

2021 FINANCIAL YEAR
INTERIM REPORT AS OF SEPTEMBER 30, 2021



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SUMMARY OF THE THIRD QUARTER OF THE 2021 FINANCIAL YEAR

NEW ENGINEERING HUB FOR EDAG MUNICH - INTERNATIONAL CUSTOMER EVENT TO MARK THE OPENING OF THE NEW SITE ON SEPTEMBER 8, 2021



The EDAG Group opened "Frankfurter Ring 77", its new location in Munich, during an international customer event. After a two-year building period, September 8 saw the official opening of an innovative, attractive and networked 9,000 m² building complex offering around

600 EDAG engineers the space for their interdisciplinary and flexible work. With this project, the EDAG Group has invested in the future of the company, but more than anything else in the needs of its workforce. National and international customers attended the event, where they

gained exclusive insights into the EDAG Group's current innovations, mobility solutions and future-oriented "new work concept".

The transformation process in the automotive industry is in full swing. The mobile future is set to become more digital and more networked. This means that, as a developer, EDAG will have to respond to changes with increasing speed and agility. With this motivation in mind, we have also created the appropriate spatial conditions for creative, interdisciplinary and flexible collaboration for our vehicle development, production plant development, E/E and software & digitalization teams. A "new work" environment that is not only contemporary, but also increases the feel-good factor and motivation.

The new engineering hub has enabled the EDAG Group, which had previously maintained nine separate branches in Munich, to bring together a large number of employees at one site. The "new work concept" being applied in the new building is regarded as a lighthouse project for the international EDAG Group.

JULY

AUGUST

SEPTEMBER

SUMMARY OF THE THIRD QUARTER OF THE 2021 FINANCIAL YEAR

EDAG GROUP WINS THE ABC AWARD 2021 AS "BEST OF BEST" IN THE "SMART & DIGITAL" CATEGORY FOR THE "EDAG CITYBOT" MOBILITY CONCEPT



The ABC Award is the established premium accolade when it comes to ground-breaking concepts and products for the mobility of tomorrow. New quality of life and sustainability requirements are changing the way we get around. Solutions and answers for the mobile future are already in existence today: developments and designs that successfully combine easy handling, environmental protection and consumer behavior of the mobility user. As the leading mobility award, the ABC Award sets these forward-thinking, future-oriented concepts and products apart in a unique way.

This year, the EDAG Group was presented with the "Best of Best" award in the "Smart & Digital" category for the outstanding product and communication design of its mobility concept, the "EDAG CityBot". The EDAG Group is continuously developing its CityBot mobility concept.



From left to right: Tom Hasenauer (EDAG Design Team), Georg Ruhrmann (EDAG Design Team), Johannes Barckmann (EDAG CityBot Product Owner) und Ricardo Hagemann (EDAG Design Team).

JULY

AUGUST

SEPTEMBER

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

(in € million or %)	1/1/2021 – 9/30/2021	1/1/2020 – 9/30/2020	7/1/2021 – 9/30/2021	7/1/2020 – 9/30/2020
Vehicle Engineering	324.9	304.1	111.8	95.1
Production Solutions	71.5	73.5	24.1	23.5
Electrics/Electronics	139.0	125.5	46.9	39.3
Consolidation	- 29.2	- 20.1	- 9.7	- 7.5
Total revenues¹	506.2	482.9	173.1	150.4
Growth:				
Vehicle Engineering	6.8%	-19.0%	17.6%	-24.2%
Production Solutions	-2.7%	-14.5%	2.7%	-14.6%
Electrics/Electronics	10.8%	-2.8%	19.3%	-8.2%
Change of revenues¹	4.8%	-17.3%	15.1%	-22.4%
Vehicle Engineering	18.9	- 6.0	9.4	5.9
Production Solutions	- 3.2	- 5.5	0.3	- 0.6
Electrics/Electronics	8.1	3.8	3.5	1.9
Adjusted EBIT	23.8	- 7.7	13.1	7.2
Vehicle Engineering	5.8%	-2.0%	8.4%	6.2%
Production Solutions	-4.5%	-7.4%	1.1%	-2.6%
Electrics/Electronics	5.9%	3.0%	7.5%	4.9%
Adjusted EBIT margin	4.7%	-1.6%	7.6%	4.8%
Profit or loss	8.5	- 17.8	7.0	- 1.3
Earnings per share (€)	0.34	- 0.71	0.28	- 0.05

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 %)	9/30/2021	12/31/2020
Fixed assets	309.5	295.2
Net working capital	23.9	- 24.0
Net financial debt (incl. lease liabilities)	- 154.6	- 104.3
Provisions	- 67.0	- 65.1
Equity	111.8	101.8
Balance sheet total	677.2	620.1
Net financial debt/credit [-/+] wo lease liabilities	- 4.7	33.1
Equity / BS total	16.5%	16.4%
Net Gearing [%] incl. lease liabilities	138.2%	102.4%
Net Gearing [%] wo lease liabilities	4.2%	n/a

(in € million or %)	1/1/2021 – 9/30/2021	1/1/2020 – 9/30/2020	7/1/2021 – 9/30/2021	7/1/2020 – 9/30/2020
Operating cash flow	- 5.1	114.2	18.5	92.8
Investing cash flow	- 12.9	- 10.9	- 5.1	- 3.5
Free cash flow	- 17.9	103.4	13.4	89.3
Financing cash flow	- 3.7	- 31.2	8.5	- 16.5
CapEx	13.2	10.8	5.4	3.5
CapEx/Revenues	2.6%	2.2%	3.1%	2.3%

	9/30/2021	12/31/2020
Headcount end of period incl. apprentices	7,874	7,984
Trainees as %	3.8%	4.2%

On account of the partial market recovery of the last few months, revenue in the nine months just ended amounted to € 506.2 million, a significant increase of € 23.3 million or 4.8 percent compared to the same period in the previous year (Q1-3 2020: € 482.9 million). In the reporting quarter just ended, revenue totaled € 173.1 million, which represents an increase of € 22.7 million or 15.1 percent compared to the same period in the previous year. As in the second quarter, all segments experienced an increase in revenue in the third reporting quarter just ended.

Compared to the previous year, the EBIT in the reporting period increased by € 36.9 million to € 19.7 million (Q1-3 2020: € -17.2 million). This means that an EBIT margin of 3.9 percent was achieved (Q1-3 2020: -3.6 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 € 23.8 million (Q1-3 2020: € -7.7 million), which is equivalent to an adjusted EBIT margin of 4.7 percent (Q1-3 2020: -1.6 percent).

The headcount, including trainees, on September 30, 2021 was 7,874 employees (12/31/2020: 7,984 employees). 5,645 of these employees were employed in Germany, and 2,229 in the rest of the world (RoW) (31/12/2020: [Germany: 5,741; RoW: 2,243]).

Gross investments in fixed assets amounted to € 13.2 million in the reporting period, which was above the level of the same period in the previous year (Q1-3 2020: € 10.8 million). The equity ratio on the reporting date was 16.5 percent (12/31/2020: 16.4 percent).

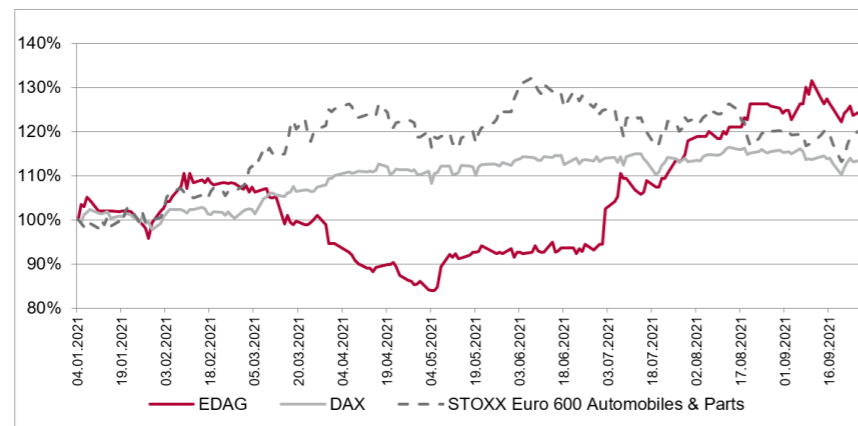
At € 154.6 million, the net financial debt (including lease liabilities) increased compared to the level recorded on December 31, 2020 (€ 104.3 million). Without taking lease liabilities into account, the net financial debt on September 30, 2021 amount to € 4.7 million (12/31/2020: net financial assets € 33.1 million), which is equivalent to an increase of € 44.0 million in the net financial debt.

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 15,977 points on August 13. On September 30, the DAX closed the reporting period with 15,261 points. The STOXX Automobiles & Parts Index fluctuated between 514 and 692 points during the first three quarters of 2021.

1 Price Development

On January 4, 2021, the opening price of the EDAG share in XETRA trading was € 9.18. 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, which was also the lowest closing price in the reporting period. Following this, the share recovered significantly, rising to its highest closing rate of € 12.50 on September 10. The closing price on September 30 stood at € 11.85. During the first nine months of 2021, the average XETRA trade volume was 6,376 shares a day.



Source: Comdirect

2 Key Share Data

	1/1/2021 – 9/30/2021
Prices and trading volume:	
Share price on September 30 (€) ¹	11.85
Share price, high (€) ¹	12.50
Share price, low (€) ¹	7.98
Average daily trading volume (number of shares) ²	6,376
Market capitalisation on September 30 (€ million)	296.25

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 testing 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 Feysinn, 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. Feysinn 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. PMBO (Project Management Office & Business Operation) consolidates the cross-segment project management processes and provides the E/E project leaders with an explicit project management framework for small to large-scale projects.

Increasingly, international work results are being provided in cooperations across various segments and sites. 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. 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 October 2021, the world economy in 2020 was influenced primarily by the Covid-19 pandemic, and exhibited a 3.1 percent contraction (2019: 2.8 percent growth). For the current year, the IMF anticipates a growth rate of 5.9 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 9-month period just ended saw a recovery, however, with sales increasing to 9.2 million vehicles (6.9 percent). The development of the five largest individual markets varied widely: whereas the number of new vehicles registered in Germany up to September 2021 fell by 1.2 percent, stronger growth rates were observed on the markets in Great Britain (5.9 percent), France (8.0 percent) and Spain (8.8 percent). An even sharper increase in the number of new registrations was registered in Italy (20.6 percent).

In Germany, the dynamic growth in new registrations of electric passenger cars remained at a high level in the 9-month period just ended (+133.9 percent compared to the same period in the previous year). Overall, sales of electric passenger cars, which amounted to 477,759, accounted for a market share of 23.7 percent (same period in the previous year: 10 percent). At 38.1 percent, the proportion of gasoline-fueled passenger cars in the reporting period was well below the previous year's level (49.6 percent); likewise, at 21.1 percent, the proportion of diesel-fueled passenger cars was also significantly below the level in the previous year (29.9 percent).

In the USA, the volume on the light vehicle market (passenger cars and light trucks) in the third quarter of 2021 increased by 13 percent to about 11.7 million vehicles compared to the same period in the previous year. Sales in the passenger car segment rose by 8 percent, and by 15 percent in the light truck segment. In China, too, the number of new vehicles sold in the third quarter of 2021 increased to 14.6 million (11 percent). In September, however, sales there fell by 16 percent to 1.7 million vehicles. The reason for the decline are increasingly frequent production downtimes caused by the shortage of semiconductors. Similarly, the markets in Brazil (-28 percent), Japan (-34 percent) and India (-41 percent) performed significantly worse in September 2021 compared to the same month in the previous year.

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 September 30, 2021, orders on hand increased to € 357.6 million, compared to € 333.8 million as of December 31, 2020 (9/30/2020: € 391.2 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 nine-month period just ended, the EDAG Group generated incoming orders amounting to € 526.7 million, which, compared to the same period in the previous year (€ 578.4 million), represents a decrease of € 51.7 million.

On account of the partial market recovery of the last few months, revenue for the nine months just ended amounted to € 506.2 million, a significant increase of € 23.3 million or 4.8 percent compared to the same period in the previous year (Q1-3 2020: € 482.9 million). In the reporting quarter just ended, revenue totaled € 173.1 million, which represents a significant increase of € 22.7 million or 15.1 percent compared to the same period in the previous year. As in the second quarter, all segments experienced an increase in revenue in the third reporting quarter just ended.

The materials and services expenses decreased by € 5.1 million to € 58.4 million. At 11.5 percent, the materials and services expenses ratio was well below the level of the same period of the previous year (Q1-3 2020: 13.1 percent). This development is mainly due to a production order ended in 2020. At 4.1 percent, the materials expenses ratio was therefore also well below the level of the same period in the previous year (Q1-3 2020: 6.8 percent). On the other hand, at 7.5 percent, the ratio of service expenses in relation to the revenues was slightly above the level of the same period in the previous year (Q1-3 2020: 6.3 percent).

The EDAG Group's personnel expenses in the reporting period increased by € 4.4 percent to € 354.5 million compared to the same period in the previous year. The ratio of personnel expenses, on the other hand, decreased to 70.0 percent compared with the same period in the previous year (Q1-Q3 2020: 70.3 percent). Besides severance pay, the personnel expenses include income from government subsidies for short-time compensation in the amount of € 3.7 million (Q1-3 2020: € 8.4 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 nine-month period just ended, the company had a workforce of 7,834 employees on average, including apprentices (Q1-Q3 2020: 8,190 employees).

Depreciation, amortization and impairments totaled € 30.2 million (Q1-Q3 2020: € 32.4 million). The net result from the impairment/impairment loss reversal of financial assets amounted to € -0.03 million (Q1-3 2020: € -11.9 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 decreased by € 3.7 million to € 61.4 million.

Compared to the previous year, the EBIT in the reporting period increased by € 36.9 million to € 19.7 million (Q1-3 2020: € -17.2 million). This means that an EBIT margin of 3.9 percent was achieved (Q1-3 2020: -3.6 percent).

Primarily adjusted for the depreciation, amortization and impairments from the purchase price allocations that were recorded in the reporting period in 2021 (€ 1.9 million) and directly attributable special items in conjunction with the cyber attack (€ 2.8 million), the adjusted EBIT figure was € 23.8 million (Q1-3 2020: € -7.7 million), which is equivalent to an adjusted EBIT margin of 4.7 percent (Q1-3 2020: -1.6 percent).

The financial result for the first three quarters of 2021 was € -7.1 million, (Q1-3 2020: € -7.5 million), an improvement of € 0.5 million compared to the same period in the previous year.

Development of the Vehicle Engineering Segment

Incoming orders in the nine-month period just ended amounted to € 312.5 million, which was significantly below the level of the same period in the previous year (Q1-3 2020: € 394.9 million). At € 324.9 million, revenues on the other hand were above the previous year's level (Q1-3 2020: 304.1 million). All in all, an EBIT of € 16.0 million was reported for the Vehicle Engineering segment in the nine-month period just ended (Q1-Q3 2020: € -14.0 million). The EBIT margin amounted to 4.9 percent and was thus well above the level of the same period in the previous year (Q1-3 2020: -4.6 percent). Compared to the same period in the previous year, there was

a marked improvement in the adjusted EBIT margin, which increased to 5.8 percent (Q1-3 2020: -2.0 percent).

Development of the Production Solutions Segment

In this segment, incoming orders amounted to € 71.3 million, which was slightly above the level of the same period in the previous year (Q1-3 2020: € 69.8 million). Revenue in the nine-month period totaled € 71.5 million, representing a slight decrease of 2.0 percent compared to the same period in the previous year (Q1-3 2020: € 73.5 million); nevertheless, at € 24.1 million, the reporting quarter just ended again saw an increase compared to the same quarter in the previous year (€ 23.5 million). Overall, the EBIT for the Production Solutions segment stood at € -4.4 million in the nine-month period just ended (Q1-Q3 2020: € -5.7 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. At -4.5 percent, the adjusted EBIT margin in the nine-month period was above the level of the same period in the previous year (Q1-3 2020: -7.4 percent). The adjusted EBIT in the reporting quarter just ended was € 0.3 million (3rd quarter of 2020: € -0.6 million), which is equivalent to an adjusted EBIT margin of 1.1 percent (3rd quarter of 2020: -2.6 percent). This was therefore the second reporting quarter in a row in which the segment recorded a positive adjusted EBIT.

Development of the Electrics/Electronics Segment

Incoming orders increased by € 24.9 million to € 148.0 million compared to the same period in the previous year (Q1-3 2020: € 123.1 million). At € 139.0 million, revenue was also above the level of the same period in the previous year (€ 125.5 million). The EBIT stood at € 8.1 million (Q1-3 2020: € 2.6 million). This meant that the EBIT margin amounted to 5.9 percent (Q1-Q3 2020: 2.0 percent). The adjusted EBIT margin was 5.9 percent, which was a significant improvement on the previous year's level (Q1-3 2020: 3.0 percent).

Cash Flows and Financial Position

At € 677.2 million, the EDAG Group's statement of financial position total was € 57.1 million above the level of December 31, 2020 (€ 620.1 million). The non-current assets increased by € 10.6 million to € 326.9 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 (€ 52.0 million) and the accounts receivable (€ 18.1 million). By way of contrast, cash and cash-equivalents decreased by € 21.2 million. At € 135.0 million, however, these are still at a very high level.

On the equity, liabilities and provisions side, equity increased by € 10.0 million to € 111.8 million in the last few months, as a result of the partial market recovery on the current profit. The equity ratio was 16.5 percent (12/31/2020: 16.4 percent).

At € 293.7 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 € 11.6 million in the non-current lease liabilities, largely on account of a long-term real estate lease. The current liabilities and provisions increased by € 35.7 million to € 271.7 million, primarily as a result of a current loan from VKE-Versorgungskasse EDAG-Firmengruppe e.V. and other non-financial liabilities from employee benefits.

In the nine-month period just ended, the operating cash flow was € -5.1 million (Q1-3 2020: € 114.2 million). The reduction was primarily due to effects from the trade working capital.

At € 13.2 million, gross investments in the reporting period were higher than in the previous year (Q1-3 2020: € 10.8 million). The ratio of gross investments in relation to revenues was therefore 2.6 percent (Q1-Q3 2020: 2.2 percent).

On the reporting date, unused lines of credit in the amount of € 106.0 million exist in the Group (12/31/2020: € 103.7 million). 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 September 30, 2021, the EDAG Group employed a workforce of 7,874 employees (12/31/2020: 7,984 employees). Personnel expenses in the reporting period amounted to € 354.5 million (Q1-Q3 2020: € 339.5 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 upgraded from risk category B (Q2 2021) to category A. The background to this is the ongoing strain on international supply chains, especially the shortage of semiconductors, which is leading to significant declines in the international automotive markets. The risks from the operative divisions decreased in the third quarter from risk category A (Q2 2021) to risk category C, with an unchanged low probability of occurrence.

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 and the strain which global supply chains are under. 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 October 2021, the world economy contracted by 3.1 percent in 2020. Global growth is projected at 5.9 percent for 2021, and this is expected to moderate to 4.9 percent in 2022.

Germany can expect an increase of 3.1 percent in economic performance in 2021; the trend is expected to continue, with the growth rate stepping up to 4.6 percent in 2022. Within the euro area, the IMF expects a growth rate of 5.0 percent in 2021 and of 4.3 percent in 2022.

Projections indicate that the recovery of the US economy is expected to amount to 6 percent in 2021. A growth rate of 5.2 percent is anticipated in 2022.

According to current estimates, China, with forecasts for a 8.0 percent increase in economic output in 2021 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.

The forecast market recovery is not, however, 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 decrease by 3 percent to a total of 11.6 million passenger cars in 2021. For Germany, the VDA also forecasts a drop of 12 percent to 2.57 million passenger cars. This development is largely due to the continuing shortage of semiconductors, which is causing shortfalls in production in the automotive industry.

Following the decrease in China's sales figures in 2020, the VDA anticipates an unchanged volume of 19.8 million units in 2021.

Morgan Stanley anticipates a significant increase (approx. 6.6 percent) in global sales to more than 78 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/PHEV¹ 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 continue to achieve profitable growth rates. 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 CO₂ reduction, the development of alternative drive concepts is being massively accelerated. This focus is also evident in the EU's climate protection package

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

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.

Delays in the awarding of contracts, project cancellations, heterogeneous capacity utilization in different areas and locations as well as continuing price pressure 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 outlined above, the EDAG management anticipates an increase in revenues somewhere in the range of some 3 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. The business development presented for the third quarter of 2021 confirms our estimates.

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 at the upper end of the 3 to 4 percent range for the Group.

However, this assessment still depends largely on the further development of the ongoing strain on international supply chains and the corona pandemic.

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 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%	Upper end of range of around 3 to 4 percent
Investment rate	2.4%	Range of 3 to 4 percent

4 Disclaimer

The Interim Group 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 – 9/30/2021	1/1/2020 – 9/30/2020	7/1/2021 – 9/30/2021	7/1/2020 – 9/30/2020
Profit or loss				
Sales revenues and changes in inventories ¹	506,244	482,935	173,114	150,413
Sales revenues	506,166	484,994	173,491	150,345
Changes in inventories	78	- 2,059	- 377	68
Other income	18,038	12,267	7,396	3,860
Material expenses	- 58,418	- 63,480	- 24,320	- 16,170
Gross Profit	465,864	431,722	156,190	138,103
Personnel expenses	- 354,466	- 339,492	- 113,065	- 102,477
Depreciation, amortization and impairment	- 30,210	- 32,353	- 10,727	- 10,633
Net result from impairment losses or impairment loss reversals of financial assets	- 27	- 11,940	347	- 272
Other expenses	- 61,413	- 65,121	- 20,066	- 24,380
Earnings before interest and taxes (EBIT)	19,748	- 17,184	12,679	341
Result from investments accounted for using the equity method	339	- 281	125	197
Financial income	118	207	44	67
Financing expenses	- 7,517	- 7,455	- 2,311	- 2,454
Financial result	- 7,060	- 7,529	- 2,142	- 2,190
Earnings before taxes	12,688	- 24,713	10,537	- 1,849
Income taxes	- 4,225	6,920	- 3,508	517
Profit or loss	8,463	- 17,793	7,029	- 1,332

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

in € thousand	1/1/2021 – 9/30/2021	1/1/2020 – 9/30/2020	7/1/2021 – 9/30/2021	7/1/2020 – 9/30/2020
Profit or loss	8,463	- 17,793	7,029	- 1,332
Other Comprehensive Income				
Under certain conditions reclassifiable profits/losses				
Currency conversion difference				
Profits/losses included in equity from currency conversion difference	748	- 2,434	226	- 843
Total under certain conditions reclassifiable profits/losses	748	- 2,434	226	- 843
Not reclassifiable profits/losses				
Revaluation of net obligation from defined benefit plans				
Revaluation of net obligation from defined benefit plans before taxes	1,051	192	- 211	- 2,133
Deferred taxes on defined benefit plans and obligations	- 313	- 59	65	638
Share of other comprehensive income of at-equity accounted investments, net of tax	17	4	- 3	- 24
Total not reclassifiable profits/losses	755	137	- 149	- 1,519
Total other comprehensive income before taxes	1,816	- 2,238	12	- 3,000
Total deferred taxes on the other comprehensive income	- 313	- 59	65	638
Total other comprehensive income	1,503	- 2,297	77	- 2,362
Total comprehensive income	9,966	- 20,090	7,106	- 3,694
Earnings per share of shareholders of EDAG Group AG [diluted and basic in €]				
Earnings per share	0.34	- 0.71	0.28	- 0.05

2 Consolidated Statement of Financial Position

in € thousand	9/30/2021	12/31/2020
Assets		
Goodwill	74,424	74,258
Other intangible assets	13,863	15,334
Property, plant and equipment	68,728	69,324
Rights of use from leasing	134,444	118,700
Financial assets	148	135
Investments accounted for using the equity method	17,855	17,498
Non-current other financial assets	575	725
Non-current other non-financial assets	146	165
Deferred tax assets	16,694	20,133
Non-current assets	326,877	316,272
Inventories	3,194	2,654
Current contract assets	103,293	51,319
Current accounts receivables	92,220	74,123
Current other financial assets	1,478	1,889
Current securities, loans and financial instruments	28	32
Current other non-financial assets	14,461	16,155
Income tax assets	563	1,343
Cash and cash-equivalents	135,045	156,292
Current assets	350,282	303,807
Assets	677,159	620,079

in € thousand	9/30/2021	12/31/2020
Equity, liabilities and provisions		
Subscribed capital	920	920
Capital reserves	40,000	40,000
Retained earnings	88,560	80,097
Reserves from profits and losses recognized directly in equity	- 12,840	- 13,595
Currency conversion differences	- 4,834	- 5,581
Equity	111,806	101,841
Provisions for pensions and similar obligations	37,886	37,463
Other non-current provisions	3,684	3,552
Non-current financial liabilities	120,043	120,778
Non-current lease liabilities	131,900	120,340
Non-current other non-financial liabilities	88	83
Deferred tax liabilities	62	6
Non-current liabilities and provisions	293,663	282,222
Current provisions	25,426	24,114
Current financial liabilities	19,723	2,441
Current lease liabilities	17,969	17,029
Current contract liabilities	131,305	125,402
Current accounts payable	20,605	22,978
Current other financial liabilities	3,786	3,691
Current other non-financial liabilities	51,821	38,496
Income tax liabilities	1,055	1,865
Current liabilities and provisions	271,690	236,016
Equity, liabilities and provisions	677,159	620,079

3 Consolidated Cash Flow Statement

in € thousand	1/1/2021 – 9/30/2021	1/1/2020 – 9/30/2020
Profit or loss	8,463	- 17,793
+/- Income tax expenses/income	4,225	- 6,920
- Income taxes paid	- 796	- 2,404
+ Financial result	7,060	7,529
+ Interest and dividend received	107	197
+/- Depreciation and amortization/write-ups on tangible and intangible assets	30,210	33,053
+/- Other non-cash item expenses/income	- 5,105	12,012
+/- Increase/decrease in non-current provisions	471	- 1,317
-/+ Profit/loss on the disposal of fixed assets	182	248
-/+ Increase/decrease in inventories	- 592	3,462
-/+ Increase/decrease in contract assets, receivables and other assets that are not attributable to investing or financing activities	- 66,575	41,991
+/- Increase/decrease in current provisions	1,241	1,232
+/- Increase/decrease in accounts payables and other liabilities and provisions that are not attributable to investing or financing activities	16,045	42,914
= Cash inflow/outflow from operating activities/operating cash flow	- 5,064	114,204
+ Deposits from disposals of tangible fixed assets	286	159
- Payments for investments in tangible fixed assets	- 9,827	- 8,087
- Payments for investments in intangible fixed assets	- 3,324	- 2,756
+ Deposits from disposals of financial assets	5	11
- Payments for investments in financial assets	- 19	- 12
= Cash inflow/outflow from investing activities/investing cash flow	- 12,879	- 10,854

in € thousand	1/1/2021 – 9/30/2021	1/1/2020 – 9/30/2020
- Interest paid	- 7,470	- 7,384
+ Borrowing of financial liabilities	18,560	10,761
- Repayment of financial liabilities	- 662	- 20,380
- Repayment of lease liabilities	- 14,126	- 14,229
= Cash inflow/outflow from financing activities/financing cash flow	- 3,698	- 31,232
Net Cash changes in financial funds	- 21,641	72,118
-/+ Effect of changes in currency exchange rate and other effects from changes of financial funds	394	- 1,838
+ Financial funds at the start of the period	156,292	70,618
= Financial funds at the end of the period [cash & cash equivalents]	135,045	140,898
= Free cash flow (FCF) – equity approach	- 17,943	103,350

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	-	-	8,463	-	-	-	8,463
Other comprehensive income	-	-	-	747	738	17	1,502
Total comprehensive income	-	-	8,463	747	738	17	9,965
As per 9/30/2021	920	40,000	88,560	- 4,834	- 12,736	- 104	111,806

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	-	-	- 17,793	-	-	-	- 17,793
Other comprehensive income	-	-	-	- 2,434	133	4	- 2,297
Total comprehensive income	-	-	- 17,793	- 2,434	133	4	- 20,090
As per 9/30/2020	920	40,000	85,706	- 5,852	- 12,902	- 98	107,774

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 (September 30).

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 September 30, 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 September 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 Group 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: August 30, 2021)

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 1.07 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 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. 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 September 30, 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

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 Interim Report was based on the following exchange rates:

Country		9/30/2021	Q1 - Q3 2021	12/31/2020	Q1 - Q3 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	0.8605	0.8641	0.8990	0.8845
Brazil	BRL	6.2631	6.3809	6.3735	5.7072
USA	USD	1.1579	1.1967	1.2271	1.1241
Malaysia	MYR	4.8475	4.9412	4.9340	4.7588
Hungary	HUF	360.1900	356.5264	363.8900	348.1183
India	INR	86.0766	88.0773	89.6605	83.4336
China	CNY	7.4847	7.7407	8.0225	7.8613
Mexico	MXN	23.7439	24.0806	24.4160	24.5148
Czech Republic	CZK	25.4950	25.7366	26.2420	26.3861
Switzerland	CHF	1.0830	1.0903	1.0802	1.0678
Poland	PLN	4.6197	4.5464	4.5597	4.4226
Russia	RUB	84.3391	88.6011	91.4671	79.8960
Sweden	SEK	10.1683	10.1515	10.0343	10.5618
Japan	JPY	129.6700	129.7955	126.4900	120.8365
Turkey	TRY	10.2981	9.6980	9.1131	7.5910

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 – 9/30/2021	1/1/2020 – 9/30/2020	7/1/2021 – 9/30/2021	7/1/2020 – 9/30/2020
Earnings before interest and taxes (EBIT)	19,748	- 17,184	12,679	341
Adjustments:				
Expenses from purchase price allocation	1,901	3,821	635	1,238
Other adjustments	2,142	5,697	- 184	5,639
Total adjustments	4,043	9,518	451	6,877
Adjusted earnings before interest and taxes (adjusted EBIT)	23,791	- 7,666	13,130	7,218

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 September 30, 2021, the non-current assets amounted to € 326.9 million (12/31/2020: € 316.3 million). Of these, € 0.5 million are domestic, € 286.7 million are German, and € 39.3 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 competencies, 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 – 9/30/2021					
	Vehicle Engineering	Production Solutions	Electrics/ Electronics	Total segments	Consolidation	Total Group
Sales revenues with third parties	320,619	64,518	121,029	506,166	-	506,166
Sales revenues with other segments	4,332	6,961	17,902	29,195	- 29,195	-
Changes in inventories	- 40	-	118	78	-	78
Total revenues¹	324,911	71,479	139,049	535,439	- 29,195	506,244
EBIT	16,013	- 4,408	8,143	19,748	-	19,748
EBIT margin [%]	4.9%	-6.2%	5.9%	3.7%	n/a	3.9%
Purchase price allocation (PPA)	1,751	150	-	1,901	-	1,901
Other adjustments	1,100	1,042	-	2,142	-	2,142
Adjusted EBIT	18,864	- 3,216	8,143	23,791	-	23,791
Adjusted EBIT margin [%]	5.8%	-4.5%	5.9%	4.4%	n/a	4.7%
Depreciation, amortization and impairment	- 22,954	- 2,937	- 4,319	- 30,210	-	- 30,210
Ø Employees per segment	4,384	1,250	2,200	7,834		7,834

in € thousand	1/1/2020 – 9/30/2020					
	Vehicle Engineering	Production Solutions	Electrics/ Electronics	Total segments	Consolidation	Total Group
Sales revenues with third parties	301,723	69,141	114,130	484,994	-	484,994
Sales revenues with other segments	4,040	4,548	11,540	20,128	- 20,128	-
Changes in inventories	- 1,631	- 239	- 189	- 2,059	-	- 2,059
Total revenues¹	304,132	73,450	125,481	503,063	- 20,128	482,935
EBIT	- 14,045	- 5,693	2,554	- 17,184	-	- 17,184
EBIT margin [%]	-4.6%	-7.8%	2.0%	-3.4%	n/a	-3.6%
Purchase price allocation (PPA)	2,406	203	1,212	3,821	-	3,821
Other adjustments	5,675	34	- 12	5,697	-	5,697
Adjusted EBIT	- 5,964	- 5,456	3,754	- 7,666	-	- 7,666
Adjusted EBIT margin [%]	-2.0%	-7.4%	3.0%	-1.5%	n/a	-1.6%
Depreciation, amortization and impairment	- 23,729	- 3,254	- 5,370	- 32,353	-	- 32,353
Ø Employees per segment	4,697	1,374	2,119	8,190		8,190

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 – 9/30/2021							
	Vehicle Engineering		Production Solutions		Electrics/ Electronics		Total	
Customer sales division A	39,838	12%	7,646	12%	40,215	33%	87,699	17%
Customer sales division B	17,584	5%	1,954	3%	28,956	24%	48,494	10%
Customer sales division C	6,554	2%	936	1%	6,377	5%	13,867	3%
Customer sales division D	38,717	12%	5,466	8%	16,102	13%	60,285	12%
Customer sales division E	15,520	5%	4,612	7%	1,209	1%	21,341	4%
Customer sales division F	463	0%	1,931	3%	-	0%	2,394	0%
Customer sales division G	15,005	5%	562	1%	445	0%	16,012	3%
Customer sales division H	117,037	37%	6,240	10%	6,118	5%	129,395	26%
Customer sales division I	24,435	8%	9,394	15%	8,753	7%	42,582	8%
Miscellaneous	45,466	14%	25,777	40%	12,854	11%	84,097	17%
Sales revenue with third parties	320,619	100%	64,518	100%	121,029	100%	506,166	100%

in € thousand	1/1/2020 – 9/30/2020							
	Vehicle Engineering		Production Solutions		Electrics/ Electronics		Total	
Customer sales division A	38,554	13%	11,724	17%	34,821	31%	85,099	18%
Customer sales division B	11,868	4%	1,868	3%	31,047	27%	44,783	9%
Customer sales division C	6,598	2%	1,148	2%	5,091	4%	12,837	3%
Customer sales division D	43,151	14%	7,980	12%	13,637	12%	64,768	13%
Customer sales division E	33,263	11%	6,873	10%	1,968	2%	42,104	9%
Customer sales division F	64	0%	2,557	4%	-	0%	2,621	1%
Customer sales division G	13,544	4%	581	1%	153	0%	14,278	3%
Customer sales division H	94,644	31%	7,511	11%	5,399	5%	107,554	22%
Customer sales division I	24,610	8%	2,177	3%	7,582	7%	34,369	7%
Miscellaneous	35,427	12%	26,722	39%	14,432	13%	76,581	16%
Sales revenue with third parties	301,723	100%	69,141	100%	114,130	100%	484,994	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 – 9/30/2021					
	Vehicle Engineering	Production Solutions	Electrics/ Electronics	Total Segments	Consolidation	Total Group
Period-related revenue recognition	313,561	69,290	138,739	521,590	-	521,590
Point in time revenue recognition	11,390	2,189	192	13,771	-	13,771
Sales revenue with other segments	- 4,332	- 6,961	- 17,902	- 29,195	-	- 29,195
Sales revenue with third parties	320,619	64,518	121,029	506,166	-	506,166
Sales revenue with other segments	4,332	6,961	17,902	29,195	- 29,195	-
Changes in inventories	- 40	-	118	78	-	78
Total revenues	324,911	71,479	139,049	535,439	- 29,195	506,244

in € thousand	1/1/2020 – 9/30/2020					
	Vehicle Engineering	Production Solutions	Electrics/ Electronics	Total Segments	Consolidation	Total Group
Period-related revenue recognition	277,519	72,366	125,234	475,119	-	475,119
Point in time revenue recognition	28,244	1,323	436	30,003	-	30,003
Sales revenue with other segments	- 4,040	- 4,548	- 11,540	- 20,128	-	- 20,128
Sales revenue with third parties	301,723	69,141	114,130	484,994	-	484,994
Sales revenue with other segments	4,040	4,548	11,540	20,128	- 20,128	-
Changes in inventories	- 1,631	- 239	- 189	- 2,059	-	- 2,059
Total revenues	304,132	73,450	125,481	503,063	- 20,128	482,935

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, and these are composed as follows:

in € thousand	9/30/2021	12/31/2020
Total renting and leasing contracts	4,057	4,602
Open purchase orders	3,556	2,583
Other miscellaneous financial obligations	43	243
Total	7,656	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	9/30/2021	12/31/2020
Non-current financial liabilities	- 120,043	- 120,778
Non-current lease liabilities	- 131,900	- 120,340
Current financial liabilities	- 19,723	- 2,441
Current lease liabilities	- 17,969	- 17,029
Current securities, loans and financial instruments	28	32
Cash and cash equivalents	135,045	156,292
Net financial debt/-credit [-/+]	- 154,562	- 104,264
Net financial debt/-credit wo lease liabilities [-/+]	- 4,693	33,105
Equity	111,806	101,841
Net Gearing [%] incl. Lease liabilities	138.2%	102.4%
Net Gearing [%] wo Lease liabilities	4.2%	n/a

At € 154.6 million, the net financial debt on September 30, 2021 is € 50.3 million above the value on December 31, 2020 (€ 104.3 million). Without taking lease liabilities into account, the net financial debt on September 30, 2021 amounts to € 4.7 million (12/31/2020: net financial assets € 33.1 million), which is equivalent to a € 37.8 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. As of September 30, 2021, there is a current loan, including interest, in the amount of € 18.6 million from VKE-Versorgungskasse EDAG-Firmengruppe e.V., the other major creditor, (12/31/2020: € 0.6 million).

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 € 106.0 million on the reporting date (12/31/2020: € 103.7 million).

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

in € thousand	9/30/2021	12/31/2020
Inventories	3,194	2,654
+ Current contract assets	103,293	51,319
+ Current accounts receivable	92,220	74,123
- Current contract liabilities	- 131,305	- 125,402
- Current accounts payable	- 20,605	- 22,978
= Trade Working Capital (TWC)	46,797	- 20,284
+ Non-current other financial assets	575	725
+ Non-current other non-financial assets	146	165
+ Deferred tax assets	16,694	20,133
+ Current other financial assets excl. Interest-bearing receivables	1,478	1,889
+ Current other non-financial assets	14,461	16,155
+ Income tax assets	563	1,343
- Non-current other non-financial liabilities	- 88	- 83
- Deferred tax liabilities	- 62	- 6
- Current other financial liabilities	- 3,786	- 3,691
- Current other non-financial liabilities	- 51,821	- 38,497
- Income tax liabilities	- 1,055	- 1,865
= Other working capital (OWC)	- 22,895	- 3,732
Net working capital (NWC)	23,902	- 24,016

Compared to December 31, 2020, trade working capital increased by € 67,081 thousand, from € -20,284 thousand to € 46,797 thousand. The increase mainly results from a higher capital commitment in contract assets and accounts receivable.

The other working capital decreased to € -22,895 thousand, compared to € -3,732 thousand on December 31, 2020. This decrease was influenced mainly by an increase in current other non-financial liabilities from employee benefits.

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 9/30/2021
		Carrying Amount	Fair Value		
Financial Assets					
Financial assets ¹	80	68	68	-	148
Non-current other financial assets	-	456	456	119	575
Current contract assets	-	-	-	103,293	103,293
Current accounts receivables	-	92,220	92,220	-	92,220
Current other financial assets	-	1,249	1,249	229	1,478
Current securities, loans and financial instruments	28	-	-	-	28
Cash and cash-equivalents	-	135,045	135,045	-	135,045
Financial Assets	108	229,038	229,038	103,641	332,787
Financial liabilities					
Non-current financial liabilities	-	120,043	121,026	-	120,043
Non-current lease liabilities	-	-	-	131,900	131,900
Current financial liabilities	74	19,649	19,649	-	19,723
Current lease liabilities	-	-	-	17,969	17,969
Current contract liabilities	-	-	-	131,305	131,305
Current accounts payable	-	20,605	20,605	-	20,605
Current other financial liabilities	-	3,786	3,786	-	3,786
Financial liabilities	74	164,083	165,066	281,174	445,331

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 liabilities					
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 liabilities	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 9/30/2021			
	Level 1	Level 2	Level 3	Total
Financial assets				
Current securities, loans and financial instruments	28	-	-	28
Financial liabilities				
Derivative financial liabilities	-	74	-	74

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				
Other 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 – 9/30/2021	1/1/2020 – 9/30/2020
EDAG Group with boards of directors¹ (EDAG Group AG & EDAG Schweiz Sub-Holding AG)²		
Work-related expenses	722	699
Travel and other expenses	5	16
Consulting expenses	26	9
EDAG Group with supervisory boards¹ (EDAG Engineering GmbH & EDAG Engineering Holding GmbH)		
Work-related expenses	36	48
Compensation costs	456	762
EDAG Group with ATON companies (parent company and its affiliated companies)		
Goods and services rendered	80	110
Goods and services received	-	29
Other operating expenses	-	4
EDAG Group with unconsolidated subsidiaries		
Other operating expenses	6	6
EDAG Group with associated companies		
Goods and services rendered	438	636
Goods and services received	569	1,854
Other operating income	355	354
Other operating expenses	37	37
Income from investments	339	- 281
EDAG Group with other related companies and persons		
Goods and services rendered	17	71
Interest expense	18	81
Other operating income	6	5
Paid leases for rights of use	4,282	3,639

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.

Arbon, November 9, 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)

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Issued by:

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

Legal Notice

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