, CFO

Georg Denoke, Chairman of the Board of Directors

Sylvia Schorr, Member of the Board of Directors

Dr. Philippe Weber, Member of the Board of Directors

Manfred Hahl, Member of the Board of Directors

Clemens Prändl, Member of the Board of Directors

LEGAL NOTICE

Issued by:

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

Legal Notice

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

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