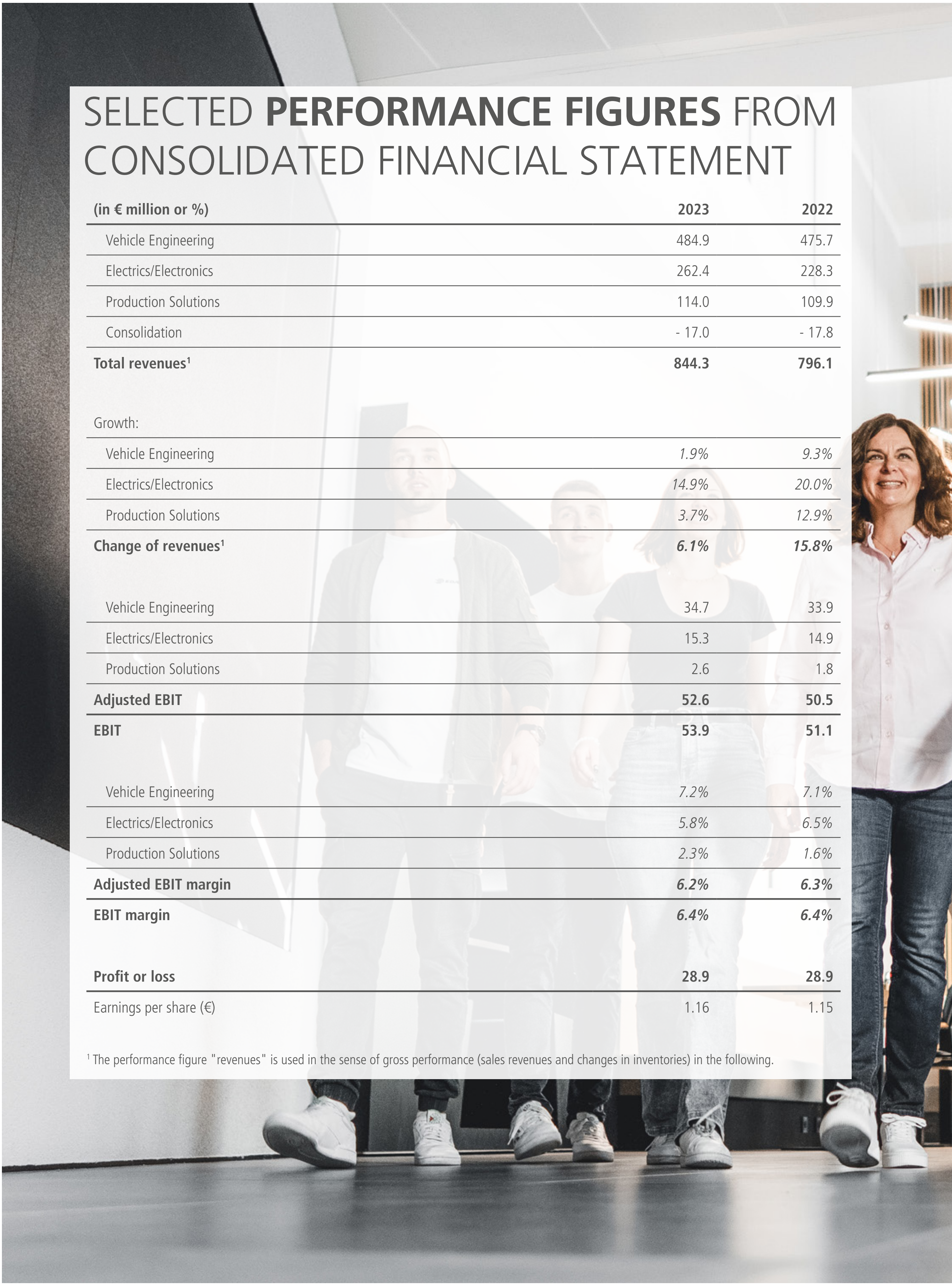
REINVENT ENGINEERING – REINVENT YOURSELF
EDAG ANNUAL REPORT 2023

EDAG



SELECTED **PERFORMANCE FIGURES** FROM CONSOLIDATED FINANCIAL STATEMENT

(in € million or %)	2023	2022
Vehicle Engineering	484.9	475.7
Electrics/Electronics	262.4	228.3
Production Solutions	114.0	109.9
Consolidation	- 17.0	- 17.8
Total revenues[1]	**844.3**	**796.1**
Growth:		
Vehicle Engineering	*1.9%*	*9.3%*
Electrics/Electronics	*14.9%*	*20.0%*
Production Solutions	*3.7%*	*12.9%*
Change of revenues[1]	***6.1%***	***15.8%***
Vehicle Engineering	34.7	33.9
Electrics/Electronics	15.3	14.9
Production Solutions	2.6	1.8
Adjusted EBIT	**52.6**	**50.5**
EBIT	**53.9**	**51.1**
Vehicle Engineering	*7.2%*	*7.1%*
Electrics/Electronics	*5.8%*	*6.5%*
Production Solutions	*2.3%*	*1.6%*
Adjusted EBIT margin	***6.2%***	***6.3%***
EBIT margin	***6.4%***	***6.4%***
Profit or loss	**28.9**	**28.9**
Earnings per share (€)	1.16	1.15

[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 %)	12/31/2023	12/31/2022
Fixed assets	360.1	350.8
Net working capital	103.2	61.5
Net financial debt (incl. leasing liabilities)	- 235.4	- 198.7
Provisions	- 65.4	- 64.7
Equity	**162.5**	**148.9**
Total assets	**730.6**	**721.7**
Net financial debt/credit [-/+] w/o lease liabilities	- 52.1	- 15.5
Equity / BS total	*22.2%*	*20.6%*
Net financial debt/credit [-/+] / equity	*144.9%*	*133.4%*

(in € million or %)	2023	2022
Operating cash flow	40.7	34.0
Investing cash flow	- 29.8	- 29.7
Free cash flow	10.9	4.3
Adjusted cash conversion rate[1]	*67.8%*	*65.8%*
CapEx	30.2	30.1
CapEx / revenues and changes in inventories	*3.6%*	*3.8%*

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

	12/31/2023	12/31/2022
Headcount end of period	8,880	8,412
Trainees as %	*4.0%*	*3.3%*


FREE
TRANSPORTATION
COMPLIMENTS OF
THE CITY OF
BREMEN

CONTENT

DEAR SHAREHOLDERS,

The year 2023 was once again characterized by geopolitical uncertainties and macroeconomic challenges. Growth was significantly more subdued in the eurozone in particular, and even slightly negative in Germany, while the United States clearly exceeded original growth expectations. Despite a slowdown in overall economic demand in Europe and other regions of the world, passenger car sales in the major international markets recovered significantly in 2023. This is primarily due to increased vehicle availability as a result of improvements in the supply chains and a greater variety of models from the manufacturers. In addition, price reductions by OEMs have also contributed to higher sales figures since the fourth quarter of 2023. At 25.8 million, more passenger cars were sold in the market in China than ever before. The markets in Europe and the United States also recorded an increase in sales compared to the previous year 2022.

Key financial trends

Despite the difficult conditions, the EDAG Group continued to improve and made good progress in implementing its strategic agenda including the expansion of expertise in the areas of software and digitalization, as well as in the development of the main key performance indicators.

In the German market in particular we experienced strong momentum and demand for our services. Following the pandemic-related uncertainties in the previous years and, resulting from this, customers' restraint in awarding contracts, the market environment improved in 2023. Our customers are investing again significantly more in the development of new vehicles and technologies and, in doing so, increasingly relied on our support and expertise. This development once again led to a record level of order intake. In 2023, this amounted to 861,9 million euros and was therefore 11,7 million euros higher than in the previous year.

In 2023, we were able to increase our revenue by 6,1 percent to around 844,3 million euros. The adjusted EBIT of 52,6 million euros corresponds to a margin of 6,2 percent. This confirms the forecast we made at the beginning of the year for the financial year.

All three segments contributed to the Group's positive development. The revenue of Vehicle Engineering, the largest segment of the EDAG Group, increased by 1,9 percent to 484,9 million euros in 2023. Major projects with a focus on holistic vehicle development have once again contributed to this growth. The adjusted EBIT margin remained stable at 7,2 percent.

The Electrics/Electronics segment also benefited from a strong demand trend in the area of software and digitalization in 2023. German as well as, increasingly, international customers are relying more and more on the expertise and special know-how of the EDAG Group. Accordingly, total output rose by 14,9 percent to 262,4 million euros. This resulted in an adjusted segment EBIT margin of 5,8 percent.

In 2023, the Production Solutions segment benefited from a successful reorganization process in previous years and further diversification of the customer portfolio. In addition, our customers in the automotive sector contributed to growth by investing in the production of batteries and alternative drive systems. Accordingly, output rose by 3,7 percent to 114,0 million euros. Similarly, the adjusted segment EBIT margin also increased, now coming to 2,3 percent.

The continued positive economic development is also reflected in the performance of our share price. On the last trading day, the EDAG share closed at 13.70 euros, thus recording an increase in value of around 36 percent over the course of the year. In addition to this share price development, we also want you, our shareholders, to participate in the economic success of the EDAG Group. For this reason, the Board of Directors will be proposing a dividend of 0,55 euros at the AGM on June 19, 2024. This corresponds to a payout ratio of around 48 percent.

In addition to the financial performance indicators, we were also able to achieve further progress with our nonfinancial performance indicators last year. Our numerous efforts to decarbonize the EDAG Group yielded a decline of around 8 percent in Group-wide carbon emission in 2023. Further information on our sustainability initiatives can be found in the nonfinancial report and corporate responsibility (CSR) section of this annual report. Detailed information on our sustainability activities and measures will be published in the Sustainability Report on April 30, 2024.

Recruiting and training skilled workers is essential to our success. Last year, we hired 1.929 new employees across the Group, including trainees. As a result, we expanded our workforce from 8,412 to 8.880 employees as of December 31, with disproportionately high growth outside of Germany. Employee retention is an important part of our social sustainability agenda. We offer exciting projects, flexible working models and good working conditions to motivate and retain our employees. This has been confirmed by our renewed award as a "Top Employer." This is further underscored by a lower fluctuation rate compared to the competition.

Looking ahead

Global economic growth is expected to be slowed in 2024 and will not be able to return to its growth trajectory from before the coronavirus pandemic. Europe will continue to be affected by the current geopolitical developments, with structurally higher, more volatile energy prices. Experts see only slight growth in private consumption. The International Monetary Fund has slightly raised its growth forecast for the global economy in 2024 from 2.9 percent to 3.1 percent overall. Global car sales are expected to increase by 2.0 percent in 2024 to 77.4 million units. Although this marks an improvement over the pandemic years, it still falls short of 2019 by some 1.4 million vehicles.

Our customers performed well in a challenging environment but continue to face necessary changes. A large number of announced cost-cutting programs are intended to counteract the increased price competition as well as to stabilize margins. The challenges in mobility and the far-reaching transformations driven by software and digitalization require collaboration with innovative partners such as the EDAG Group.

With our strategic focus as a technology integrator, we support our customers in the holistic development of vehicles, as well as in the development of software-defined-vehicles. We continue to pursue the successful path in developing smart factory solutions also for customers from other industries. In order to achieve our goals, we will strengthen our efficiency by expanding our international presence and using AI-based applications and solutions, among other things. Our investment in a competence and test center for electromagnetic compatibility in Germany should also be mentioned here with regard to sustainable growth.

With these strategic measures and a future-oriented service portfolio, we are setting key priorities for the mutual success with our customers and continue to create value for you.

Best regards,

Georg Denoke Chairman of the Board of Directors	Cosimo De Carlo CEO

HIGHLIGHTS 2023

January

In 2023, the EDAG Group once again receives an award for its outstanding HR management. With this award, the independent jury of the Top Employers Institute confirms the outstanding working conditions at EDAG.

After two years' research, the EDAG Group completed the project "artificial intelligence for the semantic analysis of short technical texts", or "AIdentify".

EDAG Production Solutions GmbH & Co. KG went on to develop standard products for the sorting station for Continental and for "package visualization", both of which are important tools for automating inbound and outbound logistics with robotic solutions. In 2023 we rolled out the sorting station as an international standard, in Hungary to begin with, while Brazil and China are to follow.

Feburary

The EDAG Group has successfully established the series production of hydrogen storage systems which meet stringent quality standards. This progress makes it possible to meet the increasing demands for hydrogen storage solutions.

Smart Health: EDAG Production Solutions GmbH & Co. KG develops uniform procedures and standards in the federal context of the Public Health Service (ÖGD). Commissioned by the Hessian Ministry for Family Affairs, Senior Citizens, Sport, Health and Care (HMFG) and funded by the European Union, the project focuses on the definition of specific requirements for interfaces with the aim of transferring ÖGD data to other authorities or systems while avoiding media disruptions.

March

The EDAG Group extends its Ingolstadt Campus into a fully integrated engineering center.

The innovative, modular and reusable vehicle platform KOSEL and zone-based electrics/electronics architecture ZOBAS are awarded the Sustainability Award in Automotive.

April

The EDAG Group supports the SSR Team as its technical partner during the DTM – for the second time in a row. After their successful debut last year and their victory in the race in Spa-Francorchamps, SSR start their second year in the DTM in the 2023 season.

The EDAG Group, Mitsubishi Chemical and Kreisel Electric join forces to design an innovative lightweight battery housing.

In April 2023, EDAG Mexico celebrates its 10th anniversary.

May

The outstanding success of one of its apprentices delights the EDAG Group: Hannah Mey passed her final exams and emerged as the best technical product designer in Germany, making her the National Champion of the 2022 training year. The awards ceremony in Berlin was hosted by the German Chamber of Industry and Commerce.

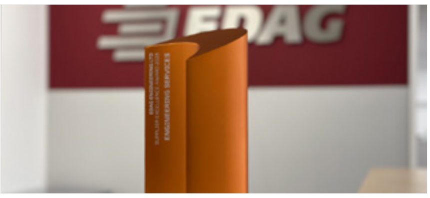
A new E/E department – Safety & Security – was founded. Functional safety centers on a comprehensive, all-round approach to safety, while cybersecurity covers the external market from the control unit in the vehicle and the backend, to production facilities and company management.

June

The EDAG Group, with its team of bicycle & pedelec experts, took part in the Eurobike for the first time ever in 2023. Two of the company's own bicycle concepts are presented: The case study EDAG "Fast Track", and the EDAG NFRP electric gravel bike.

The EDAG Group won the "Red Dot Award" design prize with its Czech subsidiary. The award goes to the 'MOOVER' pool cover drive developed with partner ALBIXON.

EDAG Production Solutions GmbH & Co. KG starts work on the factory development and validation of the production processes for an autonomous people mover / passenger shuttle.



July

The EDAG Group receives the Supplier Excellence Award in the Engineering Services category from its customer McLaren.

August

As EDAG aeromotive GmbH celebrates its tenth anniversary, it looks back on a great many successfully completed projects for the aerospace industry.

The EDAG Group successfully carries out the first live tests on the highly automated CityBot vehicles at the real lab at its premises in Fulda.

September

The EDAG Group develops an internationally patented process for the resource-saving refueling of hydrogen tanks. This process is based on the use of vacuum technology, which allows the reduced and direct use of resources. The year 2023 marks a significant milestone, as the EDAG Group has implemented global internationalization measures for this patent. By expanding its international presence and securing global patents, the company aims to spread cutting-edge technology and contribute to sustainable progress in hydrogen tank refueling at a global level.

At the beginning of September, 126 young people start their apprenticeships or dual study courses with the EDAG Group.

October

85 participants put their skills to the test at the fifth HACKATHON Fulda. The EDAG Group has been involved as an organizer and sponsor since the start of the contest for new ideas.

EDAG Engineering Scandinavia is recognized as a "great place to work".

EDAG Engineering Scandinavia continues to grow successfully. In 2022, revenue increased by 93 percent. According to the new independent ranking "Konsultkollen 2023" by Cinode, no other Swedish technology consultancy is growing at a comparable rate.

EDAG Group received the highest award, the platinum medal, in the IoT Software category at the BigData Insider Awards 2023.

EDAG Production Solutions GmbH & Co. KG successfully implements its heavy rain early warning system in the district of Fulda. The system is designed to give early warnings in emergencies, to enable citizens and emergency services to minimize the effects of heavy rainfall.

November

The EDAG Group is venturing into new dimensions of vehicle development in Wolfsburg: In the new EDAG Zero Prototype Lab, the Group's first vehicle dynamics simulation center, vehicles, their functions and driving dynamics will undergo comprehensive testing in realistic driving situations before the physical vehicle is created, starting in May 2024.

EDAG Czech Republic moves into new headquarters: the branch is now using offices in the immediate vicinity of Skoda Auto University and its students, opening up further growth in the local market.

December

Within the context of the "LaneCharge" research project, the EDAG Group develops and applies for a patent on an innovative process for the inductive charging of electric cars. The technology is successfully demonstrated in the grounds of Hanover University of Applied Sciences and Arts during a closing event.

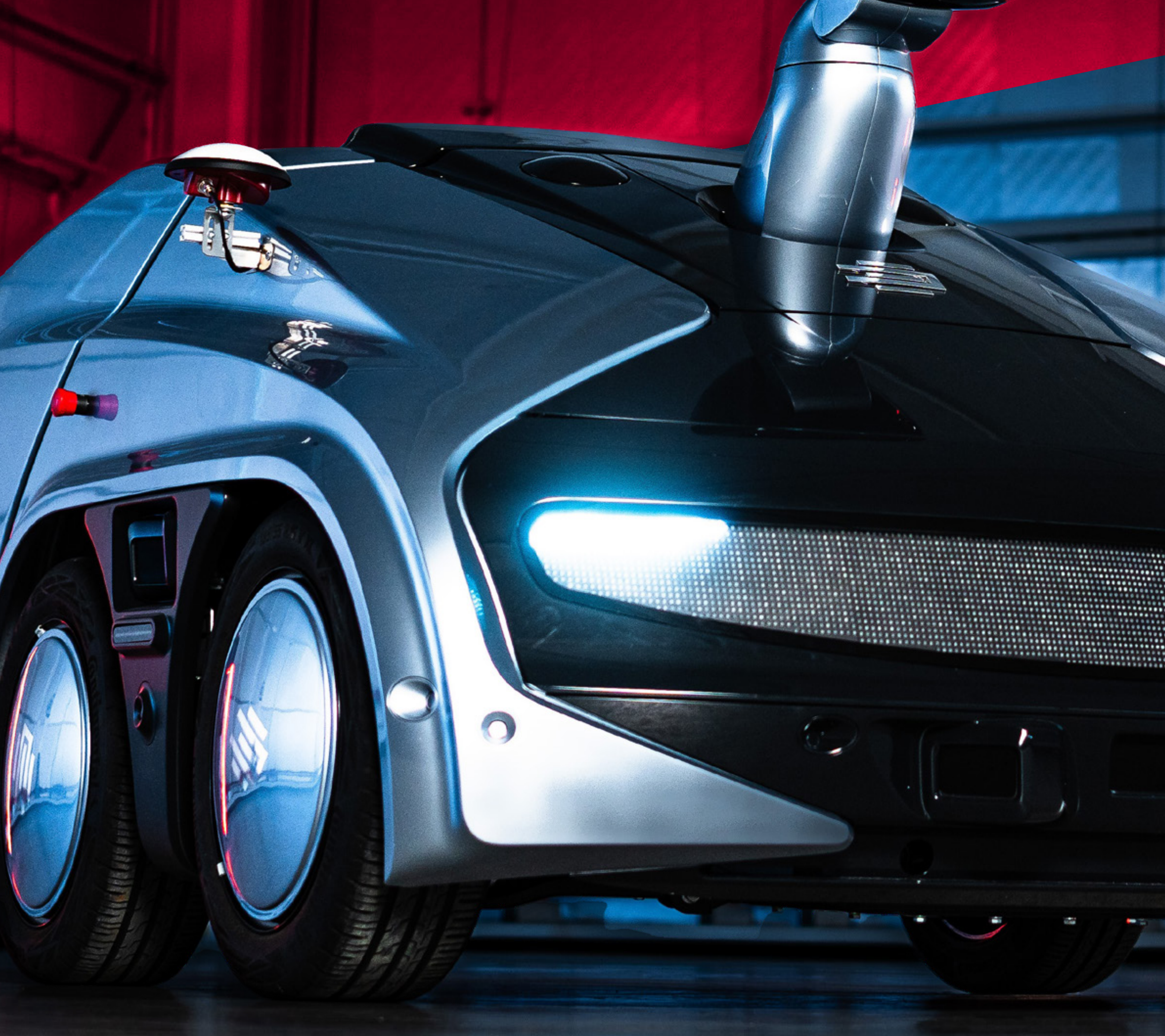
The EDAG Group expands its international network with the addition of two facilities in Austria. EDAG Engineering Austria GmbH has been operating at the Steyr and Neustift sites since December 2023 and offers a wide range of services in the field of vehicle development and robotics and industrial engineering.

EDAG Turkey records a significant increase in the number of employees in the 2nd half of the year up to 48 employees. Automotive engineering and electrics/electronics are the two most important strategic areas of growth.

EDAG China supports the interior and exterior design and prototype manufacturing for the STARSHIP China concept truck, which was jointly developed by Shell and FAW-Jiefang and is characterized by extremely low fuel consumption, very low air drag and a feeling of technological-advanced progress. In terms of fuel-economy, intelligence, safety and low-carbon footprint, it has reached the leading level current Chinese truck industry.

WHEN THE WHOLE IS GREATER THAN THE SUM OF ITS PARTS

The EDAG Group can look back on over fifty years of innovative strength. Always being one step ahead of the times and working today on the creation of next level solutions is in the DNA of the world's leading independent engineering service provider. To achieve this end, the EDAG Group combines expertise from all company divisions in a way that is unique. How does this succeed? Transformation is the key to success: reinvent engineering – reinvent yourself. The concept pays off and points the way to a promising future.



It's like walking a tightrope. For some, the situation has become desperately critical. Others see it as the turning point to a brand new, highly promising automotive era. Deciding which side to take is not an easy choice right now. At one and the same time, the constantly expanding field of mobility offers a fascinatingly wide range of opportunities resulting from new vehicle and drive concepts, digitalization and networking, infotainment and entertainment, but also sustainable materials management and smart production methods. In these turbulent times, the willingness to embrace change is what makes the difference. And so it follows that US economist Peter Drucker's credo concerning courage, foresight and determination still applies today: "The greatest danger in times of turbulence is not the turbulence; it's to act with yesterday's logic".

"The road to the future of mobility is not linear, nor does it generally follow well-trodden paths," explains Cosimo De Carlo, CEO of the EDAG Group. The current transformation in mobility, he says, is as great and as comprehensive as everything that happened in the last 100 years combined. "The EDAG Group's answer is: reinvent engineering – reinvent yourself." Or to put it in other words: When complex questions call for correspondingly complex answers, the team needs to constantly reinvent itself. "The route taken by the EDAG Group involves fundamental changes in perspective and innovations that break with yesterday's logic, turning us into true game changers."

From the real lab to implementation

At the moment, the most prominent example of this is probably the EDAG CityBot. In the "Campus FreeCity" research project funded by the German Federal Ministry of Transport and Digital Infrastructure, and carried out in the grounds around the Eintracht Frankfurt stadium, the EDAG Group's development team and its consortium partners spent two and a half years exploring the possibilities of networked, highly automated robot vehicles for 24/7 transport and service functions under real lab conditions. The message from the real lab indicates that its relevance extends far beyond applications in the soccer stadium: A technology that proves effective in live tests under stadium conditions is open to many other possible applications and can be adapted for a wide variety of vehicle types. At airports or container terminals, for example, or in the agricultural sector.

At airports, EDAG CityBots can provide ground support relief, rendering it more economical. To transport material, flight staff and VIPs, for example. They are also suitable for automated runway cleaning and the maintenance of the surrounding grassed areas. Statutory beacon monitoring is another possible business case. Equipped with the appropriate sensors, measuring technology and system access, EDAG CityBots perform this otherwise extremely labor-intensive and time-consuming task automatically – namely when flight operations are not in progress. While doing this job, the service robots can also carry out the security monitoring of the fences surrounding the airport as they are driving past. For airport operators, this means considerable savings in ongoing operating costs, in the provision of special-purpose vehicles and in ground support staffing capacities.

Technological and digital maturity are one aspect. Social acceptance, on the other hand, is at least equally as important. This applies in particular to robots in everyday life. What this means for EDAG is that the integration of the EDAG CityBots' emission-free, automated transport and service functions can only be successful if the people who are to use and benefit from them are involved in the dialog from the very outset. Only then can doubts and misgivings concerning automation, robot technology and AI-assisted user data processing be detected in good time and - ideally - systematically broken down.

For this reason, various participation formats for citizens were developed in cooperation with scientists from the House of Logistics and Mobility (HOLM) in the Campus FreeCity project. Here, interested members of the public were able to find out more about the project and also contribute their ideas on how the eco-system might be further developed.

The learning effect for everyone involved: The EDAG CityBot ecosystem works and, following the successful implemen-tation of the real lab in the Deutsche Bank Park in Frankfurt, is ready to take on new tasks. In the next stage, the important thing will be to gather experience in wide-scale fleet operation in a number of different fields. The search for partners and investors for this future-oriented project is already well under way.

The range of innovation themes brought together in the EDAG CityBot demonstrates the extent to which the EDAG Group is now also focusing on sectors outside of the mobility industry, and paving the way for new business models.

Virtual acceleration of innovations

Especially when innovations accelerate and product life cycles shorten, when new companies enter the market and competition intensifies, the demand for automation, networking, algorithms and virtual technologies grows enormously. At times like this, it is no longer simply a question of innovative products. Instead, agile methods and work processes are becoming the central elements of the next steps in digitalization, as are powerful, state-of-the-art IT landscapes. With its Feynsinn brand, EDAG is opening up completely new methods of knowledge transfer here, using virtual reality (VR), augmented reality (AR) and mixed reality (MR). In education and training, these visualization technologies make it possible for complex matters, products and technologies requiring explanation, but also new processes, to be described in a way that is both comprehensible and easy to remember. In production planning, for example, in assembly, quality assurance and testing, in maintenance or in preparations for emergency situations such as virtual fire fighting. Established learning methods are not so much replaced as enhanced by the use of the new visualization methods.

Combining the real and virtual worlds is also what the EDAG ZERO PROTOTYPE LAB is about. It is due to commence operations in Wolfsburg in the second quarter of this year, when it will be open to all market participants. In this, the world's first driving dynamics simulator center, developers can drive a vehicle during its development, and realistically experience its driving dynamics before a physical prototype has been produced. The close connection between hardware and software opens the way for virtually unlimited test scenarios. Driving dynamics can now be optimized in virtual space, regardless of the season and weather conditions. At the same time, this means that the amount of materials and resources used is decreased, the carbon footprint in the development process reduced und the time to market significantly improved.

Integrated concept for different industries

Battery cell production is one of the key factors in the success of the energy and mobility revolution. Manufacturers from Asia are currently setting the pace in this area. In Europe, there are no providers of a similar size capable of offering everything from a single source. There is therefore a need for concepts for production innovations which will bring together the various competencies in both production development and process engineering. For years now, this has been the speciality of EDAG Production Solutions, with its 360° production engineering. The range of tasks here extends from system planning and optimization and the digitalization of processes to simulations and virtual commissioning.

Information and telecommunications technology products constitute a further growth area for the EDAG Group. The increasing electrification and digitalization of all areas of life are fueling the emergence of more and more new semiconductor production facilities.

Dirk Keller, member of the board of EDAG Production Solutions GmbH & Co. KG, explains: "The EDAG Group benefits from these market developments. The semiconductor industry currently accounts for 20 percent of the revenues of our Production Solutions subsidiary – and this is an upwards trend. Experience gained in the automotive industry is extremely helpful here."

In addition to the semiconductor industry, medical technology is also a growing sales area. Both industries have very high safety and cleanliness standards, and in both industries the clean room is of great importance both for production and the installation of the production system. We have built up a high level of expertise in this area, and have already completed projects for enterprises in both industries."

Dirk Keller also observes: "The development and implementation of customized solutions can score us valuable points, especially where no adequate alterna-tives are as yet on the market. As an engineering service provider, we are neither an OEM nor a plant manufacturer, both of whom focus primarily on selling their products. Indeed, as an independent company, we can look for the best and most efficient solutions on the market so as to meet customer requirements as effectively as possible using our innovations. We are familiar with the challenges, legal requirements and, of course, all relevant issues relating to our customers' production, and as a result are able to provide optimum support for the re-organization or optimization of their smart factories and production plants.

Award-winning innovative strength

For the EDAG Group, the numerous awards the interdisciplinary development teams received from a wide variety of directions in 2023 are both confirmation of and the motivation behind its extensive transformation course. One example of this is the first place taken by the EDAG Group in the Readers Choice Award 2023, in the IoT software category. The vote came from readers of seven of the Vogel Communications Group's software and IT portals – in other words, from people with acknowledged IT expertise. In the same year, EDAG was awarded the special prize in the Plastic Omnium Innovation Challenge 2023, on the subject of "Future of Energy for Mobility". The jury was won over by the "Airport Hydrogenius" project, with its focus on the hydrogen infrastructure for ground support equipment at airports, i.e. the vehicles and machinery on the apron.

The Sustainability Award in Automotive is presented for outstandingly future-proof and sustainable mobility. With its innovative modular and reusable vehicle platform KOSEL and the zone-based E/E architecture ZOBAS, the EDAG Group, which has firmly anchored sustainability in its corporate goals, succeeded in satisfying a notoriously exacting jury in 2023. The award in the "Full Vehicle" category recognizes the innovative strength of the EDAG Group and its ambitions to significantly reduce the environmental impact of the automotive industry."For us as a company, sustainability means reinventing mobility in parts," explains EDAG CEO Cosimo De Carlo. To this end, we actively initiate and invest in research projects in the fields of sustainable production and mobility."

Innovation, transformation and future orientation, says the EDAG CEO, have always belonged together at the EDAG Group. "This is what drives us and inspires us to explore new ideas."


EDAG

EDAG ON THE CAPITAL MARKET

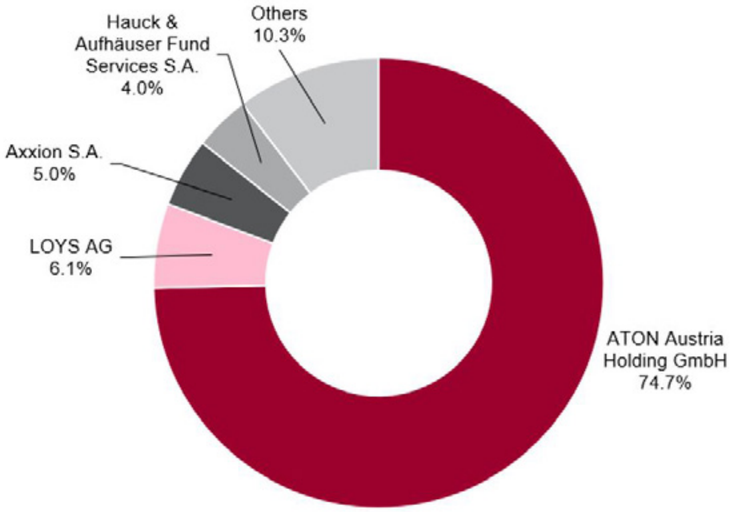
EDAG ON THE CAPITAL MARKET

1 Basic Share Information

ISIN	CH0303692047
Security code number	A143NB
Symbol	ED4
Subscribed capital	1,000,000 CHF
Number of shares issued	25,000,000
Market segment	Prime Standard
Exchanges	Xetra, Frankfurt, Munich, Düsseldorf, Berlin, Stuttgart

2 Shareholder Structure

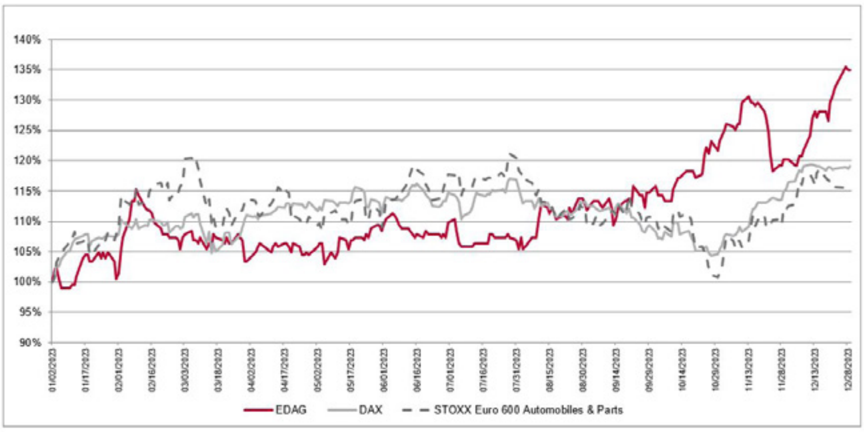
The largest individual shareholder of EDAG Engineering Group AG is ATON Austria Holding GmbH, which holds 74.66 percent. Further shareholders with holdings of more than three percent are LOYS AG with 6.05 percent, Axxion S.A. with 4.98 percent and Hauck & Aufhäuser Fund Services S.A with 3.97 percent. This information is based on voting rights notifications as per §§ 33 et seq. of the WpHG (German Securities Trading Law), received by the company on or before January 31, 2024 and the registered voting rights of ATON Austria Holding GmbH for the Annual General Meeting 2023.



3 Price Development

On January 2, 2023, the opening price of the EDAG share in Xetra trading was € 10.05. This was also the lowest closing price in the reporting period. In the first half of the year, the EDAG share was to some extent able to match the positive development on the global financial markets. From the second half of the year onwards, the EDAG share continued its steady recovery. On November 13, the share price reached an interim high with a closing price of € 13.25. Towards the end of the year, the share continued its positive development, and on December 27 reached its highest closing price in the reporting period, namely € 13.75. The trading year ended on December 30 with a closing price of € 13.70. This represents an increase of some 36 percent in the course of the year. In 2023, the average Xetra trade volume was 5,609 shares a day.

The German Stock Index (DAX) increased by some 19 percent, while STOXX Euro 600 Automobiles & Parts rose by about 15 percent in the same period. The current EDAG share price is available on our homepage, at https://www.edag.com/en/edag-group/investor-relations/share-price-and-basic-information.



Source: Comdirect

4 Key Share Data

	01/01/2023 – 12/31/2023
Prices and trading volume:	
Share price on December 30 (€)[1]	13.70
Share price, high (€)[1]	13.75
Share price, low (€)[1]	10.05
Average daily trading volume (number of shares)[2]	5,609
Performance per share:	
Earnings per share (€)	1.16
Dividend per share (€)[3]	0.55
Operating cash flow per share (€)	1.63
P/E ratio	11.85
Market capitalization on December 30 (€ million)	342.5

[1] Closing price on Xetra

[2] On Xetra

[3] Proposed by the Board of Directors

5 Analysts' Recommendations

The following summary contains recommendations and price targets of financial analysts who regularly review EDAG.

Bank	Analyst	Recommendation	Target Price	Published	Source
Deutsche Bank	Mengxian Sun	Hold	€ 15,0	Nov 10, 2023	Research Report
M.M.WARBURG & CO	Marc-René Tonn	Buy	€ 15,0	Nov 10, 2023	Research Report
BERENBERG	Yasmin Steilen	Hold	€ 13,5	Nov 9, 2023	Research Report

The summary makes no claim to being complete, nor does it represent the opinions, estimates and forecasts of EDAG or the EDAG management. Likewise, the publishing of these recommendations and target prices does not indicate that EDAG or the EDAG management share the opinions, estimates and forecasts of the analysts.
A current summary of analysts' recommendations and share price targets is available on our homepage at https://www.edag.com/en/edag-group/investor-relations/share-price-and-basic-information/analysts-recommendations.

6 Dividends

At the annual shareholders' meeting on June 19, 2024, he Board of Directors will recommend paying a dividend of € 0.55 per share. This is equivalent to a distribution quota in the region of 48 percent and a payout at the same level as the previous year's dividend.

7 Financial Calendar

Mar 27, 24	- Publication of Annual Report 2023 - Analyst call for Annual Report 2023 - Annual press briefing
May 8, 24	Publication of Interim Report Q1/2024
Jun 19, 24	General shareholder meeting
Aug 30, 24	- Publication of Half Year Report 2024 - Analyst call H1/2024
Nov 7, 24	- Publication of Interim Report Q3/2024


BOSS

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE REPORT

EDAG regards Corporate Governance as crucial in order to be able to perform successfully in international business and to promote the company's long-term and sustainable profitability.

Corporate Governance Objectives
Neither the Swiss Code of Best Practice for Corporate Governance (Swiss Code) nor the German Corporate Governance Codex are directly applicable to EDAG Engineering Group AG (EDAG Group AG). Nonetheless, EDAG Group AG decided to essentially comply with the Swiss Code, unless actual circumstances require a deviation from it.

The principles and objectives of Corporate Governance are stated in the Swiss Code of Obligations, the Articles of Association, Organizational Group Regulations, and the EDAG Group Code of Conduct. Articles of Association, Organizational Group Regulations, and the EDAG Group Code of Conduct are regularly reviewed and revised accordingly. The Articles of Association of EDAG Group AG were adapted to the revised Swiss Stock Corporation Act at the Annual General Meeting on June 28, 2023. The Board of Directors also implemented the changes to the revised Swiss Stock Corporation Act in the Organizational Group Regulations.

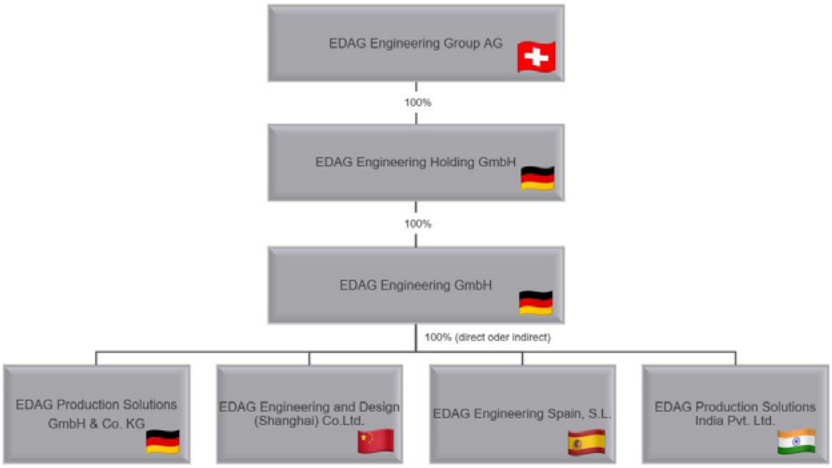
The Articles of Association can be downloaded at https://www.edag.com/fileadmin/user_upload/Group/Unternehmen/Corporate_Governance/EDAG-Group-Statuten.PDF, and the Code of Conduct at https://www.edag.com/fileadmin/user_upload/Group/Unternehmen/Compliance/EDAG_Code_of_Conduct.pdf.

1 Group Structure and Shareholders

The Group is organized into three business segments: Vehicle Engineering, Electrics/Electronics and Production Solutions.

1.1 Group Structure

Group AG is the responsible parent company of the group. The registered address is Schlossgasse 2 in 9320 Arbon, Switzerland. The company's business operations are conducted through EDAG Group companies. EDAG Group AG is a holding company organized under Swiss law, and directly or indirectly owns all EDAG Group companies worldwide. The main subsidiaries, each of which is wholly owned, and the simplified group structure can be shown as follows:



1.2 Stocklisted Companies

None of the subsidiaries is is publicly traded. The subsidiaries and affiliated companies are listed in "Shareholdings" in the notes. The country of origin as defined in § 5 of the German Securities Trading Law (WpHG) is Germany.

1.3 Significant Shareholders

The shareholder structure can be seen in the chapter "EDAG on the Capital Market".

The shares of ATON Austria Holding GmbH ("ATON") are attributed to their shareholder, Dr. Lutz Helmig.

The notifications of major shareholdings received by EDAG Group AG in the 2023 financial year, each disclosed promptly pursuant to § 40 paragraph 1 WpHG (German Securities Trading Law), can be downloaded at https://www.edag.com/en/edag-group/investor-relations/financial-notifications.

The company does not hold shares in treasury itself.

1.4 Cross-Shareholdings

There are no cross-shareholdings.

2 Capital Structure

2.1 Capital

The share capital of the company on December 31, 2023 amounted to CHF 1,000,000, and was divided into 25,000,000 bearer shares (Inhaberaktien) with a nominal value of CHF 0.04 each. The share capital has been fully paid up. On

November 2, 2015, the company was incorporated and was entered into the Commercial Register on November 3, 2015 as a stock corporation under Swiss law. The original share capital of CHF 1,000,000 CHF was procured by the selling shareholder via cash contribution. At the annual shareholders' meeting held on June 28, 2023, a resolution not to change the share capital was passed.

2.2 Authorized and Conditional Capital and Capital Band

The company has no authorized or conditional capital, nor does the company have a capital band that would authorize the Board of Directors to increase or decrease the share capital within a range defined by the annual shareholders' meeting.

2.3 Transferability of Shares

Legal regulations apply without statutory restrictions.

Any exceptions to the above are described under point 6 "Change of Control and Defensive Measures" of this Corporate Governance Report.

2.4 Nominee Registrations

Legal regulations apply without statutory restrictions.

2.5 Options

No options program exists.

3 Board of Directors

3.1 Members of the Board

All members of the Board of Directors may be reached at the company's offices at Schlossgasse 2, 9320 Arbon, Switzerland (Tel. +41 71 447 36 11).

Georg Denoke, German Citizen

Non-executive member
Born in: 1965
First elected: 2018

Georg Denoke is the President of the Board of Directors of EDAG Group AG, Arbon. He is the CEO and Managing Director of ATON GmbH, Munich. Between 2004 and 2017, Georg Denoke was employed by Linde AG, first serving as a member of the Divisional Management of Linde Gas and Engineering (2004 to 2006), and then for a decade as the group's CFO and Employment Director (2006 to 2016). Prior to this (2001 to 2004), he was CEO of Apollis AG, a venture capital and investment company of General Atlantic LLC and McKinsey & Company. From 1986 until 1990 and from 1993 until 2001, Georg Denoke worked for the Mannesmann Group, among other things as the Head of Group Controlling and Head of the Corporate Communications und Investor Relations division, and also, following acquisition of the company by Vodafone in 2000, as the Divisional Director of Vodafone TeleCommerce and IT, and as a member of the European Board of Vodafone Group Plc. He began his career in 1986, working for Mannesmann Kienzle GmbH, parallel to his first degree course in business administration and business information technology. He holds a degree in Business Administration (Diplom-Betriebswirt) from the Baden-Württemberg Cooperative State University (1989), and one in Information Science (Diplom-Informationswissenschaftler) from the University of Konstanz (1992).

He currently holds the following offices in supervisory boards and other management committees outside of the EDAG Group:
In accordance with Article 23 paragraph 1.1 of the Articles of Association:
- SGL Carbon SE (listed, Wiesbaden, Germany) member of the supervisory board, vice-chairman of the supervisory board

In accordance with Article 23 paragraph 1.2 of the Articles of Association:
- Redpath Mining Inc. (non-listed; North Bay, Canada), member of the board of directors

Manfred Hahl, German Citizen

Non-executive member
Born in: 1962
First elected: 2019

After graduating as a mechanical engineer, he joined the company as a planning engineer and, having served as Head of the Planning Department at EDAG from 1992 to 1996, accepted the position of Head of Sales and Project Management at FFT Flexible Fertigungstechnik GmbH & Co. KG, Mücke. He was CEO of FFT GmbH & Co. KGaA from 2001, and a member of the Extended Executive Management of EDAG (Manufacturing Equipment segment) from 2006. In 2008 he was promoted to COO of EDAG, where he remained until the carve-out of the FFT Group from the EDAG Group (2012). Manfred Hahl held the position of CEO of the FFT Group until 2020, and has since been working as an independent consultant.

He currently holds the following offices in supervisory boards and other management committees outside of the EDAG Group:
In accordance with Article 23 paragraph 1.2 of the Articles of Association:
- FFT GmbH & Co. KGaA (non-listed; Fulda, Germany), member of the supervisory board, vice-chairman of the supervisory board
- Autotest Südtirol GmbH (non-listed; Franzensfeste/Mittewald, Italy), chairman of the board of directors

Dr. Philippe Weber, Swiss Citizen

Non-executive member
Born in: 1965
First elected: 2015

He holds a degree in law and a doctoral degree in law from the University of Zürich and an LL.M. from the European University Institute (EUI) in Fiesole, Italy. He is admitted to the bar (Rechtsanwalt) in Zurich. From 1990 to 1992 he was a research assistant at the University of Zurich, before joining the foreign affairs committees of two chambers of the Swiss parliament as a legal clerk. In 1994, he joined the law firm Niederer, Kraft Frey, Zurich, where he became an associate in 1996. In 2002, he was made a partner at Niederer, Kraft Frey AG. From 2009 until March 2021, he was a member of the executive committee of Niederer, Kraft Frey AG, which he chaired (Managing Partner) from 2015 until March 2021.

He currently holds the following offices in supervisory boards and other management committees outside of the EDAG Group:
In accordance with Article 23 paragraph 1.1 of the Articles of Association:

- Medacta Group AG (listed; Castel San Pietro, Switzerland), member of the board of directors and chairman of the compensation committee
- Leonteq AG (listed; Zürich, Switzerland), vice chairman of the board of directors and member of the compensation committee
- PolyPeptide Group AG (listed; Baar (ZG), Switzerland), member of the board of directors and chairman of the compensation committee

In accordance with Article 23 paragraph 1.2 of the Articles of Association:

- Banca del Ceresio SA (non-listed, Lugano, Switzerland), member of the board of directors
- Niederer Kraft Frey AG (non-listed, Zurich, Switzerland), member of the board of directors
- NorthStar Holding AG (non-listed, Schindellegi, Switzerland), member of the board of directors
- Leonteq Securities AG (non-listed, Zurich, Switzerland), vice chairman of the board of directors

In accordance with Article 23 paragraph 1.3 of the Articles of Association:

- Newron Suisse SA (non-listed, Zurich, Switzerland) member of the board of directors

Sylvia Schorr, German Citizen

Non-executive member
Born in: 1980
First elected: 2015

She holds a degree in Business Administration from the Furtwangen University (previously University of Applied Sciences), and was appointed as an auditor in 2010. From 2005 to 2010, she worked at Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft in Eschborn, before joining PHOENIX Pharmahandel GmbH & Co. KG in Mannheim until 2011. From 2011 to 2013, Sylvia Schorr worked at Fresenius Medical Care AG & Co. KGaA in Bad Homburg before joining ATON

GmbH, where, after holding managerial positions in Group Accounting and Treasury, she has been working as an investment manager since 2017.

Clemens Prändl, German Citizen
Non-executive member
Born in: 1964
First elected: 2019

Clemens Prändl has been employed as the Senior Vice President at SAP SE since 2011. He was the Senior Vice President and Global General Manager SAP Analytics until 2016, and Senior Vice President und Head of the Business Analytics Region EMEA Division between 2011 and 2014. From 1999 to 2011 he held various positions at MicroStrategy, most recently that of Senior Vice President and General Manager Region EMEA. He was Vice President Region EMEA until 2010, Managing Director Central Europe between 2001 and 2005, and Managing Director Germany from 1999 to 2001. Clemens Prändl worked as Head of the Data Warehouse Division at Oracle from 1996 to 1999, as Country Manager Central Europe at Planning Services Ltd. from 1995 to 1996, and in 1992, after graduating from the University of Konstanz with a degree in Information Science, he joined ISI Software as Head of Consulting. He also holds a degree in industrial engineering (Diplom Wirtschaftsingenieur) from the University of Applied Sciences in Esslingen.

3.2 Cross-Involvements

There are no cross-involvements.

3.3 Composition, Election and Duration

The members of the Board of Directors were individually elected at the company's annual shareholders' meeting held on June 28, 2023; this also applies to the office of President of the Board of Directors and to the members of the Nomination and Compensation Committee. Only members of the board are eligible for election to these offices.

3.4 Internal Organizational Structure

The The Board of Directors consists of one chairman and at least three other members, in accordance with Article 15 of the Articles of Association. The President has the casting vote pursuant to Article 18 of the Articles of Association. Any significant business relationships between non-executive members and the company are mentioned in "Related Parties" and "Compensation of the Members of the Board of Directors and the Group Executive Management" in chapter 5.7 "Other Notes", and reference is made here to these chapters of the consolidated financial statements.

The Board of Directors meets at least six times a year. The members of the Executive Management or other guests may participate in the meetings of the Board of Directors at the discretion of the Chairman.

Committees

The members of the Board of Directors constitute the following committees:

- Audit Committee
- Nomination and Compensation Committee

Audit Committee (AC)

The AC consists of three members of the Board of Directors. The term of office of the members ends at the next ordinary annual shareholders' meeting. Re-election is possible. The AC meets as often as seems necessary, usually before a regular meeting of the Board of Directors. The AC supports the Board of Directors in its function to supervise, namely with respect to completeness of the financial statements, compliance with legal regulations, enabling the auditors and performance of the internal revision and the external auditors.

The AC assesses the expedience of the financial reporting, of the internal control system and the general supervision of business risks. It ensures the continuous communication to external auditors and internal revision concerning the financial situation and general course of business of the EDAG Group.

Nomination and Compensation Committee (NCC)

The NCC consists of two members of the Board of Directors. The term of office of the members ends at the next ordinary annual shareholders' meeting. Re-election is possible. The NCC meets as often as seems necessary, usually before a regular meeting of the Board of Directors.

The NCC reviews and proposes to the Board of Directors the compensation and benefits policies and programs, reviews the performance criteria relevant to compensation and defines the individual executive compensation and benefits of the members of the Board of Directors and the Executive Committee, subject to approval of the total compensations by the annual shareholders' meeting.

3.5 Authority and Responsibility

In accordance with the law and the Articles of Association, the Board of Directors is the ultimate decision-making authority for EDAG Group AG in all matters except those decisions reserved by law or the Articles of Association for the shareholders. The Board of Directors has sole authority particularly for the following, in accordance with and supplementary to article 716a of the Swiss Code of Obligations (non-transferable and inalienable duties of the Board of Directors) and Article 17 of the Articles of Association:

- To ultimately direct the company and issue the necessary directives
- To determine the organization
- To organize the accounting, the internal control system (ICS), the financial control and the financial planning, the approval of the annual budget and the business plans, and to perform a risk assessment
- To appoint and recall the persons entrusted with the management and representation of the company and to grant signatory power

- To ultimately supervise the persons entrusted with the management of the company, in particular with respect to compliance with the law, the Articles of Association, regulations and directives
- To prepare the business report and the annual shareholders' meeting, and to implement the latter's resolutions
- To prepare the compensation report
- To submit an application for a debt restructuring moratorium and inform the judge in the event of over-indebtedness
- To pass resolutions regarding the subsequent payment of capital with respect to non-fully paid-in shares
- To pass resolutions on modifications to capital, provided these are within the competence of the Board of Directors, and the resulting amendments to the Articles of Association
- To examine compliance with legal requirements regarding the appointment, election and professional qualifications of the auditors
- To execute the agreements pursuant to Articles 12, 36 and 70 of the Merger Act

3.6 Working Method

The Board of Directors met on the following days in 2023:

January 26, 2023, March 28, 2023, May 4, 2023, June 28, 2023, July 26, 2023, August 30, 2023, September 28, 2023, November 8, 2023 and December 14, 2023. The members were either present in person, or took part either on the telephone or by video. All nine meetings held in 2023 were personally attended by the members.

In duly justified, exceptional cases, the Board of Directors also made circular resolutions.

The AC met on March 27, 2023, May 3, 2023, August 29, 2023, November 7, 2023 and December 15, 2023. Two of the meetings held in 2023 were personally attended by the members, while three were held using Microsoft Teams.

The NCC held a Microsoft Teams meeting on March 7, 2023, and a telephone meeting on May 2, 2023.

3.7 Information and Control Instruments of the Board of Directors relating to Group Management

The Board of Directors ensures that it receives sufficient information from the Group Executive Management to perform its supervisory duties and make decisions that are reserved for the Board of Directors.

The Board of Directors obtains the information required to perform its duties in various ways:

- The CEO and CFO regularly inform all members of the Board of Directors about current developments
- The CEO, CFO and President of the Board of Directors hold informal meetings and teleconferences as required
- The members of the Group Executive Management are invited to attend meetings of the Board of Directors on a regular basis
- The members of the Board of Directors are entitled to request information from the members of the Group Executive Management or any other senior EDAG Group managers

Risk Management

The AC regularly informs itself about the group-wide risk management system. For details, please see chapter "Risk Management and Internal Control System" of the Group Management Report.

Internal Control System and Financial Reporting

The AC regularly informs itself about the group-wide internal control system (ICS) and financial reporting. For details, please see chapter "Internal Control System and Risk Management System in Relation to the Group Accounting Process" of the Group Management Report.

Compliance Management

The AC regularly informs itself about the group-wide compliance management system.

Internal Revision

The AC regularly informs itself about the results of group-wide internal revision assessments.

4 Group Executive Management

4.1 Members of the Group Executive Management

For any additional activities of the members of the Group Executive Management within the EDAG Group, please see chapter "Compensation Report" of the annual report.

Cosimo De Carlo, German and Italian Citizen

Chief Executive Officer (CEO)
Born in: 1973

He holds Master's degrees in Business Engineering and Computer Science Engineering. Cosimo De Carlo began his career in the Research and Development department at Daimler AG in 1998, before serving as a Senior Consultant at RSI

Sistemi S.p.A between 2001 and 2005. From 2005 to 2008, he was Business Unit Manager at Berata GmbH, and in the period 2009 to 2018 worked in various capacities for the Altran group (today Capgemini). His last assignment there was that of CEO Germany, Austria and the Czech Republic and Group Vice President with responsibility for global automotive business. During this period, he successfully completed various executive management programs at the St. Galler Business School in Switzerland, at the Harvard Business School in Boston, and at the Silicon Valley Innovation Center in California. Since April 2018, Cosimo De Carlo has been a member of the Group Executive Management of EDAG Group AG and CEO of EDAG Engineering GmbH.

Holger Merz, German Citizen
Chief Financial Officer (CFO)
Born in: 1975

He holds a degree in Business Administration (Diplom-Betriebswirt) from the University of Fulda, after which he did a postgraduate course at the University of Koblenz, and gained an MBA at the FOM University for Economy and Management in Frankfurt am Main. Holger Merz has worked for EDAG since 2000: first as a divisional controller, then from 2001 as the Head of the Investments and Balance Sheet Accounting, following which he was Head of Group Accounting & Tax until 2014, and Divisional Manager of Group Accounting & Tax from May 2018 until the end of 2018. Since January 1, 2019, Holger Merz has been CFO of EDAG Engineering GmbH, and a member of the Group Executive Management of EDAG Group AG.

4.2 Management Contracts

Management Contracts with Third Parties
The members of the Group Executive Management do not hold management contracts with third parties. Likewise, EDAG Group AG does not hold management contracts with third parties.

Contractual Arrangements with Members of the Group Executive Management
Each member of the Group Executive Management has a contract with EDAG Group AG in Switzerland and in accordance with Swiss law. As they also fulfill duties as managing directors of EDAG Engineering GmbH, they hold contracts with this Group company as well. However, care has been taken to ensure that their periods of notice do not exceed 12 months in either of these contracts, and that other mandatory requirements of Swiss law are are fulfilled by the contracts with EDAG Engineering GmbH.

Compensation, Shareholdings and Loans
Please refer to the "Compensation Report", and the chapters "Related Parties" and "Compensation of the Members of the Board of Directors and the Group Executive Management" in the notes.

5 Shareholders' Participation Rights

Each registered share entitles the shareholder to one vote at the annual shareholders' meeting. Shareholders have the right to receive dividends, and such other rights as are granted by the Swiss Code of Obligations.

Shareholders are required to provide evidence of their shareholdings in the company.

5.1 Voting Right Restrictions

At the present time, there are no restrictions on voting rights for the shareholders.

5.2 Proxy Voting

Pursuant to the Compensation Ordinance and the Articles of Association, the annual shareholders' meeting elects the independent proxy for a term ending at the conclusion of the next annual shareholders' meeting. Re-election is possible.

At the annual shareholders' meeting held on June 28, 2023, ADROIT Attorneys at-law, Kalchbühlstrasse 4, CH-8038 Zürich, Switzerland were elected as the independent proxy for the term ending at the conclusion of the next annual shareholders' meeting.

5.3 Statutory Quorums

In accordance with Article 13 of the Articles of Association, a quorum of at least two thirds of the represented share votes and the absolute majority of the represented shares par value is mandatory for cases listed in Article 704 paragraph 1 CO and Articles 18 and 54 of the Federal Act on Merger, Demerger, Transformation and Transfer of Assets (Merger Act) or any change to the provisions of this Article 13 of the Articles of Association.

5.4 Convocation of the Annual Shareholders' Meeting

The Articles of Association do not contain any rules that differ from the standard terms proposed by law.

5.5 Agenda

In accordance with Article 9 of the Articles of Association, shareholders individually or jointly representing at least 0.5 percent of the share capital or votes of the company may request that the Board of Directors add an item to the agenda or include proposals for items to be discussed in the convocation of the Annual Shareholder Meeting. Such requests must be submitted to the President of the Board of Directors at least 45 days before the date of the annual shareholders' meeting.

They must be in writing, and/or specify the item and the proposals. Shareholders may submit a brief explanatory statement with the item to be added to the agenda or the proposals.

6 Change of Control and Defensive Measures

There are no clauses on changes of control in agreements with members of the Board of Directors and the Group Executive Management, or with other management executives.

7 Information Policy

In accordance with Article 31 of the Articles of Association, the publication instruments of the company are the Swiss Official Gazette of Commerce and the German electronic Federal Gazette or the electronic company register during the period of admission of the shares on the Frankfurt Stock Exchange or any other German stock exchange. The Board of Directors may designate further means of publication. Notifications by the company to the shareholders and other announcements shall be published in the Swiss Official Gazette of Commerce and, for all notices and other announcements during the period of admission of the shares on the Frankfurt Stock Exchange or any other German stock exchange, in the electronic Federal Gazette or company register.

Currently, EDAG regularly informs its shareholders and the financial market about important business developments. This policy is implemented mainly via regular press releases, quarterly reporting and information published on the websites of the EDAG Group (https://www.edag.com/en and https:// www.edag.com/en/edag-group/investor-relations). In addition, there are regular discussions with financial analysts.

7.1 Financial Calendar

The financial calendar is reported in the chapter "EDAG on the Capital Market".

7.2 Annual Shareholders' Meeting

The next regular annual shareholders' meeting is scheduled for June 19, 2024.

7.3 Publications

All information pertaining to press releases or investor updates can be obtained online via https://www.edag.com/en/edag-group/investor-relations or from the following contact address:

EDAG Engineering Group AG
Schlossgasse 2
9320 Arbon
Switzerland
ir@edag-group.ag
Tel.: +41 71 54433 - 11
Fax: +41 71 54433 - 10

Voting rights announcements, ad hoc releases and directors’ dealings are distributed Europe-wide via EQS /DGAP and are available at https://www.edag.com/en/edag-group/investor-relations/financial-notifications. It is possible to subscribe to new information via e-mail. To use this service, please fill out the contact form at https://www.edag.com/en/edag-group/investor-relations/ir-newsletter.

8 Auditors

8.1 Duration of the Mandate and Term of Office

Deloitte AG has held the mandate since the annual shareholders' meeting on May 31, 2017. The auditors were elected for the 2023 fiscal year until the end of the annual shareholders' meeting on June 19, 2024.

The principle of rotation applies to the lead auditor, Roland Müller, who was appointed in 2017. The Audit Committee ensures that the position of lead auditor is changed regularly. The shareholders must confirm the appointment of the auditors on an annual basis at the annual shareholders' meeting.

8.2 Auditing Fees

The fee received by Deloitte AG for auditing the annual financial statements for 2023 is shown in the notes.

8.3 Additional Fees

All other fees for additional services performed by Deloitte AG are shown in the notes.

8.4 Supervisory and Control Instruments Regarding the Auditors

The AC of the Board of Directors is responsible for overseeing and evaluating the performance of the external auditors on behalf of the Board of Directors and recommends the Board of Directors whether Deloitte should be proposed for re-election at the annual shareholders' meeting.

Criteria applied for the performance assessment of Deloitte include technical and operational competence, independent and objective view, employment of sufficient resources, focus on areas of significant risk to the EDAG Group, ability to provide effective and practical recommendations, and open and effective communication and coordination with the AC, Group Accounting, Internal Revision and the management.

In 2023, two meetings were held with the representatives of Deloitte AG, the external auditors. These meetings were attended by members of the AC, partners and Director of Deloitte AG, and the CFO. Telephone calls were also made between the representatives of the auditors Deloitte AG, the members of the AC, and the CFO.

The auditors communicate audit plans and findings to the AC, and issue reports to the Board of Directors and the annual shareholders' meeting in accordance with Article 728b of the Swiss Code of Obligations.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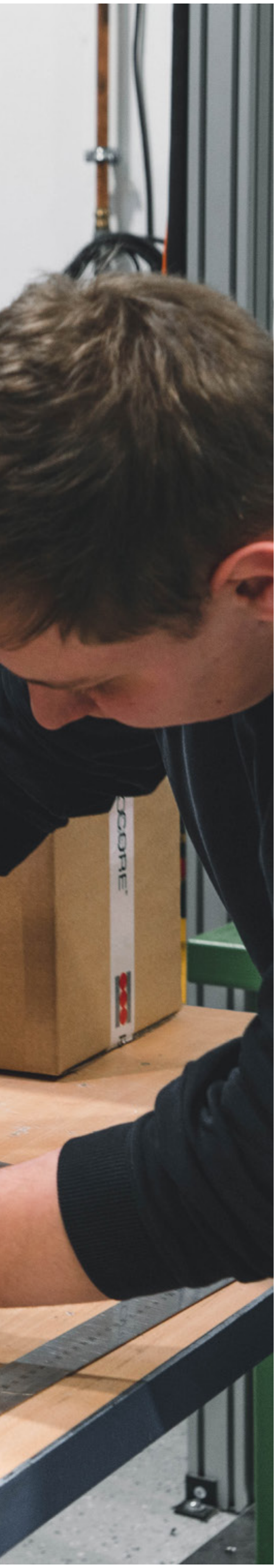


COMPENSATION REPORT

COMPENSATION REPORT

The compensation report explains the principles underlying the compensation policy, and provides information about the steering process of the compensation of the Board of Directors and the Group Executive Management. It also contains information on the compensation of the Board of Directors and the Group Executive Management for the financial year 2023, on the functions exercised by the members of the Board of Directors and the Group Executive Board in other companies with a commercial purpose, as well as on the number of shares in EDAG Engineering Group AG (“EDAG Group AG”) every member of the Board of Directors and the Group Executive Management held. The compensation report is based on the laws and regulations in force as of December 31, 2023. It meets the requirements of Articles 734ff. of the Swiss Code of Obligations (OR), the SIX Swiss Exchange’s Directive on Information relating to Corporate Governance, the principles of the economiesuisse Swiss Code of Best Practice and is based on the Articles of Association of EDAG Group AG.

According to article 734 paragraph 2 of the Swiss Code of Obligations (OR), among other things, the specifications for financial reporting set out in articles 958c, 958d paragraphs 2-4 and 958f of the Swiss Code of Obligations (OR) apply accordingly for the compensation report. According to article 958d No. 3 in conjunction with article 734 paragraph 2 of the Swiss Code of Obligations (OR), if the house currency is not the Swiss franc, values in the compensation report must also be given in the national currency. In this case, the following conversion rates are used:

		2023	2022	
Flow variables	EUR into CHF	0.9717	1.0052	(average exchange rate for the financial year)
Stock variables	EUR into CHF	0.9260	0.9847	(spot exchange rate at the end of the financial year)

Differences may occur in the amounts given in the compensation report due to rounding.

1 Compensation Principles of the Company

In accordance with Article 698 paragraph 3 No. 4 of the Swiss Code of Obligations (OR), Article 12 of the Articles of Association prescribes that each year the shareholders’ meeting must vote separately on the proposals by the Board of Directors regarding the aggregate amounts for:

- the **fixed compensation of the Board of Directors** for the period until the next ordinary annual shareholders' meeting and any possible additional reimbursement of the Board of Directors for the fi-nancial year just ended, as defined in article 25 paragraph 1 of the Articles of Association (i.e. at the 2023 ordinary annual shareholders' meeting, the shareholders decided on the compensation of the Board of Directors and on the period between the 2023 ordinary annual shareholders' meeting and the 2024 ordinary annual shareholders' meeting, and authorized this up to a maximum amount of € 1,100 thousand [CHF 1,069 thousand]);

- the **fixed compensation of the Group Executive Management** for the subsequent financial year, as defined in article 26, paragraph 1 of the Articles of Association (i.e. at the 2023 ordinary annual share-holders' meeting, the shareholders decided on the fixed compensation of the Group Executive Management for the 2024 financial year, and authorized this up to a maximum amount of € 1,300 thousand [CHF 1,263 thousand]), and
- the **variable compensation of the Group Executive Management**, based on the results and targets achieved in the previous year (in accordance with article 26, paragraph 2 f. of the Articles of Associa-tion), which is generally paid once it has been approved (i.e. at the 2023 ordinary annual shareholders' meeting, the shareholders decided on the variable compensation of the Group Executive Management for 2022, and authorized this to the amount of € 601 thousand [CHF 584 thousand]).

If the annual shareholders’ meeting does not approve the amount of the proposed fixed and proposed variable compensation, the Board of Directors may either convene a new extraordinary shareholders’ meeting with new proposals for approval or submit the proposals regarding compensation for retrospective approval at the next annual shareholders’ meeting. Further, the Board of Directors can submit proposals to the annual shareholders' meeting with regard to (i) the total amounts and/or part of the compensation for other periods and/or (ii) additional amounts for certain elements of the compensation.

The aggregate compensation amounts are deemed to be inclusive of all social insurance and pension contributions by the members of the Board of Directors, the Group Executive Management and by the vCompany (i.e., contributions by employee and employer).

Article 24 of the Articles of Association of EDAG Group AG covers the contracts governing the compensation for members of the Board of Directors and the Group Executive Management. Subject to resignations or recalls, the mandate agreements of the members of the Board of Directors contain a time limit ending at the conclusion of the next ordinary annual shareholders' meeting. As a rule, the employment contracts of the members of the Group Executive Management are open-ended. Should a fixed term contract be deemed appropriate by the Board of Directors, a term of no more than one year may be specified. The period of notice for open-ended employment contracts must not exceed 12 months.

With regard to the employment contracts of the Group Executive Management, Article 24 stipulates that the agreement of non-competition clauses for the time following termination of an employment contract is permissible, provided this is justified for business reasons. Article 24 of the Articles of Association also provides that, to counterbalance any such non-competition clause, compensation may be paid in an amount not exceeding the average compensation paid to this member during the last three financial years prior to his or her leaving the company.

Article 28 of the Articles of Association provides that the Company shall not grant loans, credits or securities to the members of the Board of Directors or the Group Executive Management. Further, the company or other Group companies may organize pension benefits other than occupational pensions for the members of the Board of Directors. For each member of the Executive Management concerned, the value of the pension benefits other than occupational benefits must not exceed ten times the fixed annual salary paid in the case of a one-off capital payment, or the fixed annual salary paid in the case of a pension.

Article 28 of the Articles of Association further provides that the Company shall not make any payments to pension funds or similar institutions for the members of the Board of Directors. In exceptional cases, however, such payments may be made upon request of the Nomination and Compensation Committee, subject to the approval by the annual shareholders’ meeting, if the members in question do not have other insurable income from paid employment, or if required by mandatory applicable law.

Article 29 of the Articles of Association of EDAG Group AG provides for a possible additional amount for compensation for new members of the Group Executive Management. Should new members of the Group Executive Management be nominated and take up their position after the annual shareholders' meeting has approved the maximum total compensation for members of the Group Executive Management for the coming financial year, then these new or promoted members may, for the period until the next ordinary annual shareholders' meeting, be paid a total compensation of a maximum of 50 percent of the total payment most recently approved for the Group Executive Management by the annual shareholders' meeting.

A further restriction imposed by Article 29 in this respect states that an additional amount of this type may only be applied if the total compensation for the Group Executive Management decided by the annual shareholders' meeting for the period until the next ordinary annual shareholders' meeting is not sufficient for the new members. The annual shareholders' meeting does not vote on the additional amount applied.

2 Compensation of the Board of Directors

Article 25 of the Articles of Association sets out the principles for the compensation of the members of the Board of Directors.

The members of the Board of Directors receive a fixed compensation and additional fixed compensation for memberships in committees of the Board of Directors that is determined by the full Board of Directors at its discretion based on the proposal of the Nomination and Compensation Committee and subject to and within the limits of the aggregate amounts approved by the shareholders’ meeting. Compensation is paid in cash. In exceptional cases and subject to and within the limits of the approval by the annual shareholders’ meeting, the members of the Board of Directors may be awarded an additional bonus. The annual fixed compensation of the members of the Board of Directors has been set at € 300 thousand (CHF 292 thousand) for the Chairman and € 100 thousand (CHF 97 thousand) for each other member, plus € 50 thousand (CHF 49 thousand) for each committee membership.

For the financial year ended December 31, 2023, the fixed compensation of the members of the Board of Directors amounted to € 350 thousand (CHF 340 thousand) for the Chairman and € 150 thousand (CHF 146 thousand) for each other member of the Board of Directors (plus Swiss social insurance contributions, if applicable). It also includes the compensation for each committee membership during that period. Departing from the above, if members of the Board of Directors were not in office for the entire period of the financial year, the fixed compensation is shown pro rata temporis.

The Chairman of the Board of Directors, Georg Denoke, is also the Chairman of the Supervisory Board of EDAG Engineering Holding GmbH and of EDAG Engineering GmbH. The member of the Board of Directors Sylvia Schorr, Manfred Hahl and Clemens Prändl, are also a members of the Supervisory Board of EDAG Engineering Holding GmbH and of EDAG Engineering GmbH. As such, they each receive a fixed compensation according to the Articles of Association.

The following was set by shareholder resolution for the members of the Supervisory Board of EDAG Engineering Holding GmbH and of EDAG Engineering GmbH:

- The fixed compensation for the members of the Supervisory Board of EDAG Engineering Holding GmbH and of EDAG Engineering GmbH will continue to be € 0 thousand (CHF 0 thousand) in each case.
- The additional attendance fee received by the members of the Supervisory Board of EDAG Engineering GmbH amounts to € 0.5 thousand (CHF 0.5 thousand) per physical participation. For EDAG Engineering GmbH, this will continue to amount to € 1 thousand (CHF 1 thousand) per physical participation.
- Should the Chairman of the Supervisory Board schedule a virtual session instead of a physical session for an ordinary or extraordinary meeting, the attendance fee will, by way of exception, also be paid for virtual participation. Excluded from this arrangement are urgent extraordinary meetings scheduled within three working days.

For the period from January 1, 2023 until December 31, 2023, the total amount of the additional compensation paid to Georg Denoke, Sylvia Schorr, Manfred Hahl and Clemens Prändl for membership in the Supervisory Board of EDAG Engineering GmbH and of EDAG Engineering Holding GmbH amounted to € 21 thousand (CHF 21 thousand) (2022: € 15 thousand [CHF 15 thousand]).

Based on the above, the total fixed compensation paid to the members of the Board of Directors for their term of office until December 31, 2023 (incl. Swiss social insurance contributions, where applicable) amounted to € 981 thousand (CHF 955 thousand). (For further details, see the table “Compensation of Board of Directors”). In accordance with the Articles of Association of EDAG Group AG, the compensation paid to the members of the Board of Directors for their term of office until the ordinary annual shareholders' meeting in 2024 was already approved by the shareholders’ meeting in 2023, and the annual shareholders’ meeting in 2024 will be asked to approve a maximum aggregate amount of fixed compensation of the members of the Board of Directors for the period from the annual shareholders’ meeting in 2024 until the annual shareholders’ meeting in 2025.

Members of the Board of Directors providing consulting services to the Company or other group companies in a function other than as members of the Board of Directors may be compensated in cash at standard market rates, subject to approval by the annual shareholder's meeting. The Company may indemnify members of the Board of Directors for any damage or other losses they might incur in connection with any proceedings, disputes and settlements relating to their activity for the EDAG Group, and also make related advance payments and provide insurance cover.

3 Compensation of the Group Executive Management

Article 26 of the Articles of Association sets out the principles for the compensation of the members of the Group Executive Management. The compensation of the members of the Group Executive Management consists of a fixed compensation and a variable performance and success-based compensation ("**variable compensation**"), each payable in cash.

The variable compensation is based on the level of achievement of specific pre-defined targets for a one-year performance period. The targets can depend at least 50 percent (i) on financial performance indicators namely revenues, EBIT, net income and up to another 50 percent (ii) on the achievement of special projects, other company-related and/or individual target values, and also on financial key figures. In particular, goals (ESG = environmental, social, governance) for sustainable corporate development can also be taken into account appropriately. At the proposal of the Nomination and Compensation Committee, the Board of Directors is responsible for the selection and weighting of target categories at its discretion.

The level of the variable compensation is determined by the Board of Directors for each member of the Group Executive Management as a percentage of the fixed compensation, and may not exceed an amount equal to 100 percent of such compensation. The targets for each member of the Group Executive Management are determined annually by the Board of Directors, at the request of the Nomination and Compensation Committee, at the beginning of the one-year performance period.

For the twelve-month period ended December 31, 2023, the fixed and variable compensation for services rendered by the members of the Group Executive Management for all entities of the EDAG Group amounts to an aggregate of € 1,131 thousand (CHF 1,101 thousand) for the fixed part and € 561 thousand (CHF 545 thousand) for the variable part.

Of this amounts, € 787 thousand (CHF 766 thousand) (fixed) and € 274 thousand (CHF 266 thousand) (variable) apply to Cosimo De Carlo in his function as CEO of the EDAG Group AG, which is the highest total compensation paid to an individual member of the Group Excecutive Management during that period. In addition, € 344 thousand (CHF 335 thousand) (fixed) and € 288 thousand (CHF 280 thousand) (variable) apply to Holger Merz in his function as CFO of the EDAG Group AG (all amounts including social insurance contributions).

The total amounts given above cover the compensation for services to EDAG Group AG and to other EDAG Group companies for the period January 1, 2023 to December 31, 2023.

The compensation of the Group Executive Management includes non-cash benefits (including non-cash benefits for company cars). It does not include the aggregated expenses for accident, legal protection and D&O insurance in the amount of € 227 thousand (CHF 221 thousand) (2022: € 221 thousand [CHF 222 thousand]). Furthermore, EDAG Group AG did not grant the members of the Group Executive Management credits or loans. As of December 31, 2023, the present value of current pension obligations for active members of the Executive Management totaled € 57 thousand (CHF 53 thousand) (2022: € 48 thousand [CHF 48 thousand]). For members of the Group Executive Management leaving the company in previous years there are no pension obligations as of December 31, 2023. For active members of the Group Executive Management, the current service cost for the pension obligations according to IFRS amounted to € 2 thousand (CHF 2 thousand) in 2023 (2022: € 2 thousand [CHF 2 thousand]).

No equity related securities or options are allocated, and no additional compensation is awarded for activities in the companies that are directly or indirectly controlled by the Company.

According to Article 12 of the Articles of Association, in 2024 the annual shareholders' meeting will be required to approve (i) the variable compensation of the Group Executive Management for the business year 2023; and (ii) the fixed compensation of the Group Executive Management to be paid for the business year 2025.

4 Relationships with Members of the Board of Directors

Dr. Philippe Weber is a member of the Board of Directors and partner of the law firm Niederer Kraft Frey AG, Zurich, which provides certain corporate law advice to the Company.

The income realized in conjunction with these relationships with the Board of Directors is shown as "Additional income" in the table “Compensation to the Board of Directors“ and in the case of Dr. Philippe Weber in the 2023 financial year cover legal consulting services amounting to € 75 thousand (CHF 73 thousand) (2022: € 43 thousand [CHF 43 thousand]).

5 Functions exercised by the members of the Board of Directors in other companies with a commercial purpose

In accordance with Article 626 paragraph 2 No. 1 of the Swiss Code of Obligations (OR), Article 23 of the Articles of Association prescribes, that the members of the Board of Directors may each perform the following activities in comparable functions at other companies with a commercial purpose, provided that these are not controlled by the company, do not control the company or are not occupational pension institutions that insure employees of the Group:

- A maximum of 10 mandates as a member of the Board of Directors or as a member of other management or administrative bodies of companies that are considered public companies pursuant to Article 727 paragraph 1 No. 1 of the Swiss Code of Obligations (OR); and additionally
- A maximum of 15 mandates as a member of the Board of Directors or as a member of other supreme management or administrative bodies of companies within the meaning of Article 727 paragraph 1 No. 2 of the Swiss Code of Obligations (OR); and additionally
- A maximum of 20 mandates as a member of the Board of Directors or as a member of other supreme management or administrative bodies of legal entities that do not meet the above criteria; and additionally
- A maximum of 10 mandates in associations, charitable foundations and employee welfare foundations.

Several activities at companies that are under common control or have the same beneficial ownership are considered one mandate for the purposes of the Articles of Association.

In accordance with Article 734e of the Swiss Code of Obligations (OR), the members of the Board of Directors exercised the following functions in other companies with a comercial purpose as at December 31, 2023:

Georg Denoke
Member of the supervisory board, vice-chairman of the supervisory board of SGL Carbon SE.

Sylvia Schorr
Managing director of FS V-Bank Holding GmbH;
Managing director of M23 Immobilien GmbH;
Managing director of ATUM GmbH.

Dr. Philippe Weber
Member of the board of directors and chairman of the compensation committee of Medacta Group AG;
Vice chairman of the board of directors and member of the compensation committee of Leonteq AG;

Member of the board of directors and chairman of the compensation committee of PolyPeptide Group AG;
Member of the board of directors of Banca del Ceresio SA;
Member of the board of directors of Niederer Kraft Frey AG;
Member of the board of directors of NorthStar Holding AG;
Vice chairman of the board of directors of Leonteq Securities AG;
Member of the board of directors of Newron Suisse SA.

Manfred Hahl
Managing director of Autotest Eisenach GmbH;
Member of the supervisory board, vice chairman of the supervisory board of FFT GmbH & Co. KgaA.

Clemens Prändl
Senior vice president of SAP SE.

6 Functions exercised by the members of the Group Executive Management in other companies with a commercial purpose

In accordance with Article 626 paragraph 2 No. 1 of the Swiss Code of Obligations (OR), Article 23 of the Articles of Association prescribes, that the members of the Group Executive Management, subject to the approval of the Nomination and Compensation Committee, may each perform the following activities in comparable functions at other companies with a commercial purpose, provided that these are not controlled by the company, do not control the company or are not occupational pension institutions that insure employees of the Group:

- A maximum of 2 mandates as a member of the Board of Directors or as a member of other management or administrative bodies of companies that are considered public companies pursuant to Article 727 paragraph 1 No. 1 of the Swiss Code of Obligations (OR); and additionally
- A maximum of 3 mandates as a member of the Board of Directors or as a member of other supreme management or administrative bodies of companies within the meaning of Article 727 paragraph 1 No. 2 of the Swiss Code of Obligations (OR); and additionally
- A maximum of 5 mandates as a member of the Board of Directors or as a member of other supreme management or administrative bodies of legal entities that do not meet the above criteria.

Several activities at companies that are under common control or have the same beneficial ownership are considered one mandate for the purposes of the Articles of Association.

The members of the Group Excecutive Management did not exercise any functions in other companies with a commercial purpose as at December 31, 2023 (Article 734e of the Swiss Code ob Obligations).

Compensation to the Board of Directors

in € thousand	Fixed compensation	
Board of Directors active on December 31, 2023	**2023**	**2022**
Georg Denoke	**354**	**350**
Chairman of the Board of EDAG Engineering Group AG [Chair Nomination and Compensation Committee]	350	350
Chair Supervisory Board of EDAG Engineering Holding GmbH	1	-
Chair Supervisory Board of EDAG Engineering GmbH	3	-
Sylvia Schorr	**156**	**155**
Member of the Board of Directors of EDAG Engineering Group AG [Chair of the Audit Committee]	150	150
Member Supervisory Board EDAG Engineering Holding GmbH	1	1
Member Supervisory Board EDAG Engineering GmbH	5	4
Dr. Philippe Weber	**150**	**150**
Member of the Board of Directors of EDAG Engineering Group AG [Member of the Nomination and Compensation Committee]	150	150
Legal Services via Niederer Kraft Frey AG	-	-
Manfred Hahl	**156**	**155**
Member of the Board of Directors of EDAG Engineering Group AG [Member of the Audit Committee]	150	150
Member Supervisory Board EDAG Engineering Holding GmbH	1	1
Member Supervisory Board EDAG Engineering GmbH	5	4
Clemens Prändl	**155**	**155**
Member of the Board of Directors of EDAG Engineering Group AG [Member of the Audit Committee]	150	150
Member Supervisory Board EDAG Engineering Holding GmbH	1	1
Member Supervisory Board EDAG Engineering GmbH	4	4
Total	**971**	**965**

Table: Compensation to the Board of Directors

Employer social insurance contribution		Total fixed compensation		Additional income		Total compensation	
2023	2022	2023	2022	2023	2022	2023	2022
-	**-**	**354**	**350**	**-**	**-**	**354**	**350**
-	-	350	350	-	-	350	350
-	-	1	-	-	-	1	-
-	-	3	-	-	-	3	-
-	**-**	**156**	**155**	**-**	**-**	**156**	**155**
-	-	150	150	-	-	150	150
-	-	1	1	-	-	1	1
-	-	5	4	-	-	5	4
10	**10**	**160**	**160**	**75**	**43**	**235**	**203**
10	10	160	160	-	-	160	160
-	-	-	-	75	43	75	43
-	**-**	**156**	**155**	**-**	**-**	**156**	**155**
-	-	150	150	-	-	150	150
-	-	1	1	-	-	1	1
-	-	5	4	-	-	5	4
-	**-**	**155**	**155**	**-**	**-**	**155**	**155**
-	-	150	150	-	-	150	150
-	-	1	1	-	-	1	1
-	-	4	4	-	-	4	4
10	**10**	**981**	**975**	**75**	**43**	**1,056**	**1,018**

Compensation to the Group Executive Management

in € thousand	Fixed compensation	
Group Executive Management Members active on December 31, 2023	**2023**	**2022**
Cosimo De Carlo	**750**	**750**
CEO EDAG Engineering Group AG	112	112
CEO EDAG Engineering GmbH	638	638
Holger Merz	**300**	**300**
CFO EDAG Engineering Group AG	45	45
CFO EDAG Engineering GmbH	255	255
Total	**1,050**	**1,050**

[1] The compensation shown here relates to the compensation for the financial year 2023, which was deferred as of the balance sheet date. The actual total amount of the variable compensation of the Group Executive Board will be decided separately by the annual shareholder meeting 2024 in accordance with Article 12 of the Articles of Association.

Table: Compensation to the Group Excecutive Management

Employer social insurance contribution		Non-cash benefit from company car		Total fixed compensation		Variable compensation		Total compensation	
2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
20	**17**	**17**	**17**	**787**	**784**	**274**	**306**	**1,061**	**1,090**
8	8	-	-	120	120	41	46	161	166
12	9	17	17	667	664	233	260	900	924
20	**18**	**24**	**24**	**344**	**342**	**288**	**295**	**632**	**637**
7	6	-	-	52	51	43	44	95	95
13	12	24	24	292	291	245	251	537	542
40	**35**	**41**	**41**	**1,131**	**1,126**	**562**	**601**	**1,693**	**1,727**

Compensation to the Board of Directors - CHF

in CHF thousand	Fixed compensation	
Board of Directors active on December 31, 2023	**2023**	**2022**
Georg Denoke	**344**	**352**
Chairman of the Board of EDAG Engineering Group AG [Chair Nomination and Compensation Committee]	340	352
Chair Supervisory Board of EDAG Engineering Holding GmbH	1	-
Chair Supervisory Board of EDAG Engineering GmbH	3	-
Sylvia Schorr	**152**	**156**
Member of the Board of Directors of EDAG Engineering Group AG [Chair of the Audit Committee]	146	151
Member Supervisory Board EDAG Engineering Holding GmbH	1	1
Member Supervisory Board EDAG Engineering GmbH	5	4
Dr. Philippe Weber	**146**	**151**
Member of the Board of Directors of EDAG Engineering Group AG [Member of the Nomination and Compensation Committee]	146	151
Legal Services via Niederer Kraft Frey AG	-	-
Manfred Hahl	**152**	**156**
Member of the Board of Directors of EDAG Engineering Group AG [Member of the Audit Committee]	146	151
Member Supervisory Board EDAG Engineering Holding GmbH	1	1
Member Supervisory Board EDAG Engineering GmbH	5	4
Clemens Prändl	**151**	**156**
Member of the Board of Directors of EDAG Engineering Group AG [Member of the Audit Committee]	146	151
Member Supervisory Board EDAG Engineering Holding GmbH	1	1
Member Supervisory Board EDAG Engineering GmbH	4	4
Total	**945**	**971**

Table: Compensation to the Board of Directors – CHF

Employer social insurance contribution		Total fixed compensation		Additional income		Total compensation	
2023	2022	2023	2022	2023	2022	2023	2022
-	**-**	**344**	**352**	**-**	**-**	**344**	**352**
-	-	340	352	-	-	340	352
-	-	1	-	-	-	1	-
-	-	3	-	-	-	3	-
-	**-**	**152**	**156**	**-**	**-**	**152**	**156**
-	-	146	151	-	-	146	151
-	-	1	1	-	-	1	1
-	-	5	4	-	-	5	4
10	**10**	**156**	**161**	**73**	**43**	**229**	**204**
10	10	156	161	-	-	156	161
-	-	-	-	73	43	73	43
-	**-**	**152**	**156**	**-**	**-**	**152**	**156**
-	-	146	151	-	-	146	151
-	-	1	1	-	-	1	1
-	-	5	4	-	-	5	4
-	**-**	**151**	**156**	**-**	**-**	**151**	**156**
-	-	146	151	-	-	146	151
-	-	1	1	-	-	1	1
-	-	4	4	-	-	4	4
10	**10**	**955**	**981**	**73**	**43**	**1,028**	**1,024**

Compensation to the Group Executive Management - CHF

in CHF thousand	Fixed compensation	
Group Executive Management Members active on December 31, 2023	**2023**	**2022**
Cosimo De Carlo	**729**	**754**
CEO EDAG Engineering Group AG	109	113
CEO EDAG Engineering GmbH	620	641
Holger Merz	**292**	**301**
CFO EDAG Engineering Group AG	44	45
CFO EDAG Engineering GmbH	248	256
Total	**1,021**	**1,055**

[1] The compensation shown here relates to the compensation for the financial year 2023, which was deferred as of the balance sheet date. The actual total amount of the variable compensation of the Group Executive Board will be decided separately by the annual shareholder meeting 2024 in accordance with Article 12 of the Articles of Association.

Table: Compensation to the Group Excecutive Management - CHF

Employer social insurance contribution		Non-cash benefit from company car		Total fixed compensation		Variable compensation[1]		Total compensation	
2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
20	**17**	**17**	**17**	**766**	**788**	**266**	**307**	**1,032**	**1,095**
8	8	-	-	117	121	40	46	157	167
12	9	17	17	649	667	226	261	875	928
20	**18**	**23**	**24**	**335**	**343**	**280**	**296**	**615**	**639**
7	6	-	-	51	51	42	44	93	95
13	12	23	24	284	292	238	252	522	544
40	**35**	**40**	**41**	**1,101**	**1,131**	**546**	**603**	**1,647**	**1,734**

Shares held by Board of Directors and Group Executive Management

As at the respective call date, the individual members of the Board of Directors and Group Executive Management held the following number of shares in EDAG Engineering Group AG.

Number of shares	12/31/2023	12/31/2022
Board of Directors		
Georg Denoke	-	-
Sylvia Schorr	-	-
Dr. Philippe Weber	-	-
Manfred Hahl	13,162	13,162
Clemens Prändl	-	-
Total Board of Directors	**13,162**	**13,162**
Group Executive Management		
Cosimo De Carlo	6,000	6,000
Holger Merz	115	115
Total Group Executive Management	**6,115**	**6,115**

Table: Shares held

Report of the Statutory Auditor
(Compensation Report)

Report of the statutory auditor to the General Meeting of EDAG Engineering Group AG, Arbon

Audit opinion
We have audited the compensation report of EDAG Engineering Group AG (the company) for the year ended December 31, 2023. The audit was limited to the information according to Art. 734a - 734f of the Swiss Code of Obligations (OR) contained in the tables on pages 48 to 57 and in the sections "Compensation of the Group Executive Management", "Functions of the members of the Board of Directors in other companies with an economic purpose" and "Functions of the members of the Executive Board in other companies with an economic purpose" on pages 44 to 47 of the compensation report.

In our opinion, the information according to Art. 734a - 734f of the Swiss Code of Obligations (OR) in the attached compensation report is in conformity with Swiss law and the articles of association.

Basis for opinion
We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under these provisions and standards are further described in the «Auditor's responsibilities for the audit of the compensation report» section of our report. We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other professional responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information
The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the tables and details explicitly mentioned in the paragraph "Audit opinion", the joint management report, the financial statements, and our auditor's reports thereon.

Our audit opinion on the compensation report does not cover the other information, and we do not express any form of conclusion thereon.

In connection with our audit, it is our responsibility to read the other information and, when doing so, consider whether the other information is materially inconsistent with the audited financial information in the compensation report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, on the basis of the work we have performed, we conclude that there is a material misstatement of this other information, we are obliged to report this fact. We have nothing to report in this regard.

Board of Directors’ responsibility for the compensation report
The Board of Directors is responsible for the preparation of a compensation report in accordance with the provisions of the law and the company’s articles of association, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a compensation report that is free from material misstatement, whether as a result of fraud or error. The Board of Directors is also responsible for designing the compensation system and defining individual compensation packages.

Auditor’s responsibilities for the audit of the compensation report
Our objectives are to obtain reasonable assurance as to whether the information according to articles 734a-734f of the Swiss Code of Obligations (OR) contained in the compensation report is free from material misstatement, whether as a result of fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise as a result of fraud or error, and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this compensation report.

As part of our audit in accordance with Swiss law and Swiss Auditing Standards, we exercise due discretion and maintain a critical attitude throughout the audit. We also:

- Identify and assess the risks of material misstatement - arising as a result of fraud or error - in the compensation report, plan and perform audit procedures in response to these risks, and obtain evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of failing to detect a material misstatement is greater if it has arisen as a result of fraud than if it has arisen as a result of error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the overriding of internal controls.

- Gain an understanding of the internal control system relevant to the audit, in order to plan audit procedures that are appropriate under the circumstances, though not with the aim of expressing an audit opinion on the effectiveness of the entity's internal control system.

- Evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates shown in the financial reporting and related disclosures.

We communicate with the Board of Directors or its competent commission on various issues including the planned scope and timing of the audit and significant audit findings, including any significant deficiencies that we identify in the internal control system during our audit.

We also provide the Board of Directors or its competent commission with a statement indicating that we have complied with the relevant ethical requirements regarding the independence of the auditor, and communicate with them about all relationships and other issues which might reasonably be assumed to affect our independence, and – if applicable – about measures to eliminate hazards or protective measures which have been taken.

Deloitte AG

Roland Müller
Accredited Audit Expert
Auditor in charge

Mario Sosic
Accredited Audit Expert

Zurich, March 26, 2024

English translation – The German version prevails and is the only binding version.

COMBINED MANAGEMENT REPORT

COMBINED MANAGEMENT REPORT

Since December 2, 2015, EDAG Engineering Group AG, Arbon ("EDAG Group AG") 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): According to § 114 of the German Securities Trading Law (WpHG), there is an obligation to prepare a management report for the separate financial statement. According to § 315 paragraph 5 of the German Commercial Code (HGB) in conjunction with § 298 paragraph 2 of the German Commercial Code (HGB), a combined management report will be prepared for the individual and consolidated financial statements. With this management report, the requirements set out in §§ 298 and 315 of the German Commercial Code (HGB) have been met.

The Consolidated Financial Statement of EDAG Group AG and its subsidiaries for December 31, 2023 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. The separate financial statement of EDAG Group AG has been prepared in accordance with the Swiss Code of Obligations.

1 Basic Information on the Group

1.1 Business Model

Three Segments

With the parent company, EDAG Engineering Group AG, Arbon (Switzerland), the EDAG Group is one of the largest independent engineering partners to the automotive industry, and specializes in the development of vehicles, derivatives, modules and production facilities. The entire group of companies will hereinafter be referred to as EDAG Group or EDAG.

The business is organized into the following segments: Vehicle Engineering, Electrics/Electronics and Production Solutions. 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. Further potential is also seen in the industrial and smart city environments. 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** division 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 division is involved in new technologies and lightweight design, commercial vehicle development and the development of glazing through to the optical design 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. As an engineering service provider, we already have a major impact on the future carbon footprint of our customers' products during the design and development phases of products and production plants. A team of specialists offers a growing range of sustainable solutions. These include a life cycle assessment to evaluate the carbon footprint and environmental impact, and also advice as to the choice of materials, drive technologies, lightweight design solutions and decarbonization in production and the entire supply chains.

The services offered by the **Vehicle Integration** division range from engineering and simulation to component, system and complete vehicle validation for automobiles, motorcycles and commercial vehicles. The division covers the entire spectrum of energy system and powertrain development through to integration with the corresponding energy storage systems (e.g. battery and hydrogen), and among other things is developing an intelligent, CO_2-saving chassis. Using computer-aided development, the CAE (computer-aided engineering) team provides product development support in the functional design of components and systems through to complete vehicles, which then pass through our test laboratories, where all aspects of functionality are validated and durability analyzed in readiness for start of production.

Our **Models & Vehicle Solutions** division offers an extensive range of services, from styling to the physical validation of vehicles. We manufacture test vehicles, sub-assemblies, vehicle bodies and special, individual vehicle conversions. We are also one of the leading developers in the series production of high-quality hydrogen storage systems. Progress and the planning of large-scale MEGC (multiple element gas container) storage systems go hand in hand with the increasing demands for safe hydrogen storage solutions. We are continuing the development of our patented filling method to guarantee increased efficiency and safety. This innovation is to be integrated into the series production process and made available to our customers in 2024.

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. where we provide support in areas ranging from the definition of the product strategy through concept development to series development and production. Project Management networks and directs all the development departments - internal and external - involved, in this way ensuring continuous design status progress throughout the development.

Just as a customer relationship does not end with the conclusion of a business transaction, nor does the product development process end with the start of production (SOP). The **After Sales** division is vital during both the market launch of a product and its life cycle on the market. If after sales requirements are integrated into the product development process at an early stage, overall costs can be reduced and customer satisfaction increased. Our After Sales Quality Management team optimizes development and production processes, ensures that suppliers are qualified, and guarantees the quality of our products. The Technical Editing team draws up legally required documents and literature for all target groups, while our After Sales Digilab maximizes the efficiency of our systems and provides customer-specific solutions
.

Presentation of the Electrics/Electronics Segment

The service portfolio in the Electrics/Electronics segment (E/E) is divided into five key areas, for which comprehensive solutions are provided for all relevant development tasks in electronics development and the current challenges of the mobility industry. These key areas are Vehicle Electrics & Electronics, eDrive & Energy Systems, Autonomous Drive & Safety, User Experience & User Functions, and Mobility & Connected Services. Systematic innovation management, the use of new agile development processes and rapid customer-oriented development are the basis for a sustainable, high quality cooperation in projects with customers.

Technical Sales in the E/E segment is responsible for the further development of this portfolio. To this end, market trends are identified at an early stage and incorporated into the service portfolio in accordance with customer requirements.

With a constantly evolving organization of excellence in four areas of competence, the structure of the delivery organization of the E/E segment covers all development services necessary for a complete vehicle development or mobility solution. Increasingly, projects are handled in cooperations across various segments and sites, in global delivery models.

The **Systems Engineering** division develops electrical and electronic systems and functions, through to entire E/E architectures. In this context, the division develops innovative domain or service-oriented E/E architectures on the basis of a fully integrated tool-based 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, Both the overall systems and their components, sensors, actuators and controls, are taken into account during the development of electronic systems in all relevant functional groups of the E/E architecture. 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.

The **Integration & Validation** division combines functional E/E validation skills. The key aspects here are the creation of test strategies and test specifications for testing electronic vehicle functions, and carrying out the corresponding tests. These are carried out in virtual test environments, in the laboratory, at a test site, or on the road, in a variety of ways ranging from manual to highly automated. This division also handles the conception and provision of the required testing technology and test infrastructure, which involves developing and setting up test facilities optimized for the test requirements concerned. All E/E aspects relating to prototype and test vehicle construction are also covered by this division.

E/E Software & Digitalization develops hardware and software components. EDAG provides support throughout the entire development cycle from the concept phase to series production, and assumes responsibility for all development activities. Development in line with the ASPICE standard 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 focus of Software & Digitalization. Innovative services are developed here, on behalf of customers. Key aspects involved are the connection of vehicles to the mobility backend, user interfaces and the development of specialized tools for mobility development. The E/E service portfolio also includes agile development processes and distinctive technological expertise in classic software development in the frontend and backend and in special applications in the field of AI and data science.

In its cross-company interdisciplinary function, competence in the field of **Safety & Security** is becoming increasingly significant. One of the division's key points of focus is functional safety in line with the ISO 26262 standard. In society's endeavors to minimize risks (Vision Zero), comprehensive security concepts that also cover the infrastructure and monitoring elements, vehicle guidance systems for instance, are being developed. Through legal requirements for the type approval of vehicles (UNECE R 155) and standards such as ISO/SAE 21434, cybersecurity continues to become increasingly important. Here, too, EDAG offers a wide, constantly expanding service portfolio.

Process & Product Data Management (PPDM) provides a key addition to the EDAG service portfolio. Applying its in-depth customer-specific process and systems knowledge, PPDM deals with the project-spanning, cross-divisional management of all process operations, in this way delivering systematic and transparent results which enable the individual milestones in the product development process to be achieved. The PPDM services range from classic OEM tasks such as bills of materials & release management, project back office management, version and configuration management, test vehicles and vehicle management, to homologation, localization and certification management. The fields of consulting & strategy, environmental management and life cycle management round off this wide-ranging field of activity and provide our clients with ideas for a consistent and more efficient design of their operational methods and processes.

Presentation of the Production Solutions Segment

The Production Solutions (PS) segment is an all-round engineering partner which accepts responsibility for the development and implementation of Smart Factories at eleven sites in Germany and at international sites particularly in the USA, India, Hungary and China. In addition to handling the individual stages in the product creation process and all factory and production systems-related services, EDAG PS is also able to optimally plan and realize complete factories from consulting to general contractor over all fields, including cross processes. The Industry 4.0 methods and tools serve as the basis for the networked engineering between the product development and plant construction processes.

EDAG PS is organized into the following business segments: Automotive Solutions, Industrial Solutions and Smart City Solutions.

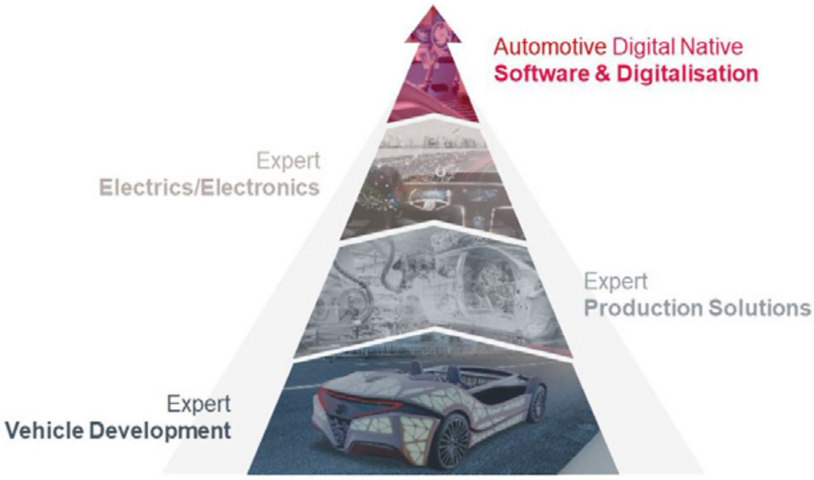
The **Automotive Solutions** division comprises the long-standing business segment of EDAG PS. EDAG PS offers customers in the automotive industry an extensive portfolio which ranges from planning to virtual commissioning. It has the comprehensive production development competence needed to master all the interfaces between product development, production engineering and plant engineering and construction. In this business field, the focus is on product manufacturing and feasibility, and also on the new technologies within the automotive industry. The new automotive technology innovations encompass everything to do with the battery, eDrive, alternative drive systems and sustainability environments. Another area on which the division focuses is mechatronic engineering in body manufacturing, final assembly and the component. 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 engineering teams 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 optimized 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 various 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, digital solutions for collaboration, training and innovation and the digital twin in the smart factory. In this way, EDAG PS aims to achieve optimum process reliability for its customers, along with a sustainable factory infrastructure, increased productivity, supply chain excellence and complexity control, while also improving decision-making reliability and reducing project duration. The portfolio is 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 industrial solutions 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.

1.2 Targets and Strategies

In the course of its more than 50-year history, the EDAG Group has been continually developing. Building on our strong roots in vehicle and production plant development, the company has, with our entry into the field of electrics/electronics and our expertise in the development of complete vehicles, established a leading international position as an innovative partner to the global mobility industry. Change is a constant companion and what drives the development of our company. By combining and expanding our cross-segment competencies and capacities in the field of software and digitalization, we are taking the next logical evolutionary step on the road to the mobility of the future.



With some 8,900 employees at in more than 30 international companies with their corresponding sites, the EDAG Group now stands firmly alongside its customers as an innovative partner.

Corporate Purpose

The focus of our activities is always on people and their need for mobility. From this, our corporate purpose "**reinvent mobility - reinvent yourself**" is also derived.

This is a clear expression of our motivation to reinvent ourselves every day and so be in a position to reinvent mobility for our customers, our cooperation partners and society as a whole, and, through technological solutions, to pave the way for change. For our employees, "reinvent yourself" creates a balance between stability and change.

Company Vision and Mission

Our corporate purpose is the basis from which the vision for the EDAG Group is derived:

"Working together to shape the mobility of the future. Efficiently. Safely. Sustainably."

This gives us a clear guiding principle for the future, the compass of our company, our mission.
EDAG therefore pursues the following goals:

- Talent factory for all employees
- Competence center for new technologies and solutions
- An agile market and future-shaping company
- A source of inspiration and vision based on clear values
- An economically, ecologically and socially sustainable engineering service provider

1.3 Internal Management System

A responsible company management that has the aim of achieving a sustainable increase in the company's value calls for the use of a control system. The management of the individual companies is subject to the same principles as the Group, and is based on IFRS standards as applied in the EU.

To this end, EDAG has also drawn up group-internal regulations for the handling of compliance and risk management, and defined financial and non-financial performance figures which display the value system, performance and success of the company. In the following, first the management process is explained, and then the key performance figures of the EDAG Group.

The starting point for controlling the EDAG Group is the annually prepared budget and medium-term planning. This serves to illustrate and safeguard defined targets and long-term strategies from both a technical and an economical point of view. This involves identifying developments on the market and in the segment, i.e. in addition to the firmly contracted orders, anticipated new order volumes are assessed, then these are taken as the basis from which revenue and earnings development targets are derived top-down. Applying the top-down/bottom-up principle, the feasibility of these rough outline plans is first checked bottom-up, and then concretized in the form of partial plans (capacity, personnel, investment and cost planning).

The budget in the first year is planned across individual months, and is binding. Every month, this budget is compared with the actual figures realized, and any deviations are analyzed. If necessary, plans of action are drawn up to safeguard the budgeted targets. While taking the actual values that have already been realized, current estimates for the remainder of the year and any chances and risks reported into account, the projection for the current financial year is adjusted in a forecast. The validity and attainability of the operative targets for the current financial year are therefore at the center of ongoing controlling operations.

To implement the control process at EDAG, the following central key performance figures have been defined on the basis of figures in accordance with IFRS:

- Sales revenues[1]
- (Adjusted) EBIT and (adjusted) EBIT margin[2]

Revenues are the financial reflection of our market success. The adjusted EBIT, i.e. earnings before tax and interest and adjusted for special effects, is indicative of the economic success of our company, and is the Group's central management parameter. The adjusted EBIT margin is calculated from the relationship between the operating profit (adjusted EBIT) and revenues, and helps to compare the performance of the segments, subsidiaries, technical divisions and profit centers.

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

[2] For definition see chapter "[9] Reconciliation of the Adjusted Operating Profit (Adjusted EBIT)" in the notes.

Alongside the central key performance figures, the following performance indicators are also analyzed:

- Sales pipeline/incoming orders/orders on hand
- Number of employees
- Productivity/capacity utilization
- Age structure of receivables
- Investments

The sales pipeline, incoming orders and orders on hand serve as early indicators for changing market requirements and demand patterns, and as indicators for expected sales in the subsequent quarterly periods. They enable us to monitor the extent of our existing orders on the one hand and to manage our sales on the other, with a view to exploiting future market potential as effectively as possible. The **number of employees** is a measured variable for the achievement of growth targets. It is important here to keep a watch not only on the number of new appointments to the technical divisions and subsidiaries, but also on fluctuation. **Productivity** is defined as the quotient obtained when the hours worked on customer projects is divided by the available working hours of our employees. As it highlights utilization peaks and free capacity, it is an important element for managing our technical divisions and group-wide resources. The **age structure of receivables** comprises all outgoing invoices which are still outstanding, i.e. receivables from our customers. In this area, we pay particular attention to overdue items so as to be able to act promptly and avoid potential defaults on payment. In order to safeguard our innovative strength and competitiveness, it is important to make targeted investments. Every month, reports are presented comparing their development with the plans, and adherence to the budget is monitored.

1.4 Research and Development

Research and development is per se a definition of the business activities of EDAG. Innovation management is therefore of great importance at EDAG. With our innovation projects, we offer our customers and also vehicle manufacturers', start ups', system suppliers', and non-automotive customers' development and production departments concrete ideas and opportunities for cooperation, with a view to providing support for the development of new products, technologies and concepts for the mobility of the future, and encouraging cooperation.

Even if 2023 was very strongly characterized by the enormous progress being made in the field of artificial intelligence (AI), other trends such as alternative drive systems, virtual & augmented reality, autonomous driving, sustainability, industrial 3D printing and new materials are having a far-reaching influence on the permanent changes to the automotive product, to enable it to meet current ecological and sociopolitical challenges. As one of the world's leading independent engineering service providers in the automotive industry, EDAG is playing an active role in shaping this ongoing transition.

Key factors in securing EDAG's competitiveness are the innovative focus, know-how and motivation of the EDAG employees who, working together in virtual teams, are involved in our research and development activities. In 2023, we had more than 350 technical experts across the entire group actively involved in 35 innovation and pilot projects, most of which were run parallel to one another. Assisted by new innovations in the field of innovation management, the EDAG divisions are able to strategically align their technology, competence and capacity portfolios to the changed market conditions, and, within the framework of the matrix organization, work together in interdisciplinary innovation projects. Future mobility, sustainability, digitalization, autonomous driving and the smart city are just some of the innovation drivers on which we focus our research and development. In addition to our internal network, we also work in close cooperation with leading German and international research institutes, partners and universities.

We are working on issues that will be important to the industry in the future. To this end, we have already established four innovation fields in innovation management, and regularly reflect on which direction they should take:

- Sustainable vehicle development
- Drive and storage technologies
- Safe mobility
- Digitalization

In interdisciplinary teams with our colleagues from various departments, we develop solutions, concepts and strategies and expand specialist skills. With the aid of the heads of the fields of innovation (the innovation management budget owners) and the developers and technical experts within the divisions, it is possible to systematically identify new innovation enablers in the matrix organization, create areas of activity, and initiate and realize innovation projects. In close coordination with Sales, the Innovative Management team identifies our customers' future requirements, and then works out new concepts, possible solutions and engineering proposals for them. The know-how relating to innovative matters is structured across all departments and divisions by the heads of our innovation fields, and interactively shared in the constant exchanges between all the technical departments. And in this way, we strengthen the acquisition and exchange of knowledge. At the same time, we make it possible to access internal and external know-how.

EDAG's ability to define, specify and develop vehicle and system technologies is the basis of our technological competence and our reputation on the market. The highly qualified, group-wide and interdisciplinary cooperation this calls for throughout the EDAG Group is the engine for innovation.

In the reporting year, research and development expenses amounted to € 11,036 thousand (2022: € 12,323 thousand). As in the previous year, no development costs were activated.

2 Financial Report

2.1 Macroeconomic and Industry-Specific Conditions

Basic Conditions and Overall Economic Development

According to the International Monetary Fund's (IMF) latest outlook on January 30, 2024, the world economy exhibited 3.1 percent growth in 2023 (2022: 3.5 percent). As can be seen from the regional distribution of sales revenues by continent in the chapter "Segment Reporting and Notes" in the Notes, the development of the following markets is of particular relevance to EDAG:

MACROECONOMIC DATA FOR 2023

Global economic growth: 3.1 percent
Euro area growth: 0.5 percent
German growth: - 0.3 percent

According to the initial estimate, the IMF's economic experts registered a decline in the **German** economy in 2023. Accordingly, the economic performance in Germany decreased by 0.3 percent compared to the previous year (2022: 1.8 percent growth), The IMF registered a 0.5 percent increase in economic growth for the **eurozone** last year (2022: 3.4 percent growth).

According to this estimate, the **US economy** expanded by 2.5 percent in 2023 (2022: 1.9 percent). Last year saw an increase of 5.2 percent in **China**, the second largest national economy in the world (2022: 3.0 percent).

Please see chapter **4.2 "Forecast"** in the Group Management Report for the forecasts relating to the current year, 2024.

Automotive Industry Development

According to the VDA [Association of the German Automotive Industry] (as of January 2024), 2023 saw an increase in sales of new vehicles in Germany. At 2.8 million units, this figure was 7.3 percent higher than in the previous year (2.7 million units). According to Morgan Stanley's estimate dated December 11, 2023, global sales of passenger cars (not including light vehicles) amount to almost 72 million vehicles (previous year: almost 69 million vehicles).

According to the VDA, the European automobile market (EU-28 + EFTA + Great Britain) recorded a significant recovery in 2023. The number of new registrations rose by 13.7 percent from 11.3 million to 12.8 million units. The growth of the five largest individual markets varied somewhat: Whereas new vehicle registrations in Germany increased by 7.3 percent in 2023, the markets in Italy (+18.9 percent), the UK (+17.9 percent), France (+16.1 percent) and Spain (+16.7 percent) recorded significant double-digit growth rates, thus achieving above-average growth compared to the European automotive market as a whole.

With a decline of almost 16 percent, 2023 saw the first ever downturn in new registrations of electric cars in Germany. The main reason for this development is the fact that the number of new registrations of PHEVs (plug-in hybrid electric vehicles) was halved; these fell by a good 52 percent, reflecting the discontinuation of government subsidies for PHEVs since January 1, 2023. By contrast, new registrations of BEVs (battery electric vehicles) increased by 11 percent in 2023. Although still at a high level with this double-digit growth rate, growth dynamics of new registrations of BEVs nevertheless dropped to well below the level of the same period in the previous year (2022: +32 percent). As a result of the decline in the number of electric car registrations and the general increase in the overall market, with sales of 699,943 vehicles (previous year: 832,652), the proportion of electric cars in relation to the total number of cars sold fell to 24.6 percent in 2023 (previous year: 31.4 percent). Gasoline-powered passenger cars profited from the general market recovery, with absolute sales figures increasing to 978,660 cars (previous year: 863,445) and the market share to 34.4 percent (previous year: 32.6 percent). For diesel-powered vehicles, a slight increase in absolute sales figures to 486,581 vehicles was recorded (previous year 472,274), although the proportion of the total number of vehicles sold fell to 17.1 percent (previous year 17.8 percent).

In the USA, the volume on the light vehicle market (passenger cars and light trucks) developed dynamically in 2023, increasing by 12 percent to some 15.5 million vehicles compared to the previous year. Despite the significant growth, however, the light vehicle market is still almost 9 percent below the pre-crisis level of 2019. In China the number of new vehicles sold in 2023 increased to a record 21.7 million units, which is equivalent to a market growth of 5 percent compared to the previous year. An increase in market volume was also observed in India (+8 percent), Japan (+16 percent) and Brazil (+11 percent) in 2023.

Development of the Engineering Market

The automotive market is still in a period of transition, and is undergoing major structural changes. Innovation drivers such as autonomous and connected driving, digitalization, eMobility, virtual & augmented reality, sustainability the progressive developments being made in the field of artificial intelligence are having a worldwide impact, and are also affecting the market for engineering services. At the same time, changes in customer requirements and political uncertainties are also having their effect. These trends are continuing to create 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 market environment which will remain volatile. In the medium to long term, an increase in development expenses (primarily in software and electrification) is expected.

According to the VDA, the German automotive industry is driving climate-neutral mobility forward with massive investments. In the years between 2024 and 2028 alone, companies in the German automotive industry are expected to invest some € 280 billion in research and development worldwide, particularly in eMobility (including battery technology), autonomous driving and digitalization. To this must be added investments of approximately € 130 billion for the conversion of plants. The engineering market will benefit from this development.

2.2 Financial Performance, Cash Flows and Financial Position of the EDAG Group

Financial Performance

DATA ON THE RESULTS OF THE EDAG GROUP
Incoming orders: € 861.9 million
Revenues: € 844.3 million
Orders on hand: € 415.5 million
Adjusted EBIT margin: 6.2 percent

Development of the EDAG Group
In the reporting year, the EDAG Group generated incoming orders amounting to € 861.9 million, which, compared to the previous year (€ 850.2 million), represents an increase of € 11.7 million. This was the highest-ever level of incoming orders in the history of the EDAG Group. As of December 31, 2023, orders on hand amounted to € 415.5 million, compared to € 401.2 million as of December 31, 2022. Neither potential call-offs relating to general agreements nor call-offs relating to production orders are included in the orders on hand.

Having risen to € 844.3 million, revenue was a significant € 48.2 million or 6.1 percent above the previous year's level (2022: € 796.1 million). Owing to the continuing positive economic development, this was the highest-ever revenue in the history of EDAG. It is pleasing to note that all three segments were able to increase their revenues compared to the previous year.

Compared to the same period in the previous year, other income increased by € 2.4 million to € 29.3 million in the reporting year. This increase is largely due to compensation payments in the amount of € 4.4 million (2022: € 1.1 million).

At € 98.0 million, materials and services expenses were a significant 15.3 percent below the level of the previous year (2022: € 115.6 million). As a result of a reduction in project-specific acquisitions, the materials and services expenses ratio decreased by 2.9 percentage points to 11.6 percent compared to the same period in the previous year (2022: 14.5 percent). At 8.7 percent, the ratio of service expenses in relation to the revenues was also below the level of the same period in the previous year (2022: 10.7 percent), as was the materials expenses ratio at 2.9 percent (2022: 3.8 percent).

The EDAG Group's personnel expenses increased by € 54.6 million or 10.6 percent to € 569.4 million compared to the same period in the previous year, mainly as a result of the growing workforce and salary increases. At 67.4 percent, the ratio of personnel expenses was above the previous year's level (2022: 64.7 percent). The company had a workforce of 8,642 employees on average, including apprentices, in the reporting year (2022: 8,112 employees): an increase of 6.5 percent.

Depreciation, amortization and impairments totaled € 41.4 million (2022: € 39.5 million). The other operating expenses increased by € 9.8 million to € 110.6 million, primarily due to the growth in travel activities and the general rise in price levels.
By contrast, at 13.1 percent, the ratio of other operating expenses in relation to revenues remained at much the same level as in the previous year (2022: 12.7 percent).

Taking the financial performance presented into account, the EBIT increased by € 2.9 million to € 53.9 million compared to the previous year (2022: € 51.1 million). This means that an EBIT margin of 6.4 percent was achieved, as in the previous year.

Adjusted for the depreciation, amortization and impairments from the purchase price allocations in the amount of € 0.2 million that were recorded in the reporting period in 2023 (2022: € 2.0 million) and income from compensation payments (€ 1.6 million; 2022: € 0.4 million), the adjusted EBIT figure for the reporting year was € 52.6 million (2022: € 50.5 million), which is equivalent to an adjusted EBIT margin of 6.2 percent (2022: 6.3 percent).

The financial result for the reporting year amounted to € -10.8 million (2022: € -8.5 million). The principal reason for this is the rise in market interest rates, which led to a higher interest charge on the promissory note loans and in the valuation of lease liabilities compared to the previous year. By way of contrast, there was an increase in interest rates on sight deposits.

Overall, with a result of € 28.9 million (2022: a profit of € 28.9 million), business development of the EDAG Group was satisfactory in the reporting year. Both the increase in revenues and the EBIT margin represented are within the range forecast in the management report for the third quarter of 2023. Compared to the management report for the 2022 financial year (increase in revenues of around 4 to 7 percent, adjusted EBIT margin within a range of approximately 4 to 7 percent), the forecast was defined more specifically in the third quarter of 2023 (increase in revenues in a range of approximately 5 to 6 percent, adjusted EBIT margin of approximately 6 percent).

Development of the Vehicle Engineering Segment

Incoming orders in the reporting year amounted to € 484.3 million, which was below the previous year's level (2022: € 529.1 million). At € 484.9 million, revenues on the other hand increased by 1.9 percent compared to the previous year's level (2022: € 475.7 million). All in all, an EBIT of € 34.9 million was recorded for the Vehicle Engineering segment in the reporting year (2022: € 34.6 million). At 7.2 percent, the EBIT margin was at the same level as in the previous year (2022: 7.3 percent). Compared to the same period in the previous year, there was a slight increase to 7.2 percent in the adjusted EBIT margin (2022: 7.1 percent.

VEHICLE ENGINEERING DATA

Revenues: € 484.9 million
EBIT: € 34.9 million

Development of the Electrics/Electronics Segment

Incoming orders increased by a significant € 44.3 million to € 268.0 million compared to the previous year (2022: € 223.7 million). Revenue increased by 14.9 percent to € 262.4 million, which was above the previous year's level of € 228.3 million. The EBIT stood at € 15.3 million (2022: € 14.9 million). At 5.8 percent, both the EBIT margin and the adjusted EBIT margin were below the previous year's level (2022: 6.5 percent in each case).

ELECTRICS/ELECTRONICS DATA

Revenues: € 262.4 million
EBIT: € 15.3 million

Development of the Production Solutions Segment

In this segment, incoming orders increased by € 14.4 million over the previous year to

PRODUCTION SOLUTIONS DATA

Revenues: € 114.0 million
EBIT: € 3.8 million

€ 125.4 million (2022: € 111.1 million), which represents an increase of 12.9 percent. Revenues increased by 3.7 percent to € 114.0 million (2022: € 109.9 million). Overall, an EBIT of € 3.8 million (2022: 1.6 million) and an EBIT margin of 3.3 percent (2022: € 1.4 million) were recorded for the Production Solutions segment in the reporting year. The adjusted EBIT amounted to € 2.6 million (2022: € 1.8 million). The adjusted EBIT margin stood at 2.3 percent in the reporting year, which was well above the previous year's value (2022: 1.6 percent).

Cash Flows and Financial Position

DATA ON THE FINANCIAL POSITION OF THE EDAG GROUP
Statement of financial position total: € 730.6 million
Equity: € 162.5 million
Equity ratio: 22.2 percent

At € 730.6 million, the EDAG Group's statement of financial position total was € 8.9 million or 1.2 percent above the level of December 31, 2022 (12/31/2022: € 721.7 million). The non-current assets increased by € 9.2 million to € 378.8 million (12/31/2022: € 369.6 million), primarily as a result of construction in progress in connection with a competence center for electromagnetic compatibility (EMC) being built at the Fulda site and a new simulator center in Wolfsburg. In the current assets, along with the increase in revenues, there was an increase of € 10.2 million in the contract assets compared to the previous year. Cash and cash-equivalents, which decreased by € 15.4 million to € 107.3 million, therefore remain at a very high level.

On the equity, liabilities and provisions side, and after taking the dividend payout of € 13.8 million to the shareholders into account, equity increased by € 13.6 million to € 162.5 million, primarily as a result of the current profits and the profits and losses recognized directly in equity in the reporting year. The equity ratio on the reporting date was 22.2 percent (12/31/2022: 20.6 percent).

Non-current liabilities and provisions increased to € 338.6 million (12/31/2022: € 233.4 million), primarily as a result of the conclusion of a new promissory note loan with long-term maturities of € 100 million and the lower actuarial interest rate for pension provisions. Current liabilities and provisions decreased by € 109.9 million to € 229.4 million, (12/31/2022: € 339.4 million). This is essentially the result of the repayment of a tranche of the original promissory note loan in the amount of € 80.5 million which had become due. At the same time, contractual liabilities decreased by € 29.0 million, primarily from the completion of major projects for which customers had made advance payments in the previous year. Overall, the trade working capital increased from € 101,424 thousand to € 139,232 thousand, compared to December 31, 2022. The increase mainly results from a higher capital commitment in contract assets and contract liabilities. Lower income tax liabilities are also responsible for this development.

At € 40.7 million, the positive operating cash flow achieved in the reporting year was well above the level of the same period in the previous year (€ 34.0 million), with no change in financial performance. Despite an increase in working capital, the increase in operating cash flow was primarily the result of a lower increase in capital tied up in trade working capital in comparison to the previous year and, in contrast, higher income tax payments in the reporting year.

The investing cash flow was € -29.8 million (2022: € -29.7 million). At € 30.2 million, the gross investments for intangible assets and property, plant and equipment in the reporting year were slightly above the previous year's level (2022: € 30.1 million). The ratio of gross investments in relation to revenues was 3.6 percent (2022: 3.8 percent).

The financing cash flow totaled € -26.3 million (2022: € -33.0 million). This primarily includes principal payments for lease liabilities totaling € 20.2 million (2022: € 18.3 million), interest payments in the amount of € 10.7 million (2022: € 8.6 million) and the dividend payout to the shareholders in the amount of € 13.8 million. Also recognized in the reporting year is the net cash effect from the repayment (€ 80.5 million) and the conclusion (€ 100 million) of new promissory note loans in the amount of € 19.5 million.

On the reporting date, unused lines of credit with credit institutions in the amount of € 104.6 million currently exist in the Group (12/31/2022: € 106.0 million). The Executive Management regards the overall economic situation of the EDAG Group as good. The company has a sound financial basis, and was able to meet its payment obligations at all times throughout the reporting period.

2.3 Financial Performance, Cash Flows and Financial Position of EDAG Engineering Group AG in accordance with the Swiss Code of Obligations (OR)

Financial Performance

According to the company's statutes, the company's objective is the holding and administration of domestic and foreign investments. The company performs no operative business activities, and thus generates no sales revenues from operative business.

The salaries of the Executive Management, Board of Directors and administrative employees, which total € 1.6 million (2022: € 1.6 million), are listed under the personnel expenses of EDAG Group AG.

The other operating expenses in the amount of € 0.7 million (2022: € 0.6 million) refer primarily to expenses for consulting and auditing.

An annual loss of € 3.3 million (2022: € 2.3 million) was realized in the reporting year.

Cash Flows and Financial Position

The statement of financial position total of EDAG Group AG amounts to € 476.7 million (2022: € 476.5 million). On the assets side, the key asset continues to be the investment in EDAG Engineering Holding GmbH, which stands at € 476.2 million (2022: € 476.2 million). On the equity, liabilities and provisions side, the capital reserves in the amount of € 380.8 million (2022: € 394.6 million) is the most important item.

In the reporting year, an operating cash flow of € -3,027 thousand (2022: € -2,169 thousand) was realized. As in the previous year, no investments were made. In the financing cash flow, dividend payments in the amount of € 13,750 thousand were made to shareholders (2022: € 5,000 thousand). There was an influx of liquid resources totaling € 17,000 thousand from finance activities (2022: influxes in the amount of € 7,230 thousand).

The Executive Management regards the overall economic situation of EDAG Group AG as good. At 92.9 percent (12/31/2022: 96.5 percent), the equity ratio remains at a very high level, and the company was able to meet its payment obligations at all times throughout the reporting period.

2.4 Principles of the Compensation System for the Group Executive Management and Board of Directors

The compensation report explains the principles underlying the compensation policy, and provides information about the steering process and the compensation of the Board of Directors and Group Executive Management. It also contains information on the compensation received by the Board of Directors and the Executive Board in the 2023 financial year, on the functions exercised by the members of the Board of Directors and the Executive Board in other companies with a commercial purpose and on the participation rights in the company held by the members of the Board of Directors and the Executive Board. The compensation report follows the laws and regulations in force as of December 31, 2023. It meets the requirements of articles 734 et seq. of the Swiss Swiss Code of Obligations (OR), the SIX Swiss Exchange's Directive on Information relating to Corporate Governance, the principles of the Swiss Code of Best Practice of Economiesuisse, and is based on the Articles of Incorporation of EDAG Engineering Group AG.

The compensation report is a constituent part of the annual report, and is published on the following web site: https://www.edag.com/en/edag-group/investor-relations/financial-reports.

2.5 Non-Financial Performance Indicators

Number of Employees in the EDAG Group

Both at home and abroad, the number of employees in the EDAG Group increased. On December 31, 2023, the EDAG Group employed a worldwide workforce of 8,880 (12/31/2022: 8,412), including 352 trainees and work-study students (12/31/2022: 275).

At the end of the year, 6,154 employees were employed in Germany (12/31/2022: 5,962). 2,726 people were employed at our non-domestic companies (12/31/2022: 2,450).

DATA ON THE PERSONNEL STRUCTURE OF THE EDAG GROUP

Employees, worldwide: 8,880

Apprentices/
dual system students: 352

Age Structure and Continuous Employment

Besides pursuing the target of employee qualification, EDAG also strives to maintain a diversified workforce. Having a mix of experienced and young employees is an integral part of our personnel strategy. The average age of the employees at our key German companies is 37.6 years (2022: 37.7 years), which is representative of a young, dynamic team. At 7.2 years, the average length of service continues at a high level (2022: 7.3 years), and is an indication of high employee satisfaction and identification with the company.

The voluntary fluctuation rate was reduced in 2023, and stood at 12.1 percent in Germany (2022: 12.7 percent), and 14.4 percent in the rest of the world (2022: 16.9 percent).

Fortunately, the proportion of female employees throughout the Group increased and stood at about 21.1 percent (2022: 20.6 percent).

3 Non-Financial Report and Corporate Social Responsibility (CSR)

At EDAG, particular importance is attached to sustainability. This involves both a long-term business policy and the integration of ecological and social aspects in the management system, and is part of our corporate culture which is built upon shared values such as trust, transparency, reliability and fairness in dealings with our business partners. We see sustainability as a contribution towards safeguarding the future of our company and towards long-term economical and social development.

It is our responsibility to ensure that our services are provided within a value chain that is consistent with international standards and principles governing corporate activity. For this reason, we have outlined our requirements with regard to working conditions, health and safety, the environment and business ethics in our EDAG Supplier Code of Conduct.

Any and all companies in our supply chain, and from which we purchase products or services, are expected to observe relevant national laws, the principles set out in the United Nations Global Compact and our EDAG Supplier Code of Conduct when carrying out their activities. We therefore regard adherence to these principles as an essential condition for a lasting business relationship with our suppliers.

By committing to the UN Global Compact, EDAG has undertaken to ensure that human rights and accepted standards are complied with.

EDAG gives an account of its economic, ecological and social responsibility in this Sustainability and Corporate Social Responsibility (CSR) Report (which, from April 30, 2024 at the latest, can be downloaded at: https://www.edag.com/de/nachhaltigkeit). The target groups of the report comprise our employees, our customers and suppliers, as well as investors and analysts, non-governmental organizations, politicians and authorities and interested members of the general public. It is our intention to inform these target groups about the impact of the activities we undertake in terms of corporate responsibility and sustainability. Climate-related risks and opportunities for the EDAG Group are assessed in the report, and have also been taken into due account within the scope of the financial reporting.

According to amendment §§ 289b et seq. of the CSR Guidelines Implementation Act in the German Commercial Code (HGB), capital market-oriented companies in Germany are obliged to publish a non-financial statement. EDAG meets this obligation within the above-mentioned report. The reporting period is the 2023 financial year (January 1 to December 31). The information relates to all material group companies of EDAG Group AG that are part of this annual report. Any deviations have been identified as such.

With regard to future sustainability reporting, the Corporate Sustainability Reporting Directive (CSRD) governs the requirement for the inclusion of sustainability reporting in the management report. Compared to the previous regulations in accordance with §§ 289b et seq. of the German Commercial Code (HGB), the CSRD significantly increases the scope and extent of sustainability reporting from the 2024 financial year onwards. The CSRD has renamed the "non-financial statement" (previously governed by § 289b HGB) to "sustainability reporting”.

4 Forecast, Risk and Reward Report

4.1 Risk and Reward Report

Risk Policy

The Group AG is a globally positioned and internationally operating company. Any form of entrepreneurial activity opens up not only new business opportunities, but also numerous risks. In order to be able to achieve growth, profitability, efficiency and sustainable behavior in the future, the risk policy of the EDAG Group is aimed at securing the existence of the company, and at increasing the long-term company value.

Commercial success is conditional on opportunities being taken and put to optimum use. Risks must be spotted at an early date, evaluated and proactively managed, provided this will bring about a reasonable enhancement in value. Risks that might jeopardize the existence of the company must be avoided.

We define risks as any events and possible developments, both inside and outside the company, which may have a negative effect on the planned economic success of the company. Risks which cannot be directly measured in figures, e.g. risks to our reputation, also fall under this definition.

We see opportunities as possibilities to realize planned targets as a result of events, developments or activities.

Risk Management and Internal Control System

The sustained success of our company depends on how early we identify risks and opportunities in our operating activities, and how much foresight we employ in managing them. In the EDAG Group, the responsible handling of risks and opportunities is supported by an internal control system and an extensive risk management system.

Internal Control System

The internal control system ("ICS") is the sum total of all systematically defined controls and monitoring activities aimed at guaranteeing accounting accuracy, and ensuring correctness and effectiveness.

The accounting tasks are for the most part carried out independently by the consolidated companies. In Germany, there is a central shared service centre for all the German companies within EDAG Engineering GmbH. Content-wise, it depicts information that includes accounting-related data as well as key performance indicators and risks and rewards. The system is organized in such a way that the subsidiaries are requested to provide relevant and up-to-date information each month, and this information is then verified, summarized and presented to the Group Executive Management by the corporation's specialist departments.

The accounting-related part primarily consists of the single-entity financial statements of each subsidiary, drawn up in accordance with the relevant national laws, then, for the purposes of the consolidated financial statements of EDAG Group AG, converted to IFRS and consolidated on a quarterly basis, taking into account corporate, valuation and accounting directives.

Apart from commenting on economic performance, with the key performance data, we concentrate on future, market-related information and prospects for personnel development and productivity.

Special requirements arise as a result of our project business. These are dealt with by means of "project steering committees". Moreover, a project acceptance process has also been established. Depending on the volume of tenders, certain procedures and formalities that are defined in the corresponding directives must be followed. As soon as the relevant conditions have been met, and before binding quotations are submitted or contracts entered into, specialists from various departments first perform detailed checks on the commercial and contractual contents, and then present these to the Group Executive Management. The aim of this procedure is to avoid any uncontrollable risks being accepted. This procedure therefore commences even before risks arise, by critically reviewing the risk and reward profile of any tenders. Should the risk and reward profile prove to be unacceptable, the Group Executive Management will not permit a contract sign-off.

As an independent supervisory body, the internal revision department also helps to ensure the correctness of the established internal accounting control system on a random basis using system and function checks. By carrying out risk-oriented audits, the department assists company management and the administrative bodies in their monitoring and risk management tasks, with the aim of ensuring correctness and effectiveness, and in this respect complements the internal control system.

Risk Management System

The risk management system includes organizational rules and measures for detecting opportunities and risks and for how to manage entrepreneurial risks. As risk management is anchored in operative and strategic controlling, it is possible for this system to be integrated in the planning and reporting processes. The aim of the risk management system is to increase awareness of opportunities and risks throughout the company, and so establish a culture that enables us to identify opportunities and risks at an early date, and realistically assess them so as to minimize or completely avoid risks, and/or take advantage of opportunities. Foresighted risk management also serves the interests of investors and other stakeholders.

Procedural guidelines and directives guarantee the uniform implementation of the risk management process. All operating units and key central departments of the EDAG Group and all company employees in all company divisions and at all hierarchical levels are integrated in this process. Furthermore, executive staff receive regular training on the subject of risk management.

The first stage of the risk management process involves first of all identifying and then recording and evaluating the major opportunities for and risks to the company. This is done on the basis of the knowledge of the operative units in the divisions or local international branches, with regular meetings being held with the Group Executive Management to closely coordinate the opportunity and risk contents with the countermeasures undertaken.

An opportunity or risk is evaluated on the basis of the potential effect and/or extent of loss, i.e. the gross risk without any account being taken of measures to reduce and manage it, or the gross opportunity. Building on this, there follows an evaluation of the net risk, taking into account the effects of any countermeasures, or the net opportunity. The expected value of either the net risk or the net opportunity is calculated by multiplying the expected probability of occurrence by the expected loss value of a risk or expected opportunity value.

The following categories exist for the probabilities of occurrence:
- Low: probability of occurrence < 25%
- Medium: 25% ≤ probability of occurrence < 50%
- High: 50% ≤ probability of occurrence < 75%
- Very high: probability of occurrence ≥ 75%

Risks are to be reported by the departments and companies if their calculated net risk is greater than or equal to € 500 thousand or the determined loss expectancy leads to a deviating result exceeding € 100 thousand. For existing opportunities, the reporting threshold also lies at a net opportunity greater than or equal to € 500 thousand or an opportunity expectation value of € 100 thousand.

The following categories based on the expected value of an individual risk or opportunity have been classified:

- Low Corresponds to an expected value < € 0.50 million
- Medium Corresponds to an expected value ≥ € 0.50 million and < € 1.25 million
- High Corresponds to an expected value ≥ € 1.25 million

Aggregated at EDAG Group level, risks/opportunities are classified into A, B or C risks/opportunities:

- A corresponds to an expected value ≥ € 2.50 million
- B corresponds to an expected value ≥ € 1.25 million and < € 2.50 million
- C corresponds to an expected value < € 1.25 million

EDAG's risk management system covers all fully consolidated companies and segments in the EDAG Group. Should rewards and risks affect individual segments only, this will be indicated accordingly.

The EDAG Group's risk management system thus covers all opportunities and risks which might seriously affect the group's financial performance. The risk and reward profile of the EDAG Group is regularly updated and represented in an aggregated report which enables the Group Executive Management to get a general idea of the risk situation of the EDAG Group. New risks that occur ad hoc and are deemed sufficiently important are reported to the Group Executive Management immediately.

The risks and rewards to which EDAG Group is exposed on account of its wide and international range of services are listed in the following.

Risk and Reward Profile

Macroeconomic Risks and Rewards

According to the International Monetary Fund's (IMF) outlook issued on January 30, 2024, the world economy exhibited 3.1 percent growth in 2023. The increase in central bank interest rates is having an effect, and in most regions inflation is falling faster than expected. However, high interest rates are expected to continue to weigh on growth in 2024 As several key markets proved to be more robust than expected in 2023, the IMF sees the possibility of a soft landing for the global economy. For 2024, the IMF expects the global economy to continue its moderate recovery, with renewed growth of 3.1 percent. A growth rate of 3.2 percent is projected for 2025. Nevertheless, projections are still below the historical annual average of 3.8 percent since the start of the new millennium (2000-2019).

From a macroeconomic point of view, the projected positive development of the global economy could create opportunities for EDAG. Nevertheless, a further escalation of Russia's ongoing war in Ukraine, the Middle East conflict and the effects of the current tight monetary policy continue to constitute risks to both the global economy and to EDAG. In addition, the forecast development for Germany as an industrialized nation is not as positive as for global development. The German economy shrank by an estimated 0.3 percent in 2023, and the IMF anticipates growth of 0.5 percent for 2024. We are monitoring the relevant country-specific conditions very closely, so as to be able to quickly implement measures to minimize risks, should the need arise (for more details, see chapter 2.1 "Macroeconomic and Industry-Specific Conditions").

Due to the ongoing complexity of the situation, we estimate that the macroeconomic risks and rewards for our business are category A risks (2022: A risks), with an unchanged high probability of occurrence (2022: medium).

Industry Risks and Rewards

The international automobile markets exhibited substantial growth in 2023. Although the markets in Europe and the USA saw an increase compared to the previous year, both markets are still well below the pre-crisis level of 2019 (Europe -19 percent; USA -9 percent). Sales in the automotive market in China, on the other hand, reached a record high, though growth in 2023 was lower than in Europe and the USA. The growth on the international automotive markets was primarily due to the significant improvement in vehicle availability and the fact that the growth rates are based on a weak base year of 2022. Despite positive development in 2023 the automotive environment, especially in Europe and Germany, remains challenging. The reasons for this is include the restrained macroeconomic development on the one hand, but also the decrease in sales figures for electric cars (-9 percent) expected by the VDA.

In its sales forecast for 2024, the VDA anticipated a moderate increase of around two percent on the global passenger car market, which would mean a return to almost the same level as in 2019. For the German market, on the other hand, a one percent decrease is expected.

A major task lies ahead of the traditional OEMs and Tier 1 suppliers, namely the transformation of their product portfolios. Already, the growing orientation towards and focus on eMobility are leading to restructuring and even job cuts. In addition, they will have to redefine their existing working methods and priorities, while at the same time optimizing their cost structures, in order to survive in the marketplace in the face of increasing innovation pressure and tough competition from other competitors, some of them new. On top of this came the EU policy stating that the only vehicles which will still be approved for registration from 2035 onwards will be those with zero CO_2 emissions. This could have the effect that the OEMs' product portfolios would no longer be geared entirely to electric vehicles, but would also incorporate combustion engines with so-called eFuels, as there is no political pressure to go 100 % electric. This is one of the reasons why sustainability is playing an increasingly important role in the automotive industry. On the one hand, this involves the aforementioned requirements for CO_2 neutrality of the products during use, while on the other, it also concerns the sustainable orientation and design of the entire value chain and company processes. This development is being driven by legal requirements and regulations, but also by the demands and increased sustainability awareness of the population, and this is also reflected in changing consumer preferences.

The above-mentioned market factors give rise to both opportunities and risks for EDAG. Opportunities for EDAG arise due to the fact that OEMs are increasingly having to focus on their core competencies as a result of rising cost pressure, thus increasing the demand for the adoption of standardized development volumes. To facilitate additional cost savings and to ensure compliance with legal regulations, the size and scope of award packages can be increased. However, the transformation of the portfolio and the company's processes towards greater eMobility and sustainability also calls for high investment volumes for development and infrastructure on the part of the OEMs. These are already giving rise to savings programs, which could also lead to cutbacks in the volume of development services awarded. Further, the less complex production processes for electric vehicles mean that, in the medium term, production looks set to become less labor-intensive, which will also have an effect on the planning and implementation of the production plants. In principle, risks to EDAG may arise as a result of the transformation of the automotive industry if the company's own service portfolio cannot be adapted to market trends quickly enough.

To handle this challenge, we are applying a systematic cost management system and a diversified 360-degree development portfolio. Development orders are continually being transferred within the group to countries where wage levels are lower. Local presence is maintained for the coordination of and responsibility for the project, to ensure that the customer is served properly. In our estimation, this is a lasting development which will continue. Our strategic concept for increasing the workforce is geared specifically to these requirements in Germany and abroad, and focuses on the expansion in best-cost countries (BCC). Continuous attention is also paid to the development of future supply points for resources. The core competency of being able to independently handle work packages that are continually growing in volume is of great importance here, and can also offer opportunities. However, risks also arise here if the requisite expertise cannot be built up to the extent, speed and quality required by the market.

In the wake of eMobility developments, and also as a result of autonomous and connected driving, more and more new players are entering the automotive market. These include, for example, technology companies which, because of their expertise in software, connectivity and AI, are increasingly influencing the automotive product development cycle. In addition to these new market players from outside of the industry, it is also becoming apparent that Chinese OEMs and start-ups in particular are entering the European market and gaining a share of the market. However, it should be mentioned here that the start-up environment, which is particularly capital-intensive, is currently feeling the effects of the rise in interest rates, and that, as a result, established companies which are financially and strategically sound are likely to be able to maintain their position and assert themselves on the market. In most cases, the new market participants are forced to build up an automotive partner network which will allow them to get competitive products onto the market in a short time. Here in particular, EDAG's fully integrated process chain provides many opportunities for supporting these new customers. As a result, EDAG was already able to profit from this trend and successfully handle projects with new customers in the past. By continuing to spread activities throughout the world, any risks arising from concentrating on just a few submarkets can be reduced. We are aware of the scheduling, technical and cultural challenges relating to the new market participants, but currently assume that there is a balance between the resulting opportunities and risks. As competition on the market for engineering services remains keen, all market participants are subject to increasing pressure to raise efficiency and lower costs: requirements we are able to meet, as described above.

In addition to the classic automotive development environment, EDAG is also attracting increasing interest from the general industrial environment, to which we can apply our all-round engineering competence. The diversification of our product portfolio with regard to the markets we can serve is another means of reducing the risks described above, which can arise in the automotive market.

With its wide range of services, EDAG is well positioned on the market. The aim is to further strengthen this market position. New alternative products not only harbor great risks, they also offer potential opportunities for the development of new technologies and markets.

Our estimation of all risks and rewards in this risk category as category A risks remains unchanged compared to the previous year (2022: A risk), with an increased high probability of occurrence (2022: medium).

Rewards and Risks from Operative Business

The handling of projects always entails opportunities and risks. The constant move towards greater quantitative, qualitative and chronological project volumes place high demands on our project management competencies. As a rule, these large-scale development projects are highly complex, and are handled globally and group-wide. Risks can occur as a result of technical divergences from guaranteed specifications, or due to unclear order situations. This can lead to costs being exceeded, staff shortages, technical difficulties and quality-related problems, all of which can have a negative impact on our margins. In the event of penalties being incurred for breach of contract, the assets, financial position and financial performance of the company could be further impacted.

Our employees therefore receive regular project management training, which enables them to identify risks in relation to long-term orders at an early stage. Aside from the risk potential mentioned, however, fully integrated project handling offers a chance of more flexible and rapid handling on an international basis, along with the resulting cost advantages. Regular project evaluations and detailed reporting in project reviews and steering committees enable EDAG to identify these kinds of risks in good time, and then implement the appropriate countermeasures. This means that resulting opportunities can be detected as they arise and then put to effective use. As the awarding of contracts by customers is subject to many variables, the ordering process may be delayed or even terminated. If this is not directly linked to substitute orders or direct replacement orders, risks affecting capacity utilization can result.

An ongoing resource management system helps to manage internal capacity and, should the need arise, assign resources to other projects without long idle times. The acquisition of projects that will run for longer periods of time is another way of ensuring the basic, long-term capacity utilization of our engineering capacities. In addition, we are attempting to level off temporary volatile periods of capacity utilization as far as possible by means of flexible working time accounts, flexible deployment opportunities for our employees, and the selective use of external capacities.

Due to the constant rise in the use of IT in all business segments, the importance of electronically processed information and the availability of IT structures continues to grow. As engineering service providers, we rely to a great degree on a fully functioning IT and safe data connections with our customers. Disruptions and attacks on the IT systems and networks cannot, however, be completely ruled out. An IT system breakdown or data loss could have serious consequences for EDAG. The main risk is that strictly confidential information, particularly with regard to new technological findings or partnerships in the field of research and development, might be leaked to third parties. This could have an adverse effect on our good market position; there is also the risk of the loss of our good reputation. In order to guarantee a disruption and error-free workflow, we attach great importance to the availability of the IT resources and services. For the most part, our IT structures are standardized. To protect confidential information, we have the relevant safety standards in place, and these are regularly reviewed to ensure their effectiveness. Applicable safety guidelines undergo continual updating and are therefore regularly adapted to the latest technical changes; information events and IT safety training ensure that our employees have the necessary knowledge and skills.

On the market for engineering services, we anticipate a shift in customer enquiries towards innovative, fully integrated solutions in the fields of software, embedded systems, alternative drive technologies and eMobility. This means that we must address these issues and further develop the appropriate competencies accordingly. Strengthening and expanding existing knowledge is one important aspect. Working in close cooperation with other technology partners and research institutes, we are constantly expanding our skills in future-relevant areas, in this way ensuring our participation in market developments and technical innovations. In our estimation, there is a growing need for know-how here.

Taking into account the arrangements that have been made, we classify risks in business operations as category C risks (2022: category A opportunities); the probability of occurrence is unchanged and remains categorized as medium. The deterioration in our risk and reward profile compared to the previous year is mainly the result of reduced project opportunities.

Personnel Risks and Rewards

The success of the EDAG Group depends to a significant extent on committed and well qualified employees. There is a risk that it might prove difficult to find such employees to fill any or all vacant positions. A further potential risk is the loss of competent employees to the competition or to a customer. Finding replacements for such positions frequently involves increased recruiting and induction costs for the EDAG Group.

We counter these risks by positioning ourselves as an attractive employer worldwide, using our international network to acquire new talent, and creating ties between the company and our employees. A wide range of activities such as forward-looking personnel planning, the continual adaptation of our recruiting activities to requirements, the ongoing training and education of our staff, work-life balance initiatives, a talent program for the advancement of skilled young people, and a wide range of apprenticeships help us to guarantee the availability of the know-how we will need for the future.

Within the scope of "beEDAG", an HR project, EDAG is also introducing new methods and tools, to support new forms of staff appraisal, for instance, and the performance and potential review to improve communication and employee retention. An expert/specialist career path was also introduced throughout the company in order to secure the EDAG Group's competitive edge in terms of know-how in future issues. One key focus, and one of the largest staffing projects within the scope of "beEDAG", is the implementation of a job specification system. In this project, we have, with the involvement of employee representatives, described job families and transparently represented all existing jobs in a system. All of this is made available to the employees with the help of modern software.

The employer value proposition (EVP) defines the EDAG Group's positioning as an employer. In it, we have identified what we, EDAG, stand for today and what will constitute our employer personality in the future. Market requirements and trends were also included in the evaluation. The result - the EVP - is, as it were, the value promise that EDAG makes to both its current and future employees. In this context, mention can also be made of the fact that the independent, international Top Employer Institute has again voted us one of the best employers in Germany, which also increases our attractiveness as an employer.

Our assessment of the personnel risks as a category A risk with an unvarying medium probability of occurrence remains unchanged.

Financial Risks

In the course of our business activities, we are subject to financial risks. These include default risks for customer receivables, liquidity risks, as well as changes in exchange rates and interest rates. Identified potential risks are controlled by defined guidelines and security measures within the Group; for more details, see chapter "Financial Risk Management Objectives and Methods" in the Notes.

Accounts receivable are for the most part settled by customers according to previously agreed terms of payment. To minimize the risk of non-payment, creditworthiness is checked, especially when dealing with new customers. Individual, overdue receivables are taken into account by valuation allowances in the statement of financial position according to defined rules, provided the increase in the risk of non-payment is objectively verifiable.

Financing of the EDAG Group is based primarily on long-term promissory note loans (Schuldscheindarlehen) and lines of credit with house banks and bond insurers.

As a result of this and taking into account the stable development of the financial situation in 2023, the EDAG Group continues to have sufficient financial leeway. We currently see no substantial risks in this regard.

The risk from currency fluctuations for foreign currency receivables and/or planned cash flows is partially secured by forward currency contracts. However, this is not of primary importance for EDAG’s assets, financial position and financial performance. As of the balance sheet date, derivative financial instruments applied to reduce risks are used solely for hedging purposes and not for speculative purposes.

The EDAG Group's financial situation is still positive, due to a solid liquidity forecast and the financing volumes available (promissory note loan and only moderately used lines of credit). It is monitored regularly and currently harbors no significant risks. Liquidity was guaranteed at all times in the reporting year.

For the financial year just ended, our assessment of this risk as a category C risk with a continuing medium probability of occurrence remains unchanged.

Legal Risks

As an internationally active company, we are, within the context of our ordinary business activities, subject to a series of risks in connection with legal disputes, official proceedings and claims by customers, business partners or other third parties. With regard to the operative business, the following legal areas in particular are concerned: contract law, product liability, anti-monopoly legislation, intellectual property rights, but also general civil law. Should these risks materialize, there is a risk of financial loss and damage to EDAG's reputation. This would ultimately have an adverse effect on the success of our company.

To counter these risks, the legal department has introduced company-wide standards – for general terms and conditions for instance, also standard contracts for various applications or guidelines on how to act; these undergo continual updating by the legal department, so as to minimize existing risks and prevent new risks for the companies in the EDAG Group. In addition, the Legal department carries out workshops to raise the awareness of EDAG Group employees for risks, and consequently also for risk prevention. Should any threat of risks materialize, the Legal department also provides advice on the avoidance of legal disputes or, if necessary, organizes the appropriate measures for legal proceedings or arbitration. For circumstances that are not covered by the standards developed for day-to-day business, the legal department regularly calls upon external specialist lawyers for advice. To counter the trend towards higher fines being imposed on companies in various regulatory areas, we have arranged for the Legal department to provide both the Group Executive Management and any departments or subsidiaries that might be affected with additional advice on changes to regulations, to hold training courses, and to develop guidelines for action in the form of directives, while also establishing contact with external specialist lawyers at home and abroad, to enable compliance with the relevant rules and regulations. One example of these are the requirements of the German Supply Chain Due Diligence Act (LkSG). Here, both a process and guidelines were developed and an IT tool qualified, so that suppliers can be checked and the due diligence obligations set out in the LkSG implemented.

At the present point in time we do not anticipate any significant negative effects on the assets, financial position and financial performance from the risks classified here. Our assessment of this risk as a category C risk with a low probability of occurrence therefore remains unchanged.

Tax Risks

The EDAG Group operates worldwide, and is subject to a wide range of local tax laws and regulations. Any changes in these can lead to greater tax expense and to higher tax payments. We are also active in countries with complex tax regulations that can be interpreted in a number of different ways. Future interpretations and/or developments of the tax system could affect tax liabilities, profitability and business activities. We take extensive legal advice, both from our own specialists and also, in specific cases, from qualified external specialists. Workshops are also held to raise the awareness of our staff.

Otherwise, EDAG has not identified any other tax risks that would have a substantial influence on the financial performance, cash flows and financial position for the reporting period.

Aggregated over the Group, and on account of country-specific developments, we have assigned this risk to category A status for the financial year just ended (2022: category C). Given the numerous preventive regulations, the probability of occurrence continues to be considered as low.

Compliance-Relevant Risks

Compliance

Besides the wide variety of opportunities open to EDAG as one of the world's leading engineering companies in the automotive industry, we are also faced every day with growing challenges and an ever-increasing responsibility towards our business partners. More than ever, therefore, one of the most important basic conditions for our success is to combine business activities with ethical principles and act with responsibility in all respects. For our company, unconditional compliance with legal requirements is imperative, and forms an integral part of the EDAG value system. These principles are anchored in the EDAG Code of Conduct. Our Code of Conduct is the binding basis outlining the rules for the proper behavior expected of all EDAG employees.

By committing to the UN Global Compact, EDAG has undertaken to ensure that human rights and accepted standards are complied with.

In order to be able to meet the increased demands, in our EDAG Compliance Management System (EDAG CMS) we have combined the organizational measures for the company that will guarantee the compliant conduct of EDAG's executive bodies and employees at all times. The objective of the EDAG CMS is to guarantee compliant behavior at all times when carrying out our business activities, therefore avoiding any damage being caused to the company or any of its employees as a result of infringements of applicable law and in-house guidelines. Our main focus here is preventive, with our compliance organization offering employees advice and support with regard to their responsibilities, so as to avoid the occurrence of any such infringement. The EDAG CMS has been integrated into the EDAG risk management system, and is therefore an integral part of our risk-based reporting system.

We also have an electronic notification system, giving all company employees and stakeholders the opportunity to use the link https://edag.integrityline.org to report possible infringements while preserving the anonymity of those involved. Our Whistleblower Guidelines summarize the various reporting channels for making disclosures, while also providing information on how such disclosures are handled at EDAG.

These guidelines also ensure that whistleblowers who, acting in good faith and motivated by a sense of responsibility, wish to draw attention to misconduct or grievances at EDAG will not be disadvantaged in any way. These guidelines therefore serve not only to uncover irregular conduct, but also and in particular to protect whistleblowers. By introducing these guidelines, we have implemented the uniform standards of the EU Whistleblower Directive and the Whistleblower Protection Act for the better protection of whistleblowers in EDAG's rules and regulations.

No legal disputes arising from anti-competitive behavior or violations of antitrust and monopoly laws to which EDAG was a party were pending during the reporting period.

Environmental Compliance
People in a large number of staff positions and functions ensure environmentally compliant operation by carrying out specific control and supervisory duties. These include the Environmental Management and Sustainability Officer, the Occupational Safety Management Officer, the Health and Safety Officers, the Hazardous Goods Officer, the company's Waste Management Officer, the Hydrogen Officer, the Fire Protection Officers, Safety Officers and the Energy Management Officer. EDAG has introduced an environmental management system and is certified in accordance with ISO 14001:2015 at key locations in Germany. The certificates are available for inspection at https:// www.edag.com/en/edag-group/the-company-edag/certificates.

No violations of the rules were identified during the reporting period. On account of our activities and our existing environmental management system, we rate environmental risks as low.

Socioeconomic Compliance
No fines or other non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic field were imposed on EDAG during the reporting period.

Compliance with Human Rights, Labor Standards and Protection of Minorities in the EDAG Group
As an internationally active company, ensuring that human rights are complied with and that accepted national and international labor standards are observed at our many facilities worldwide is an essential element of EDAG's value system.

With the EDAG Code of Ethics, EDAG commits to the long-term support of the ten UN Global Compact principles and to continual improvement in their implementation. The EDAG Code of Ethics can be downloaded at https:// www.edag.com/en/edag-group/the-company-edag/corporate-governance. One of the principles established by the code is that EDAG supports and respects the protection of internationally proclaimed human rights within its sphere of influence, and ensures that EDAG is not complicit in human rights abuses.

Worldwide, EDAG is committed to creating for its employees a working environment free of discrimination and harassment in recruitment, employment and occupation, and with freedom of association. The right to collective bargaining is effectively recognized. EDAG categorically rejects all forms of child and forced labor.

The right of our employees to privacy is fully respected.

As an internationally active company, EDAG is clearly committed to diversity and general equality. This refers explicitly not only to gender, but also to age, sexual orientation, religious affiliation, ethnic origin, belonging to minorities or indigenous peoples, disabilities and other personal attributes of our employees.

Compliance with Human Rights and Environmental Protection Standards in the Supply Chain
Respect for internationally recognized human rights and the protection of the environment and natural resources form the foundation of every modern society. We meet our social responsibilities by recognizing, preventing and ending human rights and environment-related risks and violations along our supply chains.

To guarantee these principles, we have implemented an extensive package of measures: Among other things, these include establishing an appropriate risk management system, carrying out a regular risk analysis of all EDAG Group suppliers, defining the necessary preventive measures, and specifying what remedial action needs to be taken should violations be identified.

Key elements of the risk management system that has been set up are compliance with EDAG's guidelines for the implementation of the due diligence obligations in accordance with the German Supply Chain Due Diligence Act (LkSG), which have been added to by the appointment of a human rights officer and the establishment of a complaints procedure by means of an extension of our existing whistleblower system in accordance with legal requirements.

Within the EDAG Group, these comprehensive regulations are regarded as binding guidelines along the entire supply chain, and relate to the EDAG Group's entire range of products and services, including its own operations, and both direct and indirect suppliers if there are actual indications of a breach of duty on the part of any of these. All of these measures are in support of the EDAG Group's declared intention to minimize or even eliminate the violation of human rights or environmental risks in our supply chain. We will not tolerate any violations or breaches of duty that are detected.

Anti-Corruption
EDAG focuses on performance, customer orientation and the quality of its products and services. EDAG's success is based on the reputation our company has established on its way to becoming one of the world's leading independent engineering service providers. We firmly reject services based on illegal or ethically questionable behavior. For us, influencing business decisions with either attempted or actual bribery constitutes unacceptable practice. EDAG therefore expects all employees and business partners to refrain from corrupt behavior in any form whatsoever. No provision is made in the EDAG CMS for the examination of individual operating sites

for corruption risks. We prefer to focus on prevention and education by operating a global training program.

Our anti-corruption policy affirms our commitment to combining entrepreneurial activity with ethical principles. The aim of the policy is to prevent any cases of corruption arising at EDAG. Recommendations for action and concrete rules of conduct for practical application help to permanently establish anti-corruption behavior at EDAG. As well as explaining the various forms that corruption can take and its consequences, the policy draws attention to corruption risks, and defines what steps to take if corruption is suspected. This additional instrument in the EDAG CMS therefore plays a significant role in preventing and combating corruption at EDAG. Anti-corruption training sessions are held on a regular basis, to effectively communicate the contents of the policy and our guidelines for the prevention of corruption to our employees. These compliance training sessions were primarily held as attendance-based seminars during the reporting year.

For a compliance management system to be effective, it is essential that the attention of the company's employees should be continually drawn to the subject of compliance, so as to develop an awareness of critical issues in the daily working environment. One effective way of engendering this sensitivity for compliance is to provide appropriate training programs. In the financial year just ended, therefore, we again expanded the compliance training program, a central element of our CMS, and continued to offer our modular, web-based compliance training as an obligatory training activity for all EDAG Group employees. One module in this training program deals explicitly with gifts, invitations and other benefits. The module includes the examination of practical case studies, to ensure that our employees are always in a position to be able to assess which benefits are appropriate and consistent with standard business practice, and which are not. In order to be able to better monitor its effectiveness, the compliance training obligatory for all employees contains a test module. With this additional assessment, we are able to determine the success of our training module more effectively and more directly. At the same time it offers the employees the opportunity to check the knowledge they have acquired. There were no confirmed cases of corruption in the EDAG Group in the reporting year.

On the strength of our existing EDAG CMS, we believe there is little probability of compliance-relevant risks occurring, although we cannot completely rule out any negative effects on the earnings performance of the Group. Our assessment of this risk for the Group remains unchanged compared to the previous year, and has been assigned a class C status with a low probability of occurrence.

Risks Regarding the Use of Financial Instruments

The key financial liabilities used by the EDAG Group include financial liabilities, accounts payable and other liabilities. The main purpose of these financial liabilities is to finance the business activities of the EDAG Group. The EDAG Group has accounts receivable and other receivables as well as cash and short-term deposits that result directly from its operations.

The EDAG Group is subject to credit and liquidity risks. Management of these risks is the responsibility of the Management. Management ensures that financial activities by the EDAG Group associated with risks are carried out in accordance with the relevant operating instructions and that financial risks are identified, assessed and managed in accordance with these guidelines and taking into account the company's willingness to take risks. Group risk management also takes risk concentrations regarding individual transactions or group companies into account.

With the most predominant part of the promissory note loan and the loan from VKE-Versorgungskasse EDAG-Firmengruppe e.V., most of the financing of the Group is currently subject to a fixed interest rate. Only moderate use was made of the variable interest bearing revolving lines of credit in the reporting year just ended. We therefore estimate that any risk posed by fluctuations of market interest rates is slight.

Due to the promissory note loans, (several tranches with terms to maturity of between 1.5 and 6.5 years on the reporting date), the revolving lines of credit and the loan from VKE-Versorgungskasse EDAG-Firmengruppe e.V., the Group's financing has been secured on both a long-term and a short-term basis. For this reason, we also assess any financing and liquidity risks to the company as being low.

The lease liabilities are offset by corresponding assets. The maturity of the financial liabilities is depicted in the Notes. The Group Executive Management analyses the term of certain financial instruments and ensures their timely prolongation as far as these resources are still needed.

Currency-related risks to the EDAG Group result from financing measures and operating activities. Insofar as they have a significant effect on the Group cash flow, foreign currency risks are always hedged. Foreign currency risks from financing activities result from financial liabilities in foreign currencies and foreign currency loans. These risks are covered by the Treasury Department. Currency derivatives are used to convert financial obligations and intra-group loans denominated in foreign currencies into the Group entities' functional currencies.

In the operating area, the EDAG Group's individual group companies do most of their business in their own functional currencies. This means that any currency risk from current operating activities is assessed as being moderate. Some group companies are, however, exposed to foreign currency risks in connection with planned payments not in their own functional currencies. Here, too, EDAG hedges with foreign currency derivatives. Due to these hedging activities, the EDAG Group was not exposed to any significant currency risks in the operating divisions on the reporting date.

Other Rewards and Risks

By law, the company is liable for any damage suffered by the customer as a result of defective or delayed performance. In an extreme case, such as in a widespread recall by a car manufacturer due to a defective design or service by any of the EDAG companies, this could threaten the existence of the company.

In international projects, the applicable legal standards are often the ones that apply in the foreign country where the customer's company is based - and are largely unknown in Germany. Our risks are further increased by contractual warranty risks resulting from the disposal of companies and by liability limitations specific to certain customers, which cannot always be fully passed on to subcontractors.

The EDAG Group counteracts these risks by ensuring the high quality of our services, by employing attorneys with international experience and - to complement these measures - by taking out liability insurance.

As a result of the rise in connectivity and digitalization and of the growing use of information technologies, our vulnerability to attack and the risk of cyber threats are increasing. To counter this threat, the EDAG Group has an extensive, company-wide cybersecurity system which contains all the relevant security standards. In the event of a cyber attack, the EDAG Emergency Protocol, with the assistance of CERT (Computer Emergency Response Team) and taking into account all legal requirements, implements far-reaching anti-attack measures. Constant evaluations are carried out to determine the effectiveness of all security measures, and possible improvements to the latest technical standards are implemented.

Moreover, climate-related opportunities and risks might arise, meaning that climate changes could also have an impact on EDAG's business model. The company therefore analyzes various climate-related risks and op-portunities, and implements appropriate measures wherever necessary. In the short and medium term, only transitional climate-related risks and opportunities, if any, are considered. Transitional climate-related risks and opportunities result from the transition towards a low-emission economy which needs to be carried out across all sectors to limit climate change. They become especially apparent when changes to framework conditions are faster than and/or different to expectations. The framework conditions resulting from material short-term climate-related risks and opportunities indicate potential challenges for EDAG. EDAG actively addresses these risks and the corresponding opportunities, taking them into account in its decision-making and planning processes when material issues have been identified.

Business activities can result in unexpected opportunities for the company in all areas. The implementation of risk management means that any opportunities arising can be identified at an early stage, and therefore put to more efficient use.

There is no change in the assignment of these risks to category A, associated with an unchanged low probability of occurrence.

Overall Assessment

The risk management system in use provides the basis on which we assess our overall risk. It includes all the material risks and rewards that are reported by the divisions, subsidiaries and administrative departments, and is regularly checked at EDAG Group AG level by the Group Executive Management and the Board of Directors.

As we enter 2024, the global economy is in good shape. The attempt to combat inflation with restrictive monetary policies is proving successful, and the prospects for global economic development indicate that a soft landing is a plausible scenario. Risks arising from geopolitical conflicts in Ukraine or the Middle East, for example, and from supply chain disruptions remain. Growth prospects for Germany and Europe are also significantly below the global forecast.

The development forecast for the automotive sector is not as positive as for the economy as a whole and here, too, Germany lags behind global expectations.

Generally speaking, the forecast global economic recovery will provide opportunities for our business. However, as the projection for the automotive industry in particular is marked by numerous challenges and Germany's development also shows clear deficits in a global comparison, an increase in risks and a deterioration in the risk and reward profile is fundamentally indicated.

On the date of publication of this annual report, however, the Group Executive Management does not believe that any of the risks reported and assessed will jeopardize the existence of the company. In our opinion, our strategic orientation and financial direction, our position on the market and the measures we have taken all provide a sound basis for the successful handling of the existing risks and the challenges they present.

Internal Control System and Risk Management System in Relation to the Group Accounting Process

The main features of the internal control system and the risk management system in relation to the (Group) accounting process in operation at the EDAG Group can be described as follows:

- The EDAG Group is characterized by a clear organizational, corporate as well as control and monitoring structure.
- Group-wide coordinated planning, reporting, controlling and early warning systems are in place to perform a comprehensive analysis and control of earnings-related risk factors and existential risks.
- The functions in all areas of the accounting process (e.g. financial accounting and controlling) are clearly assigned.
- The IT systems used for accounting purposes are protected against any unauthorized access.
- Standard software adapted to the needs of company is used predominantly in the financial systems area.
- Internal guidelines (such as a valid Group-wide risk management guideline) are set up, which are adjusted as needed.
- The departments involved in the financial reporting process meet the quantitative and qualitative requirements.
- The completeness and accuracy of any accounting data is ensured by the established internal accounting control system and the internal reporting system and primarily verified by plausibility analyses. The internal revision department also ensures the correctness of the established internal accounting control system by carrying out system and function checks on a random basis.
- The existing group-wide risk management system is continuously adapted to current developments and regularly tested for effectiveness.
- As a general rule, the principle of dual control and functional segregation are observed in all accounting-related activities.
- Among other things, the Board of Directors addresses issues pertaining to accounting, risk management, the audit mandate and its key aspects.

The internal control and risk management system for the accounting process, the main features of which have been described above, ensures that all business matters are properly recorded, processed and evaluated, and adopted in the external accounting procedures. The clear organizational, corporate, control and monitoring structure, as well as the adequate composition of the accounting department in terms of personnel and material, represent the basis for efficiency in those departments involved in accounting. Clear legal and corporate rules and policies ensure uniform and proper accounting. Risk identification by the risk management system ensures proper accounting. The EDAG Group's internal control and risk management system ensures that accounting at the company and all companies included in the consolidated financial statements is uniform and in accordance with the legal and statutory requirements and internal guidelines. In particular, the group-wide risk management system, which fulfills the statutory requirements, has the task of identifying risks in good time, assessing these and communicating these in an appropriate manner. As a result, the recipients of the report are informed in good time.

4.2 Forecast

According to the latest IMF estimate announced on January 30, 2024, an increase of 0.5 percent in economic performance is expected for Germany in 2024; the increase is expected to continue, with a growth rate of 1.6 percent in 2025. Within the eurozone, the IMF expects a growth rate of 0.9 percent in 2024 and of 1.7 percent in 2025. Growth of the US economy is expected to reach 2.1 percent in 2024, while a growth rate of 1.7 percent is anticipated in 2025. According to latest estimates, China, with forecasts for a 4.6 percent increase in economic output in 2024 and 4.1 percent in 2025, 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 both 2024 and 2025.

Following the significant growth in new registrations in the major international automobile markets in 2023, the business environment of the automotive industry in 2024 will be challenging. Geopolitical and macroeconomic uncertainties are adversely impacting future development, as are continuing high prices for energy and utilities.

In its forecast of March 21, 2024, the VDA therefore anticipates a deceleration in growth in the number of registrations in the passenger car/light vehicle markets in Europe (4 percent) and the USA (2 percent) in 2024. However, there are wide variations in these reduced growth rates from one market sector to another in Europe.

At 1 percent, the growth rate forecast by the VDA for the Chinese market in 2024 is below the level of growth in the reporting year (5 percent). The declining momentum is partly due to the high market volume achieved in 2023.

Taking the above explanations into account, Morgan Stanley, in its forecast of December 11, 2023, anticipates that global sales of vehicles (passenger cars, not including lightweight commercial vehicles) will increase to 74.8 million in 2024, an increase of more than 4 percent compared to 2023. This means while the 2024 forecast is higher than the 71.9 million units sold in the reporting year, it is still below that of 2019, the year prior to the crisis, when over 78 million units were sold.

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

Besides the sales figures, however, technological and digital trends are having an enormous influence not just on our own business model, but also on those of the OEMs. In particular, a large number of automotive startup companies can see an opportunity to reshape the mobility of the future. The current emission standards and far-reaching sustainability regulations are making the further development of classic powertrain types essential, and promoting the integration of alternative powertrains. The BEV/PHEV[3] 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, autonomous and connected driving, and the development of artificial intelligence. The development of new digital business fields and mobility services necessitates additional development and capacity requirements, which could lead to new growth opportunities for the engineering service market. The continuing consolidation of the engineering service providers and changed responsibility models in the drafting of work contracts will also bring about lasting changes within the sector.

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

Qualified and 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. 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. The VDA anticipates an investment volume of € 280 billion in research and development in the automotive industry in the period 2024 to 2028; to this must be added expenditure in the amount of approximately € 130 billion on the conversion of existing and the construction of new plants.

We do not at present see any risk to the continued existence of the company in the geopolitical conflicts, the high-level energy and staffing costs and the availability of suitable personnel, but do see a risk that its development might be impaired. The ongoing dynamic situation in connection with the continuing war in Ukraine and other geopolitical conflicts harbors uncertainties the development of which cannot be foreseen. It is difficult to make a reliable outlook with regard to possible consequences for supply chains and the availability of pre-products and raw materials in the automotive industry. With 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. On the reporting date, unused lines of credit with credit institutions in the amount of € 104.6 million exist in the Group. As a result, we see ourselves as being very well positioned to meet the challenges of the 2024 financial year.

Delays in the awarding of contracts, project cancellations, heterogeneous capacity utilization in different areas and locations, and continuing price pressure still pose substantial risks for engineering service providers.

As a globally operating company, the EDAG Group is keeping a very keen eye on all forms of economic and geopolitical developments, and has made preparations to ensure that any additional countermeasures that prove necessary can be implemented as quickly as possible.

For the 2024 financial year, EDAG anticipates continuing growth and a positive development in key performance indicators, and on the basis of this forecasts an increase in revenues in the region of 4 to 6 percent.

What is more, we expect a stable adjusted EBIT, with current projections indicating an adjusted EBIT margin in the range of approximately 5 to approximately 6 percent.

On account of the sustained growth, we expect investments in the 2024 financial year to be above the level of the previous year, and anticipate an investment rate that will probably be in the region of 4 percent.

However, the estimates outlined here are still largely dependent on the uncertainties described above.

A summary of the outlook for 2024 is included in the following table:

in € million	2023	Forecast 2024
Group		
Revenues	844.3	Increase in a range of around 4 to around 6 percent
Adjusted EBIT-margin	6.2%	Range of around 5 to around 6 percent
Investment rate	3.6%	Around 4 percent

5 Other Information

5.1 Group Declaration on Corporate Management

Within the annual report, the Group Executive Management and Board of Directors of EDAG Group AG have made diverse declarations concerning corporate management in accordance with § 315d in conjunction with § 289f paragraph 2 of the German Commercial Code (HGB) (see points 1 - 3). Further declarations concerning corporate management for EDAG Group AG and for a number of the German companies were published on the Internet on March 22, 2024 in accordance with § 315d in conjunction with § 289f paragraph 1, p. 2 of the German Commercial Code (HGB), and in the following sections of this annual report:

1. Statement of Compliance with the Corporate Governance Codex [see chapter: Corporate Governance Report, point "Corporate Governance Objectives"]
2. Relevant details of corporate governance practices (see chapter: Corporate Governance Report)
3. Description of the working methods of the Group Executive Management and Board of Directors and of the composition and working methods of their committees (see chapter: Corporate Governance Report, points 3 "Board of Directors" and 4 "Group Executive Management")
4. Target figures for the equal treatment of women and men in managerial positions on the basis of §§ 76 paragraph 4 and 111 paragraph 5 of the Companies Act (AktG) and §§ 36 and 52 paragraph 2 of the Limited Liability Companies Act (GmbHG)
   (see: https:// www.edag.com/en/edag-group/the-company-edag/corporate-governance)
5. As the German Stock Corporation Act is not applicable to EDAG Group AG, details of the minimum proportion of women in the supervisory board may be omitted.
6. Diversity concept
   (see: https://www.edag.com/en/edag-group/the-company-edag/corporate-governance)

7. With reference to the provisions of the European Commission's Delegated Regulation 2021/2178, please see our 2023 Sustainability Report, which can be downloaded at https://www.edag.com/en/sustainability by April 30, 2024 at the latest.

5.2 Takeover-Relevant Information [in accordance with § 289a and § 315a HGB (German Commercial Code) and Explanatory Report]

The fully paid-in subscribed capital of EDAG Group AG in the amount of € 920 thousand as at December 31, 2023 is backed by 25 million bearer shares with a nominal value of CHF 0.04. The shares are denominated in Swiss francs. The functional 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 largest individual shareholder of EDAG Group AG is ATON Austria Holding GmbH, which holds 74.66 percent[4]. For the financial year ending December 31, 2023, the company shares fully qualify for dividends.

The appointment and dismissal of the members of the Board of Directors are carried out in accordance with the provisions of Article 698 paragraph 2 No. 2 of the Swiss Code of Obligations (OR) in conjunction with Article 15 of the articles of incorporation of EDAG Group AG, and are the responsibility of the annual shareholders' meeting. According to Article 17 of the articles of incorporation, the Board of Directors is responsible for the appointment and dismissal of the persons entrusted with the management of the company .

5.3 Voting Rights Notification and Directors' Dealings

Information on directors' dealings pursuant to Article 19 MAR are published on our website at https://www.edag.com/en/edag-group/investor-relations/financial-notifications.

Communications from the reporting year pursuant to § 33 et seq. of the German Securities Trading Act (WpHG) are also published on this website, under the heading "Financial reports".

[4] More detailed information on the shareholder structure can be found in the chapter "EDAG on the Capital Market"

6 Disclaimer

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

Report of the Independent Auditor
(Management Report)

Report of the independent auditor to the Board of Directors of EDAG Engineering Group AG, Arbon

Report on the audit of the joint management report

Audit opinions
We have audited the joint management report of EDAG Engineering Group AG, Arbon/Switzerland, which is combined with the parent company's management report, for the financial year from January 1 to December 31, 2023. In accordance with German legal requirements, we have not audited the content of the Group's declaration on corporate management in accordance with § 315d of the German Commercial Code (HGB), which is combined with the declaration on corporate management in accordance with § 289f, and to which reference is made in the joint management report.

In our opinion, on the basis of the information gained during our audit, the accompanying joint management report provides an accurate overall picture of the Group's situation. This joint management report corresponds in all material aspects with the consolidated financial statements, complies with the German legal requirements, and accurately presents the opportunities and risks in relation to future developments. Our opinion on the joint management report does not cover the above-mentioned declaration on corporate management in accordance with § 315d of the German Commercial Code (HGB) combined with the declaration on corporate management in accordance with § 289f HGB, to which reference is made in the joint management report, or the contents of the non-financial group statement given in chapter 3 "Non-financial Report and Corporate Social Responsibility (CSR)" of the joint management report, or the "Other Information" in chapter 5, or the "Disclaimer" in chapter 6 of the joint management report.

Basis for the audit opinions
We conducted our audit of the joint management report in accordance with the generally accepted German standards for the audit of financial statements as promulgated by the IDW (Institute of Public Auditors in Germany). Our responsibilities under these provisions and standards are further described in the "Auditor's Responsibility for the Audit of the Joint Management Report" section of our auditor's report. We are independent of the Group companies in accordance with German commercial law and professional regulations, and have fulfilled our other German professional obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the joint management report.

Other information
The Board of Directors is responsible for the other information. The other information comprises the following documents obtained up to the date of this auditor's report:

- the Group's declaration on corporate management in accordance with § 315d of the German Com-mercial Code (HGB), which is combined with the declaration on corporate management in accordance with§ 289f, and to which reference is made in the joint management report,
- the affirmation of the legal representatives in accordance with § 297 paragraph 2 clause 4 of the German Commercial Code (HGB) or § 315 paragraph 1 clause 5 HGB on the joint management report and all other parts of the annual report,
- but not the audited content of the joint management report, and not our auditor's report thereon.

The declaration in accordance with § 161 of the German Stock Corporation Act (AktG) on the German Corporate Governance Code, which forms part of the declaration on corporate management referred to in the joint management report, is the responsibility of the legal representatives and the Board of Directors. Otherwise, the Board of Directors is responsible for the other information.

Our audit opinion on the joint management report does not cover the other information and, accordingly, we do not express an opinion or any other form of conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in doing so, consider whether the other information

- is materially inconsistent with the audited information in the joint management report or our knowledge obtained during the audit, or
- otherwise appears to be materially misstated.

Board of Directors’ responsibility for the joint management report
The Board of Directors is responsible for the preparation of the joint management report, which provides an accurate overall picture of the Group’s situation and corresponds in all material aspects with the consolidated financial statements, complies with the German legal requirements and accurately presents the opportunities and risks in relation to future developments. Further, the Board of Directors is responsible for the provisions and measures (systems) the Board of Directors has judged necessary to enable the joint management report to be prepared in compliance with the German legal requirements to be applied, and to be able to provide sufficient and appropriate evidence to substantiate statements made in the joint management report.

The Board of Directors is responsible for supervising the financial reporting process of the Group employed to prepare the management report.

Auditor's responsibility for the joint management report
Our objective is to obtain reasonable assurance as to whether the joint management report provides an accurate overall picture of the Group’s situation and corresponds in all material aspects with the consolidated financial statements and the information gained during our audit, complies with the German legal requirements, and accurately presents the opportunities and risks in relation to future developments, and to issue an auditor’s report that includes our opinion on the joint management report.

Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with § 317 of the German Commercial Code (HGB) and generally accepted German standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW) will always detect a material misstatement, when it exists. Misstatements can arise as a result of fraud or error, and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of people addressed taken on the basis of these consolidated financial statements and the joint management report.

During the audit, we exercise professional discretion and maintain a critical attitude. We also:

- Ensure that the audit of the joint management report is integrated into the audit of the consolidated financial statements.
- Identify and assess the risks of material misstatement in the joint management report, whether due to fraud or error, plan and perform audit procedures in response to these risks, and obtain evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of a failure to detect material misstatements resulting from fraudulent acts is greater than the risk of a failure to detect material misstatements resulting from errors, as fraudulent acts may involve collusion, forgery, intentional omissions, misrepresentations or the overriding of internal controls.
- Obtain an understanding of arrangements and measures (systems) relevant to the audit of the com-bined management report in order to plan audit procedures that are appropriate under the circum-stances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the Board of Directors and the reasona-bleness of accounting estimates and related disclosures made by the Board of Directors.
- Draw conclusions as to the appropriateness of the Board of Directors' use of the going concern accounting principle and, on the basis of the audit evidence obtained, as to whether any material uncertainty exists in relation to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. Should we come to the conclusion that material uncertainty does exist, we are required to draw attention to the relevant disclosures in the joint management report in our auditor's report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained

until the date of our auditor's report. However, future events or circumstances may result in the Group being unable to continue as a going concern.

- Obtain sufficient appropriate audit evidence regarding the accounting information of the entities or business activities within the Group to express an opinion on the joint management report. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We bear the sole responsibility for our audit opinions.
- Evaluate the consistency of the joint management report with the consolidated financial statements, its compliance with the law and the overall impression of the Group's position it conveys.
- Perform audit procedures on the forward-looking statements presented by the Board of Directors in the joint management report. In the process and on the basis of sufficient appropriate audit evidence, we verify in particular the assumptions underlying the forward-looking statements presented by the Board of Directors, and assess the proper derivation of the forward-looking statements from these assumptions. We do not express a separate opinion on either these forward-looking statements or on the underlying assumptions. There is a significant and unavoidable risk that events in the future will deviate materially from the forward-looking statements.
- We do not express a separate opinion on the individual disclosures in the joint management report, but rather an opinion on the joint management report as a whole.

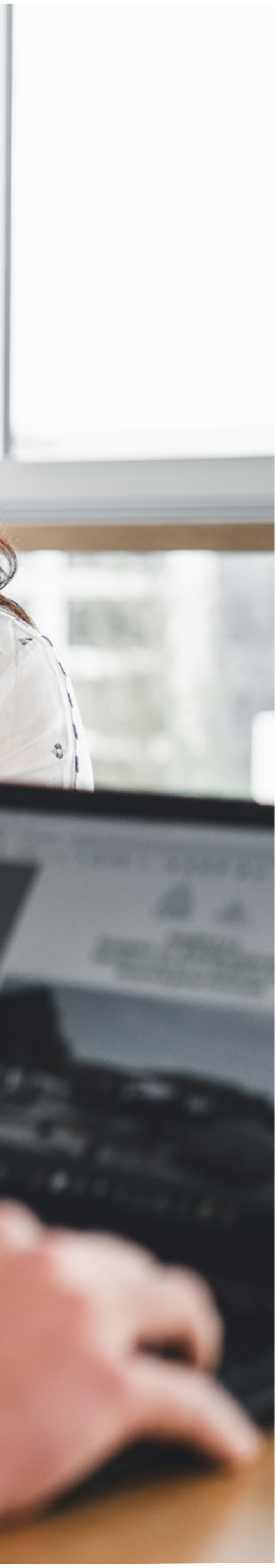
Among other matters, we discuss with those charged with governance the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte AG

Roland Müller	Mario Sosic
Partner	Director

Zurich, March 26, 2024

English translation – The German version prevails and is the only binding version.



CONSOLIDATED FINANCIAL STATEMENTS

1 Consolidated Statement of Comprehensive Income

in € thousand	Notes	01/01/2023 – 12/31/2023	01/01/2022 – 12/31/2022
Profit or loss			
Sales revenues and changes in inventories[1]		844,283	796,111
Sales revenues	[1]	844,780	795,051
Changes in inventories	[2]	- 497	1,060
Other income	[3]	29,293	26,874
Material expenses	[4]	- 97,998	- 115,731
Gross profit		**775,578**	**707,254**
Personnel expenses	[5]	- 569,420	- 514,868
Depreciation, amortization and impairment	[6]	- 41,370	- 39,478
Net result from impairments or reversals on financial instruments	[7]	- 202	- 1,037
Other expenses	[8]	- 110,649	- 100,803
Earnings before interest and taxes (EBIT)	**[9]**	**53,937**	**51,068**
Result from investments accounted for using the equity method	[10]	1,195	741
Financial income	[11]	2,980	682
Financing expenses	[12]	- 15,018	- 9,913
Financial result		**- 10,843**	**- 8,490**
Earnings before tax		**43,094**	**42,578**
Income taxes	[13]	- 14,191	- 13,720
Profit or loss		**28,903**	**28,858**

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

in € thousand	Notes	01/01/2023 – 12/31/2023	01/01/2022 – 12/31/2022
Profit or loss		28,903	28,858
Other comprehensive income			
Under certain conditions reclassifiable profits/losses			
Currency conversion difference			
Profits/losses included in equity from currency conversion difference		258	108
Total under certain conditions reclassifiable profits/losses		**258**	**108**
Not reclassifiable profits/losses			
Revaluation of net obligation from defined benefit plans			
Revaluation of net obligation from defined benefit plans before taxes	[26]	- 2,633	13,155
Deferred taxes on defined benefit plans		787	- 3,739
Share of other comprehensive income of at-equity accounted investments, net of tax		48	113
Total not reclassifiable profits/losses		**- 1,798**	**9,529**
Total other comprehensive income before taxes		- 2,327	13,376
Total deferred taxes on the other comprehensive income		787	- 3,739
Total other comprehensive income		**- 1,540**	**9,637**
Total comprehensive income		**27,363**	**38,495**

Earnings per share of sharholders of EDAG Group AG [diluted and basic in EUR]			
Eearnings per share	[14]	1.16	1.15

2 Consolidated Statement of Financial Position

in € thousand	Note	12/31/2023	12/31/2022
Assets			
Goodwill	[15]	74,358	74,387
Other intangible assets	[15]	8,434	11,421
Property, plant and equipment	[16]	92,155	78,645
Right of use from leasing	[17]	165,507	167,710
Financial assets	[18]	123	123
Investments accounted for using the equity method	[19]	19,571	18,487
Non-current other financial assets	[18]	564	557
Non-current other non-financial assets	[22]	2,242	2,610
Deferred tax assets	[23]	15,796	15,642
Non-current assets		**378,750**	**369,582**
Inventories	[24]	4,735	4,348
Current contract assets	[20]	79,601	69,382
Current accounts receivables	[21]	136,378	135,453
Current other financial assets	[18]	1,951	1,795
Current securities, loans and financial instruments	[18]	28	151
Current other non-financial assets	[22]	18,239	17,255
Income tax assets	[23]	3,627	1,005
Cash and cash-equivalents	[25]	107,266	122,688
Current assets		**351,825**	**352,077**
Assets		**730,575**	**721,659**

in € thousand	Note	12/31/2023	12/31/2022
Equity, liabilities and provisions			
Subscribed capital		920	920
Capital reserves		40,000	40,000
Retained earnings		130,531	115,378
Reserves from profits and losses recognized directly in equity		- 4,740	- 2,941
Currency conversion differences		- 4,182	- 4,439
Equity	**[26]**	**162,529**	**148,918**
Provisions for pensions and similar obligations	[27]	29,887	25,741
Other non-current provisions	[28]	3,523	3,536
Non-current financial liabilities	[29]	139,517	39,528
Non-current lease liabilities	[30]	165,459	164,379
Non-current other non-financial liabilities	[34]	174	199
Deferred tax liabilities	[35]	40	4
Non-current liabilities and provisions		**338,600**	**233,387**
Current provisions	[28]	31,973	35,425
Current financial liabilities	[29]	19,892	98,838
Current lease liabilities	[30]	17,835	18,702
Current contract liabilities	[31]	47,513	76,531
Current accounts payable and other liabilities	[32]	33,969	31,228
Current other financial liabilities	[33]	3,779	4,169
Current other non-financial liabilities	[34]	73,271	58,692
Income tax liabilities	[35]	1,214	15,769
Current liabilities and provisions		**229,446**	**339,354**
Equity, liabilities and provisions		**730,575**	**721,659**

3 Consolidated Cash Flow Statement

in € thousand		01/01/2023 – 12/31/2023	01/01/2022 – 12/31/2022
	Profit or loss	**28,903**	**28,858**
+/-	Income tax expenses/income	14,191	13,720
-	Income taxes paid	- 29,822	- 2,027
+	Financial result	10,843	8,489
+	Interest received	2,976	675
+	Dividend received	159	486
+/-	Depreciation and amortisation/write-ups on tangible and intangible assets	41,370	39,478
+/-	Other non-cash item expenses/income	- 3,452	12,320
+/-	Increase/decrease in non-current provisions	4,149	- 12,156
-/+	Profit/loss on the disposal of fixed assets	473	81
-/+	Increase/decrease in inventories	161	- 2,446
-/+	Increase/decrease in contract assets, receivables and other assets that are not attributable to investing or financing activities	- 13,171	- 12,962
+/-	Increase/decrease in current provisions	- 4,322	8,803
+/-	Increase/decrease in accounts payables and other liabilities and provisions that are not attributable to investing or financing activities	- 11,716	- 49,320
=	**Cash inflow/outflow from operating activities/operating cash flow**	**40,742**	**33,999**
+	Deposits from disposals of tangible fixed assets	403	153
-	Payments for investments in tangible fixed assets	- 27,791	- 25,327
+	Deposits from disposals of intangible fixed assets	7	194
-	Payments for investments in intangible fixed assets	- 2,402	- 4,751
+	Deposits from disposals of financial assets	26	27
-	Payments for investments in financial assets	- 24	- 16
=	**Cash inflow/outflow from investing activities/investing cash flow**	**- 29,781**	**- 29,720**

in € thousand		01/01/2023 – 12/31/2023	01/01/2022 – 12/31/2022
-	Payments to shareholders/partners (dividend for prior year)	- 13,750	- 5,000
-	Interest paid	- 10,738	- 8,597
+	Borrowing of financial liabilities	101,454	-
-	Repayment of financial liabilities	- 83,060	- 1,140
-	Repayment of leasing liabilities	- 20,174	- 18,291
=	**Cash inflow/outflow from financing activities/financing cash flow**	**- 26,268**	**- 33,028**
	Net cash changes in financial funds	**- 15,307**	**- 28,749**
-/+	Effect of changes in currency exchange rate and other effects from changes of financial funds	- 115	346
+	Financial funds at the start of the period	122,688	151,091
=	**Financial funds at the end of the period [cash & cash equivalents]**	**107,266**	**122,688**
=	**Free cash flow (FCF) – equity approach**	**10,961**	**4,279**

For a more detailed account of the cash flow statement, see chapter "Notes on the Cash Flow Statement".

4 Consolidated Statement of Changes in Equity

in € thousand	Subscribed capital	Capital reserves	Retained earnings	Currency conversion
As per 12/31/2022	**920**	**40,000**	**115,379**	**- 4,439**
Profit or loss	-	-	28,902	-
Other comprehensive income	-	-	-	258
Total comprehensive income	**-**	**-**	**28,902**	**258**
Dividends	-	-	- 13,750	-
As per 12/31/2023	**920**	**40,000**	**130,531**	**- 4,181**

in € thousand	Subscribed capital	Capital reserves	Retained earnings	Currency conversion
As per 12/31/2021	**920**	**40,000**	**91,521**	**- 4,548**
Profit or loss	-	-	28,858	-
Other comprehensive income	-	-	-	109
Total comprehensive income	**-**	**-**	**28,858**	**109**
Dividends	-	-	- 5,000	-
As per 12/31/2022	**920**	**40,000**	**115,379**	**- 4,439**

For explanations concerning equity, see chapter "[26] Equity".

in € thousand	Revaluation from pension plans	Shares in investments accounted for using the equity method	Equity
As per 12/31/2022	**- 2,943**	**1**	**148,918**
Profit or loss	-	-	28,902
Other comprehensive income	- 1,847	48	- 1,541
Total comprehensive income	**- 1,847**	**48**	**27,361**
Dividends	-	-	- 13,750
As per 12/31/2023	**- 4,790**	**49**	**162,529**

in € thousand	Revaluation from pension plans	Shares in investments accounted for using the equity method	Equity
As per 12/31/2021	**- 12,359**	**- 112**	**115,422**
Profit or loss	-	-	28,858
Other comprehensive income	9,416	113	9,638
Total comprehensive income	**9,416**	**113**	**38,496**
Dividends	-	-	- 5,000
As per 12/31/2022	**- 2,943**	**1**	**148,918**

5 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"). The EDAG Group AG was founded on November 2, 2015, and was entered as a stock corporation 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.

The largest individual shareholder of EDAG Group AG is ATON Austria Holding GmbH, which holds 74.66 percent. The ultimate parent company, ATON 2 GmbH, Leopoldstraße 53, 80802 Munich, prepares the consolidated financial statements for the largest group of companies, which are to be published in the Company Register.

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 functional currency of EDAG Group AG 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 Group Executive Management of EDAG Group AG compiled the consolidated financial statements on March 26, 2024. The Audit Committee of the Board of Directors of EDAG Group AG dealt with the consolidated financial statements during its meeting on March 25, 2024. The Board of Directors approved the consolidated financial statements in its meeting on March 26, 2024.

For the financial year ending December 31, 2023, the company shares fully qualify for dividends.

The annual financial statements of EDAG Group AG and the consolidated financial statements of EDAG Group AG will each be issued with an unqualified audit certificate by Deloitte AG, Zurich (Switzerland), and then submitted to the operator of the Company Register in Germany.

The financial statements of the companies included in the consolidated financial statement have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the European Union as of the financial reporting date of EDAG Group AG (December 31).

The consolidated financial statements have 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 order to improve the clarity and informational value of the consolidated financial statements, individual items consolidated both in the statement of financial position and in the statement of comprehensive income, the cash flow statement and the statement of changes in equity will be disclosed and explained separately in the notes.

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.

On the date that approval of the consolidated financial statements was given, the Executive Management has a reasonable expectation that the Group has at its disposal adequate resources to be able to continue to operate in the foreseeable future. The consolidated financial statements have therefore been prepared on the basis of the going concern assumption.

5.2 Basic Principles and Methods

Basic Accounting Principles

The consolidated financial statement of EDAG Group AG and its subsidiaries for December 31, 2023 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 International Financial Reporting Standards Interpretations Committee (IFRS IC) and those of the former Standing Interpretations Committee (SIC). The requirements of all accounting standards and interpretations resolved as of

December 31, 2023 and adopted in national law by the European Commission have been fulfilled. Please also see chapter 5.2.2 "c) Synoptic Presentation of the Main Differences between IFRS IASB and IFRS EU".

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.

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 risks to the EDAG Group arising from the global crises are subject to continual analysis and evaluation, also with regard to their impact on the net assets, financial position and financial performance of the Group. In addition, climate-related risks and opportunities for the EDAG Group are regularly assessed in our sustainability and CSR report, and have also been taken into due account within the scope of the financial reporting, including forecasts of expected business development. At the present time, we do not anticipate any material changes to our expectations with regard to the net assets, financial position and financial performance as a result of the climate crisis.

New, Changed or Revised Accounting Standards

a) New and changed standards applied in 2023

EDAG Group AG has applied the following accounting standards adopted by the EU and legally required to be applied since January 1, 2023, although they did not have any significant effect on the assets, financial position and financial performance of the EDAG Group in the consolidated financial statements:

- **IFRS 17 – Insurance Contracts** (IASB publication: June 25, 2020; EU endorsement: November 19, 2021)
- **IFRS 17 – Insurance Contracts – first-time adoption of IFRS 17 and IFRS 9 Comparative Information**
  (IASB publication: December 9, 2021; EU endorsement: September 8, 2022)
- **IAS 12 – Taxes – Deferred Taxes on Assets and Liabilities Generated from a Single Transaction** (IASB publication: May 7, 2021; EU endorsement: August 11, 2022)
- **IAS 1 – Presentation of Financial Statements – Practice Statement 2: Disclosure Requirements for Accounting Policies** (IASB publication: February 12, 2021; EU endorsement: March 2, 2022)

- **IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates** (IASB publication: February 12, 2021; EU endorsement: March 2, 2022)
- **IAS 12 – Taxes – Income Taxes: International Tax Reform – Pillar Two Mode** (IASB publication: May 23, 2023; EU endorsement: November 8, 2023)

b) Standards, interpretations and changes to published standards, which are not yet mandatory for 2023, and which have not been applied prematurely by the company

The new changed or revised accounting standards will be applied, without exception, from the time when use is compulsory in each given case. The adoption of these accounting standards would not have any significant effects on the assets, financial position and financial performance.

	Standard/interpretation[1]	Published by the IASB	Compulsory use	Endorsement by EU Commission	
				Effected on	Planned for
IAS 1	Classification of liabilities as current or non-current/non-current liabilities with covenants	01/23/2020 / 07/15/2020 / 10/31/2022	01/01/2024	12/19/2023	
IFRS 16	Amendments to IFRS 16 leases: Lease liability in a sale and leaseback	09/22/2022	01/01/2024	11/20/2023	

[1] Until 12/31/2023

c) Synoptic Presentation of the Main Differences between IFRS IASB and IFRS EU

The adoption of the full IFRS-IASB compared to the IFRS-EU, would not have any significant effects on the assets, financial position and financial performance.

Consolidation Principles

The basis for the preparation of the consolidated financial statement is formed by the individual financial statements of EDAG Group AG and its subsidiaries which have been presented pursuant to IAS 10, according to standardized accounting and valuation methods. All the companies included – with the exception of EDAG Production Solutions India Private Limited, New Delhi/India and EDAG Technologies India Private Limited, New Delhi/India – use the calendar year as their financial year. The country-specific financial statements of the Indian companies are prepared as of March 31. However, as of the balance sheet date December 31, interim financial statements were prepared according to the IFRS requirements.

Acquisition of subsidiary companies is recognized in accordance with the purchase method. The consideration transferred in a company merger is valued at fair value. In order to determine the proportional equity capital at the time of acquisition, a valuation of all identifiable assets, debts and contingent liabilities of the acquired company is carried out, including those which were not applied by the acquired company, at their fair values applicable at the date of acquisition. Non-current assets held for sale pursuant to IFRS 5 are valued at their fair value less costs to sell.

Should the acquisition costs exceed the fair value of the Group's share of the identifiable assets, liabilities and provisions and contingent liabilities of the subsidiary as of the acquisition date, the excess is allocated to one or several Cash Generating Units (CGU) and accounted for separately as goodwill. At least once a year – more frequently if there is reason to believe this is indicated – an impairment test is carried out to check the intrinsic value of the company's goodwill. In the event of impairment, unscheduled amortization is carried out. In the event of the disposal of a subsidiary or part of a goodwill-carrying CGU, the attributable share of goodwill is taken into account in calculating the earnings on the disposal.

Non-controlling interest represents the proportion of the result and the net assets which is not attributable to the shareholders of the parent company. Non-controlling interest is shown separately in the Group statement of comprehensive income and in the Group statement of financial position according to their shares in the fair values of the identifiable assets, liabilities and provisions and contingent liabilities. This item is reported under equity in the Group statement of financial position, separately from the equity attributable to the shareholders of the parent company.

Receivables and liabilities, and also sales revenues, expenses and income between consolidated companies have been offset. No significant effects result from the intercompany profit consolidation, taking deferred taxes into account.

The first-time valuation of associated companies is carried out at acquisition cost. For the subsequent valuation, the share of the profits and losses generated after the acquisition of the company accounted for using the equity method is recorded through profit or loss and the investment valuation increased or decreased accordingly. The investments valued using the equity method are recorded with the proportional, newly valued equity capital. The statement of comprehensive income includes the Group's share in the success of the associated company. Changes reported directly in the equity of the associated company are recorded by the Group in the amount of its share and - if applicable - reported in the statement of changes in Group equity. Profits and losses from transactions between the Group and the associated company are eliminated in proportion to the share in the associated company. The balance sheet date and the accounting and valuation methods for similar business transactions and results under comparable circumstances of the associated company and the Group correspond.

Scope of Consolidation

In addition to EDAG Group AG, all material subsidiaries are included in the consolidated financial statement. Subsidiaries are companies in which EDAG Group AG exercises direct or indirect control.

Control exists when a parent company is subject to variable returns from its involvement with the subsidiary, or is entitled to and has existing rights (articles of association, company contract or a contractual agreement) that grant the ability to affect those returns through its power over the subsidiary.

With all such investments, this is based on the majority of voting rights held directly or indirectly by the parent company. The financial statements of the subsidiaries are included in the consolidated financial statements by means of consolidation from the date of gaining control until the parent company ceases to control the subsidiary.

In addition to EDAG Group AG, the consolidated financial statement includes the companies included in the list of shareholdings in the notes, which are fully consolidated as per IFRS 10.

As the inclusion of several companies individually and overall is of little importance with regard to the obligation to give a fair presentation of the net assets, financial position and financial performance of the Group, this has been waived. These subsidiaries have been reported at acquisition costs, as per IFRS 9 (see chapter 5.8 "Share Ownership List" in the notes).

The following German incorporated and registered partnerships controlled according to IFRS 10 were included in the consolidated financial statements and group management report of EDAG Group AG, Arbon, Switzerland, in accordance with the regulations set out in § 292 paragraph 1 HGB (German Commercial Code) in conjunction with § 291 paragraph 1 HGB (German Commercial Code). The conditions for exemption from the preparation of their own consolidated financial statement have been fulfilled:

- EDAG Engineering Holding GmbH, Munich
- EDAG Engineering GmbH, Wiesbaden
- EDAG Production Solutions GmbH & Co. KG, Fulda

Companies on which EDAG Group AG can, through involvement in their financial and business policies, have a significant effect (associated companies) are accounted for using the equity method as per IAS 28. As a general rule, "a significant effect" is assumed in cases where the share of voting rights is between 20 and 50 percent. Determination of when exactly the associated companies will be included in, or withdrawn from, the circle of companies to be accounted for using the equity method is analogous to the principles applicable to subsidiaries.

In the period January 1, 2023 to December 31, 2023, the group of combined or consolidated companies developed as follows:

	Switzerland	Germany	Others	Total
Fully consolidated companies				
Included as of 01/01/2023	**2**	**5**	**20**	**27**
Included for the first time in current financial year	-	-	1	1
Withdrawn in current financial year	-	-	-	-
Included as of 12/31/2023	**2**	**5**	**21**	**28**
Companies accounted for using the equity method				
Included as of 01/01/2023	**-**	**1**	**-**	**1**
Included for the first time in current financial year	-	-	-	-
Withdrawn in current financial year	-	-	-	-
Included as of 12/31/2023	**-**	**1**	**-**	**1**
Companies included at acquisition cost [not included in the scope of consolidation]				
Included as of 01/01/2023	**-**	**3**	**-**	**3**
Included for the first time in current financial year	-	-	-	-
Withdrawn in current financial year	-	-	-	-
Included as of 12/31/2023	**-**	**3**	**-**	**3**

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

EDAG Engineering Austria GmbH was founded upon registration on August 29, 2023.

Currency Conversion

For initial recognition, foreign currency transactions in the individual annual financial statements accounts of the Group companies included are valued using the exchange rate at the time of the business transaction. Monetary assets and debts in a foreign currency (cash and cash-equivalents, receivables and liabilities) are valued at the closing rate on the balance sheet date. The exchange rate gains and losses arising from the valuation or settlement of monetary items are shown in the statement of comprehensive income. Equity and non-monetary items are valued at historical rates.

In the consolidated financial statements, the expenses and revenues from subsidiaries' financial statements drawn up in a foreign currency are converted at average rates of exchange for the year, while assets and liabilities are converted at year-end exchange rates. The currency difference arising from the conversion of equity is posted in other comprehensive income. The conversion differences resulting from differing exchange rates between the statement of financial position and the statement of comprehensive income are also posted in other comprehensive income. When dealing with the disposal of a subsidiary, the currency translation differences recorded in equity during the years it belonged to the group are reversed to profit or loss.

Currency conversion was based on the following exchange rates:

Country	Currency	12/31/2023	2023	12/31/2022	2022
	1 EUR = nat. currency	Spot rate on balance sheet date	Average exchange rate for period	Spot rate on balance sheet date	Average exchange rate for period
Great Britain	GBP	0.8691	0.8699	0.8869	0.8526
Brazil	BRL	5.3618	5.4018	5.6386	5.4432
USA	USD	1.1050	1.0816	1.0666	1.0539
Malaysia	MYR	5.0775	4.9317	4.6984	4.6292
Hungary	HUF	382.8000	381.7722	400.8700	390.9439
India	INR	91.9045	89.3245	88.1710	82.7145
China	CNY	7.8509	7.6592	7.3582	7.0801
Mexico	MXN	18.7231	19.1894	20.8560	21.2045
Czech Republic	CZK	24.7240	24.0010	24.1160	24.5603
Switzerland	CHF	0.9260	0.9717	0.9847	1.0052
Poland	PLN	4.3395	4.5422	4.6808	4.6845
Sweden	SEK	11.0960	11.4720	11.1218	10.6274
Japan	JPY	156.3300	151.9393	140.6600	138.0051
Turkey	TRY	32.6531	32.6531	19.9649	19.9649

Hyperinflation

Since Since the second quarter of 2022, Turkey has been classified as a hyperinflationary economy in accordance with IAS 29 "Financial Reporting in Hyperinflationary Economies". Accounting for the activities there is therefore not carried out on the basis of historical acquisition or production costs, but is presented adjusted for the effects of inflation. The International Monetary Fund (IMF) price index for consumer goods is used here (inflation in Turkey in 2023: 64.0 percent). Gains and losses from hyperinflation are included in equity, in the reserves from currency translation differences.

After the figures have been adjusted for the effects of inflation, balance sheet items and income and expenses are translated into the reporting currency, the euro, at the closing rate on the balance sheet date, in accordance with IAS 21.42. This did not result in any material effect. The previous year's figures are not adjusted in accordance with the requirements of IAS 21 "The Effects of Changes in Foreign Exchange Rates" for financial statements in non-hyperinflationary reporting currencies.

Accounting and Valuation Principles

The consolidated financial statement has been prepared on the basis of historical acquisition/production costs. The one exception to this rule are specific financial instruments which are reported on the basis of their fair value.

When preparing the consolidated financial statement for the year ending December 31, 2023, the same basic accounting and valuation methods were applied as for calculating the comparative figures.

Realization of Income and Expenses

Income is measured at the fair value for the consideration received or to be received for the sale of goods and services, less the discounts, price reductions and volume discounts granted by the company. VAT and other duties are not taken into account. Income is reported if the economic benefit is likely to accrue to the Group, and the amount of the income can be reliably ascertained.

Interest income and expenses are posted on a pro rata temporis basis, applying the effective interest method. Dividends are recorded when entitlement is legally effective.

Operating expenses are posted as costs when the service is utilized, or at the time they are incurred.

Contracts with Customers

Contracts with customers are recognized in accordance with IFRS 15. Accordingly, sales revenues from ordinary business activities are to be recognized when the customer obtains control of the promised goods and services, and can benefit from them. Another requirement for revenue to be recognized is that EDAG is likely to receive the consideration. Revenue is to be evaluated with the amount of consideration the company expects to receive. The standard establishes a five-step model for recognizing revenue, and first of all requires identification of the contract with a customer and of the performance obligations in the contract. If several performance obligations can be identified in a contract (multi-component contracts), these are evaluated separately. Following this, the transaction price of the contract with the customer must be determined and the separate performance obligations allocated on the basis of a relative standalone selling price. Finally, the standard requires recognition of revenue for each performance obligation in the amount of the allocated proportionate transaction price as soon as the promised goods have been delivered or services rendered, or the customer has obtained control of the goods/services (control model). EDAG recognizes revenue over time if one of the following three criteria is met:

a) The customer receives and makes use of the benefits provided by the entity's performance at the same time as the entity is performing (IFRS 15.35 a)).
b) An asset is created or enhanced by the entity's performance (e.g. services in process), and the customer has control over the asset while it is being created or enhanced (IFRS 15.35 b)).

c) An asset which is of no alternative use to the entity is created by the entity's performance, and the entity has an enforceable right to payment for performance completed to date (IFRS 15.35 c)).

Performance Obligations
The performance obligations at EDAG take the form of supplying services, predominantly in customer-specific construction contracts (project business) carried out within the scope of work contracts. For a more detailed explanation of the type of services, see chapter "Business Model" in the Group Management Report. Throughout the duration of the project, revenue from the fulfillment of the performance obligations is regularly recognized over time, in accordance with the percentage of completion. This is the case if EDAG can adequately measure both the revenue amount and performance progress in terms of the complete fulfillment of the performance obligation (percentage of completion method, PoC method). To measure the percentage of completion or performance progress, EDAG uses an input-oriented process (cost-to-cost) which places any costs incurred up to the accounting date and any costs anticipated until the order has been completed in relation to one another. The crucial factor is whether, in the event of early termination of a contract, EDAG has an enforceable entitlement to payment of an amount that will cover the performance provided up to the accounting date, and therefore also any costs incurred, plus a reasonable profit margin for the performance obligation concerned. This is the case in EDAG's key sales countries. The percentage of completion is ascertained on the basis of the costs incurred by the balance sheet date, as a percentage rate of the total costs estimated for the respective project. If the result of a construction contract cannot be reliably forecast, income is only posted to the extent to which the costs incurred can be recovered (zero-profit method).

Service contracts in accordance with § 611 et seq. of the German Civil Code (BGB) in the sense of IFRS 15.35(a) and deliveries in accordance with § 433 BGB play only a minor role in the EDAG Group, as the scope of such contractual arrangements is small. For the most part, EDAG works on construction contracts in the sense of IFRS 15.35(c) and and has therefore generally entered into work contracts in accordance with § 631 et seq. BGB with its customers.

Payment of the transaction prices for the contractual obligations under work contracts takes the form of fixed payments made at regular intervals. Essentially, the terms of payment conform with the generally established practice in the automotive industry (payment on the 25th of the month following invoice date), which means an average period of 40 days is allowed for payment. A common feature of work contracts is that they involve longer project durations: consequently, individual payment agreements in the form of payment schedules based on milestones are generally an element of these contracts.

With service contracts, the transaction price usually consists of a fixed payment per time unit. As with work contracts, the generally established practice in the automotive industry also applies to service contracts. Project durations of less than a year are typical of service contracts.

Close cooperation and coordination with the customers within the individual projects are characteristic of customer-specific contractual obligations. On completion, and once power of disposition has been conferred, final inspection and acceptance is carried out in the case of a work contract, and in the case of service contracts, the time sheets are countersigned. As a general rule, take-back, reimbursement and similar obligations are precluded following final acceptance by the customer, as are guarantees associated with the contractual obligation.

The performance obligations remaining on the reporting date (orders on hand) are equivalent to a transaction price in the amount of € 415.5 million (12/31/2022: € 401.2 million) and include performance obligations from work, service and sales contracts.

The following table sets out the planned realization of revenues:

in € thousand	12/31/2023	12/31/2022
Subsequent year	290,172	259,991
Subsequent year +1 until n years	125,328	141,209
Total Orders on hand	**415,500**	**401,200**

Due to the complexity of the customer-specific performance obligations to be met by EDAG, the actual realization of revenues may diverge from the planned realization of revenues, particularly on account of rescheduling on the part of the customer.

Contract Balances

The contractual assets and liabilities shown in the statement of financial position are generated as a result of surplus performance or performance obligations at contract level.

In the contract assets, the performance obligations - both for services and for customer-specific construction contracts - for which income has been accounted for with the PoC method are posted after the advance payments received have been deducted. Should the advance payments received in relation to the individual performance obligation exceed the performance obligation accounted for with the PoC method, this is reported in the "contractual liabilities". Expected losses from performance obligations are immediately posted to onerous contracts.

By its very nature, project business - the core business of the EDAG Group - entails opportunities and risks, and, on account of customer-specific performance obligations, is subject to a wide variety of influencing factors. Major projects are usually highly complex and are often being worked on simultaneously in different countries. Continual project management and regular project evaluations influence the contract balances accordingly.

Depending on whether or not the customer has control over the agreed performance obligation on the reporting date or the customer has effected payment on the basis of an agreed payment schedule, this will have a corresponding effect on the amount of the contract balances recorded.

Research and Development Costs

For accounting purposes, research costs are defined as costs relating to targeted investigations which are intended to deliver new scientific or technical findings and insights. Development costs are defined as expenses relating to the application of research results or technical knowledge in production, production processes, services or goods prior to the start of commercial production or use.

Research costs are immediately recorded through profit and loss. Development costs are capitalized if they fulfil specific, precisely defined valuation criteria (IAS 38.57). Capitalization is effected if the development activity is sufficiently certain to lead to future inflows of funds which will also cover the corresponding development costs.

Production costs include directly attributable costs and directly attributable material and production overheads, and also interest on borrowed capital, where this is applicable.

Depreciation begins on completion of development, when the asset is available for use. Depreciation is on a straight line basis, over the period during which sales revenues are anticipated. During the development period, in which the asset is not yet ready for use, it is reviewed annually with regard to impairment.

In the reporting year, research and development expenses amounting to € 11,036 thousand (2022: € 12,323 thousand) were incurred.

Other Intangible Assets

Intangible assets are posted as per IAS 38 ("Intangible Assets"), and capitalized accordingly if (a) the intangible asset is identifiable (i.e. it is separable or results from contractual or other right), (b) it is likely that the future economic benefit (e.g. liquid funds or other benefits, such as cost savings) which results from the asset will flow to the company and, (c) the costs of the intangible asset can be reliably measured. The intangible assets of the EDAG Group include concessions, industrial property rights and similar rights, IT software, and capitalized development costs.

Intangible assets acquired for consideration are capitalized at acquisition cost and written off over their useful life. The depreciation of intangible assets, with the exception of goodwill, is always carried out on a straight line basis, over the following period:

	Years
Customer relations	8–10
Capitalized development services	3–5
Concessions, industrial property rights and similar rights	4–6
IT software	3–8

Depreciation begins as soon as the asset can be used, i.e. when it is at the location and in the condition necessary for it to be capable of operating in the manner intended by management. Impairments are accounted for by means of unscheduled depreciation. Should reasons for unscheduled depreciation be discontinued, corresponding write-ups are carried out to the recoverable amount, which must not exceed the acquisition costs carried forward.

The development costs for a project are only capitalized as an intangible asset if the technical implementation, the intention of completion and the utilization or sale of the intangible asset can be demonstrated. Production costs cover the directly and indirectly attributable costs, and also, in the case of qualified assets in accordance with IAS 23, borrowing costs incurred during the production period.

In cases in which no own intangible asset can be recognized, the development costs are recognized as expenses in the period in which they occur.

Goodwill is checked for possible impairment once a year. In the event of incidents or changed circumstances indicating a possible reduction in value, the impairment review is to be carried out more frequently. Further details of the procedure to be followed in the annual impairment tests can be found in the section "Impairment".

Impairment

For each balance sheet date, or more frequently should incidents indicate the necessity, the Group checks the book values of the intangible assets and property, plant and equipment, to determine whether there is any evidence indicating impairment. Should this be the case, the recoverable amount of the asset in question is ascertained and compared with its book value, to determine the value of any adjustment that might need to be made. Should it not be possible to determine a recoverable amount for an individual asset, the recoverable amount is to be determined for the smallest identifiable group of assets which generate cash and to which the individual asset can be allocated (cash-generating units, CGUs). The EDAG Group has defined the segments as CGUs.

Should reasons for unscheduled depreciation be discontinued, corresponding write-ups are carried out. Write-ups are only carried out if changes have been made to the estimates used to determine the recoverable amount since the last time the expense incurred for impairments was recorded. If this is the case, then the book value of the asset is increased to its recoverable amount, but not more than its carried-forward acquisition cost, without taking into account any expense for impairment. Unscheduled depreciation of goodwill is not corrected by means of write-ups.

Unscheduled depreciations and/or write-ups are recorded as operating results in the statement of comprehensive income if continued operations are involved.

The goodwill is divided up and assigned to the CGUs, and recoverability is checked at this level. The carrying amount of the CGUs is compared with their recoverable amount, i.e. the higher amount of fair value less the cost of disposal and value in use. The net selling price is the revenue which can be obtained by selling an asset in a transaction using market conditions between two qualified parties willing to enter into a contract (fair value), less disposal costs. The EDAG Group first determines the value in use of each segment in the course of the impairment test. Should this prove to be lower than the carrying amount, the net disposal value after deduction of the disposal costs is determined. The segment's value in use is equal to the present value of the cash flow which, taking into account the continual usage of the strategic business unit and its disposal, can be expected at the end of its useful life. Payment prognosis is based on the current, long-term plans of the EDAG Group. The planning period is five years. At EDAG, the cost of capital is calculated as the weighted average of the equity and debt capital costs, the crucial factor here being the proportion of each of the total capital. The equity cost rate is determined with the Capital Asset Pricing Model (CAPM), from a zero-coupon bond interest rate with a time to maturity of 30 years plus a risk premium equivalent to one of the separate CGUs. The cost of equity amounts to 14.58 percent (2022: 13.72 percent). The borrowing costs used amount to 4.16 percent (2022: 2.70 percent), and represent the long-term funding conditions. Both components are derived from information on the capital market, and represent an interest rate before tax. The resulting weighted average cost of capital before tax amounts to 12.60 percent (2022: 12.19 percent). There are no specific capitalization rates for the segments, as the peer group is identical in all cases.

The planning on the basis of the individual cash generating units is based on expectations with regard to the future development of the global economy, on assumptions derived from the development of the engineering market, and on concrete customer commitments relating to individual projects. As in the previous year, a perpetuity growth rate of 1 percent has been taken into account.

In cases in which the book value of the cash generating unit is higher than its recoverable amount, there is a depreciation loss in the amount of the difference. In the first step, the goodwill of the strategic business unit (segment) concerned is amortized in the amount of the impairment thus determined and recognized as an expense. Any remaining sum is spread, proportional to the book values, across the other assets of the relevant strategic business unit. The following table shows the EDAG Group's segments along with their goodwill.

in € thousand	2023	2022
Vehicle engineering	48,504	48,350
Electrics/electronics	20,289	20,291
Production solutions	5,565	5,746
Total	**74,358**	**74,387**

As in the comparative period, there was no need for adjustments to be made to goodwill. Even if the equity cost rate is increased by 100 basis points, there is still no need for any adjustment to be made to the cash generating units. The same applies to a reduction of the perpetuity by 100 basis points.

Property, Plant and Equipment

Property, plant and equipment are recognized in accordance with IAS 16 and capitalized accordingly if (a) it is likely that the company will derive future economic benefit, and (b) the acquisition or production cost of the plant and equipment can be valued reliably.

Property, plant and equipment are valued at historical acquisition or production cost less scheduled, straight-line depreciation. Unscheduled depreciation is recognized if impairments exist. According to IAS 36 (Impairment of Assets), such impairments are ascertained on the basis of comparisons with the discounted future cash flows of the corresponding CGU.

The following useful lives are used as a basis for depreciation:

	Years
Buildings	10–50
Technical equipment	12–25
Machinery	8–25
Vehicle fleet	5
Hardware	3–4
Other operating and office equipment	3–20

Buildings and installations on external properties are depreciated over the term of the rental contracts or their useful life, if this is lower.

The acquisition costs are composed of the acquisition price, ancillary acquisition costs and subsequent acquisition costs, less acquisition price reductions received. If an obligation exists to shut down or dismantle a property, plant or equipment asset at the end of its useful life, or to restore a site to its former condition, the estimated cost of this work increases the acquisition cost of the asset, which is seen alongside a provision to be posted on the liability side.

In addition to directly attributable costs, the production costs for self-built facilities also include directly attributable material and production overheads, as well as the general administration costs for the divisions dealing with building the facility. Tools that are owned by the Group are capitalized at acquisition or production cost.

Investment subsidies and allowances are offset against acquisition or production costs. Capitalization of subsequent acquisition or production costs is carried out if a future economic benefit will accrue from the costs associated with the property, plant and equipment. Maintenance and repairs are recognized as costs.

Property, plant and equipment are split into components at the lowest level, if these components have useful lives which differ significantly from one another and these components will probably need to be replaced or overhauled at some point during the entire life of the asset.

Profits or losses on asset disposals are posted under other operating income or expenses. Property, plant and equipment is derecognized either on disposal, or at such time as no further economic benefit is anticipated from the continued use or disposal of the asset.

Leasing

As a basic principle, accounting for leases in the Group is based on the provisions of IFRS 16, subject to the condition that an examination upon conclusion of an agreement shows that the agreement concluded contains a lease component. This is only the case if the beneficiary determines the use of the underlying asset and receives virtually all economic benefits from it. EDAG and its companies act both as lessees and as lessors.

Group as the Lessee

The presentation of lessee agreements falls almost exclusively within the scope of IFRS 16, with the exception of leases on agreements for the use of intangible assets, for which the provisions of IAS 38 apply instead (waiver of the option under IFRS 16.4).

In accordance with IFRS 16, for almost all lessee agreements, both a right-of-use asset and a lease liability are recognized in the balance sheet at the lease commencement date. EDAG has made use of the exemption option described in IFRS 16.5, which allows it to waive recognition of a balance sheet item for short-term leases with a term of one year or less, and for leases of assets of minor value (€ 5 thousand). Instead, the resulting leasing payments are generally recognized as rental expense on a straight-line basis over the contract period. EDAG will also make use of the practical expedient in accordance with IFRS 16.15, to dispense with the separation of non-leasing and leasing components with regard to leases for IT hardware, technical equipment and machinery, and for operating and office equipment.

The initial measurement of the lease liability at the commencement date is based on the present value of the minimum lease payments payable over the lease term using the interest rate implicit in the lease. Should it not be possible for this interest rate to be readily determined, EDAG will instead use its incremental borrowing rate of interest for discounting. The minimum lease payments on which the measurement of the lease liability is based consist of the following:

- Fixed payments
- Virtually fixed payments (de facto fixed payments)
- Variable payments, the amount of which is linked to the development of an index or exchange rate (measured by the index or exchange rate at the inception of the lease)
- Expected payments from residual value guarantees issued by the lessee
- Exercise prices of purchase options that are sufficiently secure when exercised
- Payments resulting from the termination of the lease if these have been recognized during the lease period

On the other hand, existing claims to lease incentive receivables are deducted from the total minimum lease payments.

The lease liabilities are shown as a separate item in the consolidated statement of financial position.

The determination of the lease period calls for the inclusion of not only the basic noncancelable lease period but also of the period of extension options, insofar as it is reasonably certain that these will be exercised. In addition, termination options are also to be included in the determination of the term, insofar as the criterion of reasonable assurance of their being exercised is met. Optional contractual components are therefore to be included in the determination of both the lease period and the lease payments, if there is a certain probability of their being exercised.

The right of use entered in the balance sheet is to be recognized at acquisition cost at the lease commencement date. As a general rule, this covers the initial value of the leasing liability. Initial costs already paid by the lessee either before or at the beginning of the lease must also be added. Further, any lease installments paid in advance and estimated reinstatement costs from reinstatement obligations are added to the right of use. On the other hand, incentive payments received from the lessor at the beginning are deducted. The rights of use are shown as a separate item in the consolidated statement of financial position.

In addition to the deduction of the leasing payments already effected, the subsequent measurement of the lease liability includes the addition of accrued interest on the book value of the liability outstanding on the reporting date, using the discount rate used to calculate the present value (effective interest method).

Subsequent measurement of the right of use is therefore at amortized acquisition cost by recording straight-line depreciation over the period of expected use. As a rule, the period of expected use is equivalent to the contract period. If, on the other hand, the period of economic benefit is shorter than the contract period, the shorter period must be used. In addition, where leases with automatic transfer of ownership or a reasonably secure purchase option are concerned, the period of expected use is extended to cover the useful economic life of the underlying asset. Furthermore, the rights of use are subject to an examination of the need for a value adjustment within the scope of IAS 36 (Impairment of Assets). Any resulting adjustments are recognized as unscheduled depreciation.

Reassessment scenarios may arise throughout the duration of a lease. These could result from changes to assessments made at the inception of a lease with regard to the amount of the leasing payments or the probable lease period being considered.

- A change in the assessment of lease installments as a result of the development of an index or ex-change rate, or a change in the assessment of the obligation under a residual value guarantee will lead to a revaluation of the lease liability and right of use. The discount rate on which the lease was original-ly based is used, and the right of use and liability are adjusted by the same amount without affecting net income.
- On the other hand, changes in variable lease payments are recognized directly through profit and loss in the statement of comprehensive income.
- Changes in the assessment of the exercise of renewal, termination or purchase options lead to an ad-justment of the right of use and liability with no effect on income, provided a triggering event occurs. When carrying out revaluation, the current discount rate is used in relation to how long the lease still has to run. A triggering event is a significant change in circumstances and facts that is within EDAG's sphere of influence and has a direct impact on the exercising of an existing option.

In addition, there is also a possibility of the occurrence of contract modifications characterized by the fact that EDAG and the lessor have entered into a subsequent agreement that changes the amount of the leasing installments or the scope of the lease. Contract modifications result in a revaluation of the right of use and the liability. In any such case, the current discount rate is used in relation to how long the lease still has to run. Depending on the nature of the change (extension-reduction / quantity-time / original conditions-current market conditions), the adjustment may consist of an adjustment to the right of use and liability without affecting net income, a percentage adjustment to the right of use and liability through profit and loss, or the recognition of a new lease.

Group as the Lessor

According to IFRS 16, lessor agreements will continue to be classified as operating or finance leases at the inception of the lease, due to their economic substance. If a lease substantially transfers all the risks and rewards from the Group to the lessee, it is classified as a financing lease. Consequently, the underlying leasing object must be derecognized and a leasing receivable recognized. The leasing receivable is reported at the net investment value. In subsequent measurement, the leasing payments are split into an interest and a repayment component, and thus carried forward using the effective interest method.

Should a lease not substantially transfer all the risks and rewards from the Group to the lessee, it is classified as an operating lease. The leasing object remains in the consolidated statement of financial position, and rental income is recognized on a straight-line basis in the statement of comprehensive income. In addition, scheduled depreciation of the leased object is recorded in accordance with the specifications for fixed assets (property, plant and equipment).

According to IFRS 16.63, a lease is as a rule classified as a finance lease if at least one of five criteria is met at the inception of the lease. These are the transfer of ownership at the end of the term, the existence of a favorable purchase option, the specific nature of a leasing object and in particular the net present value criterion and the rental period criterion.

Should the usage agreement concluded be a sublease, with EDAG acting as an intermediate lessor, there are two possibilities.

- If the main lease is classified as a current lease and accounted for in accordance with IFRS 16.6, EDAG classifies the sublease as an operating lease.
- In all other cases, EDAG applies the classification criteria based on the right of use from the main lease and not on the underlying asset.

Public Sector Benefits

Public sector benefits are only recorded if there are reasonable grounds for certainty that the associated conditions can be fulfilled and the benefits granted.

Taxable and tax-exempt state benefits for the acquisition of non-current assets are posted as a reduction of the acquisition and manufacturing costs for the acquired and self-produced assets. Profit-related benefits are always recognized in the income statement in the periods during which the expenses to be compensated for are incurred. In contrast, subsidies for short-time working benefit are presented using the net method.

Inventories

Assets which are held for sale in the ordinary course of business (finished goods, finished services and merchandise), which are being produced for sale (unfinished goods and services), or which are utilized within the context of manufacturing products or supplying services (raw materials and supplies) are reported as inventories in accordance with IAS 2.

Inventories are valued either at acquisition or manufacturing cost or at their net sales value, whichever of the two is the lower, i.e. the recoverable sales proceeds during the ordinary course of business, less the estimated production and sales costs. The acquisition or manufacturing costs of inventories include all costs of acquisition and manufacturing which have been incurred in order to place the inventories at the current location and in their current condition. Acquisition or manufacturing costs are determined on the basis of the average method. The manufacturing costs include all directly attributable costs and production-related material and production overheads, including depreciation on production-related assets. Inventory risks that result from limited viability or a substantial storage period are taken into account by making corresponding adjustments. Administration costs are taken into account if they are attributable to production.

Financial Instruments

General Information

A financial instrument is a contract that simultaneously results in the creation of a financial asset for one entity and a financial liability or equity capital instrument for another entity.

Financial assets as defined in IFRS 9 cover financial assets which are either valued at amortized cost [AC], at fair value through other comprehensive income [FVtOCI] or fair value through profit or loss [FVtPL]. In particular, these include cash and cash-equivalents, accounts receivable, other granted loans and receivables and original and derivative financial assets held for trading purposes.

Financial liabilities regularly constitute claims for repayment in cash or another financial asset. In the sense of IFRS 9, these include financial liabilities valued at fair value through profit or loss [FVtPL], and financial liabilities that are valued at carried-forward acquisition cost [AC}. In particular, these include accounts payable, liabilities due to credit institutions, promissory note loans and derivative financial liabilities, as well as bonds and other secured liabilities.

With first-time recognition of financial liabilities, these are valued at their fair value. In the process, the transaction costs that are directly attributable to the acquisition must be taken into account for all financial assets which are not subsequently valued at fair value through profit or loss.

As a rule, financial instruments are valued as soon as EDAG becomes a contractual partner under the regulations of the financial instrument (trading date). In general, financial assets and financial liabilities are not offset; they are only netted if a right to offsetting exists and the intent is to settle on a net basis.

The fair values posted in the statement of financial position generally correspond to the market prices of the financial assets. Should these not be directly available, they are calculated on the basis of recognized valuation models and the current market parameters. To this end, the cash flows that are already defined or determined on the basis of the current yield curve via forward rates are discounted on the valuation date, using the discount factors from the yield curve that applies on the reference date. The middle rates are used.

Financial Assets

The classification and valuation of financial assets (financial instruments) which are not equity instruments depends on the business model in which the financial asset is held and on the instrument's contractual cash flows. Both factors must always be tested on receipt of a financial instrument (and in the case of the first-time adoption of IFRS 9 for the transition). As long as the instrument's cash flows consist of only interest payments on the nominal amount and repayments are made (cash flow criterion) and the instrument is being held for the purpose of realizing the contractually agreed cash flows (business model "retain"), it is valued at amortized acquisition cost [AC]. If the cash flow criterion has been met and the instrument is being held in a business model which realizes the cash flows from the instrument by holding it until maturity and then selling it (business model "hold and sell"), it is valued at fair value through other comprehensive income [FVtOCI]. If the cash flow criterion has not been met, or for all business models that are not geared to "hold or sell", the instrument must be valued at fair value through profit or loss [FVtPL].

The reclassification of a financial asset between the IFRS 9 measurement categories is only permitted subject to the condition that there is a change of business model for the group of instruments in question. In practice, an actual occurrence of this type of amendment will happen only very rarely, and must be: 1) determined by the

Executive Board as the result of external or internal amendments, 2) significant for operative activity, and 3) verifiable for external parties.

Cash and cash-equivalents

The cash in the statement of financial position includes checks, cash balances and deposits with banks, with a term of up to three months. The cash equivalents in the statement of financial position include current, extremely liquid financial investments which can be converted into payment instruments at any time, and are only subject to insignificant value fluctuation risks. Cash and cash-equivalents are valued at carried-forward acquisition cost. The financial funds in the consolidated cash flow statement are delineated according to the definition above.

Receivables

Accounts receivable and other current receivables meet the cash flow criterion, and are held in a business model the aim of which is to realize the cash flows by holding the instruments until maturity. They are therefore valued at carried-forward acquisition cost, using the effective interest method (net method), if applicable. Adjustments sufficiently satisfy the risks of default; concrete defaults result in the derecognition of the relevant receivables. There is a detailed description of the system for carrying out adjustments according to the expected credit loss model under IFRS 9 under point "Impairments" in this chapter. Impairments of accounts receivable and other receivables are always carried out using value adjustment accounts. The decision regarding whether a default risk should be accounted for using a value adjustment account or by directly reducing the receivable depends on the degree of reliability of the assessment of the risk situation. Due to the various business fields and differing regional conditions involved, the final assessment is the responsibility of the persons responsible for the individual divisions.

Other non-current receivables are valued using the effective interest method, at carried-forward acquisition cost.

Loans

Loans issued are valued in exactly the same way as amounts receivable, at carried-forward acquisition cost. They meet the cash flow condition and are likewise held in order to realize contractual cash flows.

Investments and Securities

As a general rule, other investments and securities (investments in equity instruments) do not meet the cash flow condition on account of the leverage effect of immanent fluctuations in the exchange rate, and must therefore be accounted for at fair value through profit or loss. For non-listed equity instruments such as other other investments (e.g. non-operational companies), use is made of the exceptional rule to value these at their acquisition costs (less impairments, if applicable) as a reasonable estimate of their fair value.

Interest received from or paid on financial investments is posted as interest income or interest expense. The effective interest method is used. Dividends from financial investments are posted as "dividends received" in the profit and loss accounts when the legal claim to payment arises.

Impairment
Financial assets are subject to default risks, which are taken into account by recognizing provisions for risks or, in the case of losses that have already occurred, by recognizing a specific valuation allowance. Credit default risks are to be considered for all financial assets that are valued at carried-forward acquisition cost, and for contract assets within the scope of IFRS 15 and receivables from leases that fall under IFRS 16. The default risk arising from accounts receivable and from contract assets within the scope of IFRS 15 is recognized according to the simplified impairment model by making portfolio-based adjustments (provisions for risks). For these financial assets, provisions for risks in the amount of the expected loss over the term is created in accordance with Group-wide standards (expected credit loss; stage 2 of the impairment model). In order to determine portfolio-based adjustments, receivables are grouped into homogeneous portfolios on the basis of comparable credit risk characteristics, and divided into risk classes. To determine the amount of impairment, historical default probabilities based on the average bad debts in recent years are used in conjunction with forward-looking parameters of the respective portfolio. The EDAG Group checks whether there are any objective indications of impairment, for instance insolvency proceedings, on every reporting date. Should this be the case, the default risk is taken into account by recognizing a specific valuation allowance (stage 3 of the impairment model).

For other receivables and loans and receivables from leases that fall under IFRS 16, the expected credit loss for the next twelve months is first determined on initial recognition and on subsequent measurement (stage 1 of the impairment model). In the event of a significant increase in the default risk, the risk is reclassified to stage 2 of the impairment model. The expected credit losses over the term of the asset are taken into account here. A significant increase can be deemed to exist if, for example, unfavorable changes to business, financial or economic conditions have a negative impact on the ability of the borrower to meet its contractually agreed payment obligations. If there are objective indications of an impairment, a specific valuation allowance is recognized (Stage 3 of the impairment model).

The Group reports expected credit losses and changes to them as a separate item in the consolidated statement of comprehensive income.

Derecognition

A financial asset (or part of a financial asset, or part of a group of similar financial assets) is derecognized when one of the following three conditions has been fulfilled:

- The contractual rights to draw on the cash flows from a financial asset have expired.
- Although the Group retains the rights to draw on the cash flows from financial assets, it has, however, accepted a contractual obligation requiring the immediate payment of the cash flows to a third party, within the context of an agreement which meets the requirements of IAS IFRS 9.3.2.5 ("pass-through arrangement"), and in doing so has essentially neither transferred nor retained all risks and rewards appertaining to the ownership of the financial asset, but has nevertheless transferred the authority to dispose of the asset.
- The Group has transferred its contractual rights to draw on cash flows from a financial asset, and in doing so has either (a) essentially transferred all rewards and risks appertaining to the ownership of the financial asset, or (b) essentially neither transferred nor retained all risks and rewards appertaining to the ownership of the financial asset, but has nevertheless transferred the authority to dispose of the asset.

If the Group transfers its contractual rights to cash flows from an asset, without in essence transferring all risks and rewards appertaining to the ownership of this asset, and also retains the authority to dispose of the transferred asset, the Group continues to include the transferred asset in the volume of its ongoing commitments. If the form of the ongoing commitments guarantees the transferred asset, then the volume of the ongoing commitments is equivalent to the lower amount from the original book value of the asset and the maximum amount of the consideration received, which the Group might have to pay back.

Financial Liabilities

Financial Liabilities Measured at Amortized Costs

Accounts payable and other financial liabilities are always valued using the effective interest method, at carried-forward acquisition cost.

Financial Liabilities Valued at Fair Value Through Profit or Loss

Other financial liabilities, such as contingent considerations, are valued at fair value through profit or loss.

Derecognition

A financial liability is derecognized when the obligation on which it is based has been fulfilled, canceled, or has expired.

If an existing financial liability is exchanged for another financial liability of the same loan creditor with substantial differences in contractual conditions, or if the conditions appertaining to an existing liability are considerably altered, then any such exchange or alteration is treated as the derecognition of the original liability and the recognition of a new liability. The difference between the book values is posted to profit or loss.

Derivative Financial Instruments

EDAG uses derivative financial instruments, such as forward exchange contracts and interest rate swaps, to secure interest rate and currency risks resulting from operating activities, financial transactions and financing. Derivative financial instruments are neither held nor issued for speculative purposes.

The derivative financial instruments are valued at fair value when posted for the first time. The fair values are also relevant for subsequent valuations. The fair value of traded derivative financial instruments corresponds to the market value. This value can be positive or negative. If no market values are available, the fair values must be calculated using recognized actuarial models.

For derivative financial instruments, the fair value corresponds to the amount which EDAG either received or paid on maturity of the financial instrument, as of the reporting date. This is calculated using the relevant exchange rates and interest rates on the reporting date. Middle rates are used for the calculations.

The fair value of forward exchange contracts is determined using the current forward exchange rates for contracts with similar maturity structures. The fair value of interest rate swap contracts is determined using valuation models. Market parameters of similar instruments that can be observed are also included in these.

Provisions

A provision (a debt the maturity and/or amount of which is uncertain) is formed according to IAS 37, if a current legal or factual obligation resulting from past events exists toward third parties, and, moreover, it is likely that the settlement of the obligation will result in an outflow of resources, and the amount of the provision can be reliably determined.

The provisions are valued at their anticipated repayment amount, and not offset against refund claims. Provisions that are based on a large number of similar types of events are accounted for at their expected value. All non-current provisions (with a term of more than one year) are posted with the anticipated discounted amount to be paid on the balance sheet date. The amount to be paid also includes the cost increases to be taken into account on the balance sheet date.

If many similar types of obligations exist - as in the case of the statutory warranty - the probability of an outflow of resources is determined on the basis of the group of these obligations. A provision is also posted as a liability if the probability of an outflow of resources is negligible in relation to an individual obligation included in this group.

Pensions and Other Post-Employment Benefits

The Group has both defined benefit and defined contribution-based pension plans. A contribution-based pension plan is one which involves the Group paying fixed contributions into a non-Group company (fund). The Group is under no legal or actual obligation to pay additional contributions if the fund should fail to have sufficient assets to meet the pension entitlements of all employees from the current and previous financial years. By contrast, defined benefit-based plans typically define a pension benefit volume that the employee will receive on reaching retirement age, and as a rule depends on one or more factors such as age, length of service and salary.

The provision for defined benefit-based plans recognized in the statement of financial position corresponds to the net present value of defined benefit obligations (DBO) on the balance sheet date, less the fair value of the plan assets. The DBO is calculated annually by an independent actuarial expert, using the project unit credit method. The accounting valuation of the obligations is based on various estimates. Assumptions need to be made in particular with regard to long-term trends in the development of salaries and pensions, and to average life expectancy. Assumptions relating to salary and pension trends are based on developments observed in the past, and also take the country-specific interest and inflation rates and relevant labor market developments into account. Acknowledged biometric bases for calculation form the basis for estimating average life expectancy. The interest rate used to discount the future payment obligations is derived from premium corporate bonds with corresponding currencies and maturities.

Revaluations based on experience-related adjustments and amendments to actuarial assumptions are recognized in other comprehensive income in the period in which they occur. Adjustments to an employment period are expensed immediately.

With the exception of the interest components, which are recognized in the financial result, pension costs are posted under personnel costs.

With defined contribution plans, the Group pays premiums to public or private pension insurers on the basis of a legal or contractual obligation, or on a voluntary basis. The Group has no further payment obligations over and above payment of the premiums. The premiums are recognized in personnel expenses on maturity. Prepaid contributions are recognized as assets to the extent that there is a right to repayment or a reduction in future payments.

Payments Resulting from the Termination of Employment Relationships

Payments resulting from the termination of employment relationships are made in the event of an employee being dismissed by a Group company before reaching regular pension age, or of an employee accepting the voluntary termination of the employment relationship in return for severance pay. The Group recognizes severance pay if it is demonstrably obliged to terminate the employment of present employees in compliance with a detailed and irrevocable formal plan, or if it is demonstrably required to pay such benefits following the voluntary termination of employment by the employee. Payments which become due after more than twelve months after the effective date are discounted to their present value.

Income Taxes

Income taxes include both current and deferred taxes. The current taxes relate to all taxes which are charged on the taxable profit of the Group companies.

Deferred tax assets and deferred tax liabilities are formed pursuant to IAS 12 "Income taxes" for temporary valuation differences between IFRS and tax statements of financial position of the individual companies, as well as for consolidation processes affecting income. The deferred tax claims also include tax reduction claims which result from the anticipated future use of existing tax losses carried forward, if the realization of these is likely. Deferred tax claims are only to be reported if it is likely that future taxable income can be offset against tax credits and losses carried forward. A planning period of 5 years is always used here, analogous to the corporate planning used for the impairment test.

To calculate deferred taxes, the tax rates applicable on the balance sheet date or applicable in future are used as a basis, provided these have already been legally defined, or the legislative process is essentially complete. Changes to deferred taxes in the statement of financial position always result in deferred tax expenses or income. If circumstances that result in a change in deferred taxes are booked directly against the other comprehensive income, the change to the deferred taxes is also directly accounted for in other comprehensive income.

Discretionary Decisions

With the application of the accounting and valuation methods, the company management has made the following discretionary decisions, which significantly influence the figures in the financial statement. Decisions containing estimates are not taken into account here.

Non-current intangible assets, property, plant and equipment are valued at acquisition costs carried forward in the statement of financial position. No use has been made of the - also permissible - option of valuing these at fair value.

Estimates (Assumptions)

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

In the following situations, the assumptions made on the balance sheet date are of particular significance:

The estimate of **order costs and income** is an important criterion for realizing profit according to performance progress, pursuant to IFRS 15. The result of a production order can only be reliably estimated if the economic advantages arising from the contract are likely to go to the company. Assumptions are also to be used as the basis on which to assess probability. The management continually reviews all estimates required for production orders, adjusting them wherever necessary.

Deferred tax assets are also recorded for tax losses carried forward. Their viability depends on future taxable results of the respective Group company. If there is any doubt regarding the realization of losses carried forward, then no deferred taxes are posted.

Pension provisions are influenced by assumptions regarding the future development of wages and salaries or pensions, as well as by the interest, portfolio structure and anticipated performance of the plan assets of pension funds. Should the assumptions made fail to materialize, this will result in an actuarial surplus or shortfall, which is offset with the retained earnings, not affecting income.

Other provisions also cover risks from legal disputes and legal action. In addition to an assessment of the situation and claims awarded in similar cases, the results of comparable legal actions and independent legal opinions are also taken into consideration, as are assumptions regarding the probability of occurrence and the scope of possible claims, in order to determine the amount of a provision. The actual costs can deviate from these estimates. When discounting non-current provisions, assumptions are made regarding the interest rate to be used.

Unscheduled amortization (impairments) on assets is carried out in the case of impairment. An impairment test is carried out for the goodwill and intangible assets with an indefinite useful life if specific events indicate a possible impairment, but at all events at least once a year. In the impairment test, the carried-forward book values of the assets are compared with the recoverable amount of the assets. The recoverable amount is either the net disposal price or value in use of the asset, whichever value is higher. In order to determine the utilization value, it is necessary to estimate and discount cash flows. The estimated cash flows and the assumptions made are based on whatever information is available on the balance sheet date, and may deviate from actual developments. this method is used for both goodwill and for investment accounted for using the equity method.

Definition of the **useful lives** of depreciable assets is on the basis of the anticipated usability of the assets, and is based on estimates. Empirical values with comparable assets were used as a basis for orientation. The estimated useful lives of intangible assets and property, plant and equipment are examined at the end of the financial year and adjusted as necessary.

Measurement of the **provisions for risks** in accordance with IFRS 9 entails estimates and uncertainties. In the simplified model, probability of default is determined on the basis of empirical values, and adjusted to take future-related information into account.

Measurement of **leases** in accordance with IFRS 16 involves estimates regarding the consideration of renewal and termination options, and the determination of the incremental borrowing rate.

5.3 Notes on the Statement of Comprehensive Income

[1] Sales Revenues

Accordingly, sales revenues from ordinary business activities are recognized when the customer obtains control of the promised goods and services, and can benefit from them. This disclosure occurs net of sales tax and all discounts and bonuses. In addition to this, services assessed according to the Percentage of Completion (“POC”) method are also disclosed as sales revenues.

The revenues from contractual obligations met either fully or in part in earlier periods and recognized for the reporting period cannot be shown separately, due to the fact that, as a rule, changes to the transaction price also mean that changes have been made to the scope of services within the projects in the current reporting period.

For more detailed descriptions of the sales revenues and their composition, please see the explanatory notes in Segment Reporting.

[2] Changes in Inventories

Shown here is the increase/decrease in inventory of unfinished and finished goods and services which have been determined on the basis of the acquisition cost method. Inventory of unfinished and finished goods and services in the reporting year 2023 decreased by € 497 thousand (2022: increased by € 1,060 thousand).

[3] Other Income

Other income is classified as follows:

in € thousand	2023	2022
Operating income		
Income from compensation payments	4,408	1,086
Non-cash benefit from car leasing	4,282	4,365
Income from currency gains	2,574	3,800
Rental income from subleases	1,921	2,025
Rental income from leases of property	257	242
Income from recycling/scrap	81	134
Cost transfer income	34	382
Income from currency hedging transactions	-	120
Miscellaneous operating income	1,244	1,312
Total operating income	**14,801**	**13,466**
Non-operating income		
Public sector benefits	9,509	6,558
Income from the reversal of provisions	3,068	4,748
Income from the disposal/subsequent capitalization of fixed assets	469	162
Income from divestiture of RoU-assets	64	110
Income from write-ups	-	800
Deconsolidation income	-	32
Miscellaneous non-operating income	1,382	998
Total non-operating income	**14,492**	**13,408**
Total other income	**29,293**	**26,874**

Income from sub-leases in the amount of € 1,921 thousand (2022: € 2,025 thousand) comprises leasing payments for leased space from operating leases and incidental costs from finance leases that were previously rented by EDAG itself.

Income from property rental in the amount of € 257 thousand (2022: € 242 thousand) includes leasing payments for rented space under operating leases that were owned by EDAG at the time the income was realized.

As in the previous year, no income from variable leasing payments that was not included in the measurement of the net investment in finance leases was generated in the reporting year.

Leasing income from operating leases amounting to € 2,132 thousand was recognized in the reporting year (2022: € 2,084 thousand). As in the previous year, no income from variable lease payments not dependent on an index or (interest) rate was realized from operating leases in the reporting year.

the reporting year, public sector benefits of € 9,509 thousand (2022: € 6,558 thousand) were recognized through profit or loss in the statement of comprehensive income. These benefits consist primarily of public sector subsidies for research and development. There are no unfulfilled conditions or miscellaneous contingencies in relation to these benefits.

Income from the reversal of provisions in the amount of € 3,068 thousand (2022: € 4,748 thousand) are made up of the unwinding of other provisions for personnel and taxes, provisions for warranty obligations, and miscellaneous provisions. Other items primarily cover reversals of provisions for onerous contracts and rectifications in the amount of € 587 thousand (2022: € 39 thousand) (see chapter "[28] Other Provisions").

Income from compensation payments in the reporting year includes insurance reimbursements in the amount of € 1,568 thousand (2022: € 431 thousand) within the context of the cyber attack in 2021, which are included in the adjusted EBIT reconciliation.

[4] Material Expenses

in € thousand	**2023**	**2022**
Expenses for materials and supplies and for purchased goods	24,731	30,236
Expenses for purchased services	73,267	85,495
Total	**97,998**	**115,731**

Expenses for materials and supplies and for purchased goods are mainly made up of expenses for models and small parts which have been purchased. Expenses for purchased goods and services are mainly made up of the costs for subcontractors, miscellaneous services received and expenses incurred for onerous contracts.

[5] Personnel Expenses

in € thousand	2023	2022
Wages and salaries	475,585	427,950
Social security contributions	90,844	82,886
Expenses on retirement pension plans and support	2,429	3,522
Wage-related and salary-related taxes	562	510
Total	**569,420**	**514,868**

Expenses for retirement pension plans and support include, but are not restricted to, expenses for defined benefit commitments. The interest portion of the valuation of retirement obligations is posted as a financing cost, as per the financing character. Anticipated income from the associated fund assets is stated as financing income. The presentation of pension obligations is explained in detail in chapter "[27] Pensions and Other Post-Employment Benefits".

In the personnel expenses, income from public sector subsidies for short-time working benefit was offset expenses for against wages and salaries in the amount of € 73 thousand (2022: € 312 thousand). To qualify for these subsidies, effective working hours in the divisions affected must be reduced, and all residual leave from the previous year and overtime accumulated in time accounts taken.

Wages and salaries include expenses in conjunction with the termination of employment contracts in the amount of € 2,300 thousand (2022: € 1,572 thousand).

Wages and salaries and social security contributions in the reporting year include income relating to other periods in the amount of € 1,021 (2022: € 631).

In the financial year ended December 31, 2023, an average of 8,642 employees were employed in the EDAG Group (2022: 8,112 employees). The following table provides a detailed overview.

	2023	2022
Breakdown according to contractual relationship		
Salaried employees	8,353	7,859
Apprentices	289	253
Total	**8,642**	**8,112**

	2023	2022
Geographical breakdown		
Germany	6,058	5,787
Rest of Europe	1,328	1,271
North America	306	268
South America	156	140
Asia	794	646
Total	**8,642**	**8,112**

[6] Depreciation, Amortization and Impairment

The depreciation and amortization of fixed assets in the amount of € 41,370 thousand (2022: € 39,478 thousand) include both amortization of intangible assets and depreciation of property, plant and equipment.

Besides the scheduled depreciation and amortization on intangible assets in the amount of € 20,260 thousand (2022: € 18,887 thousand) and the scheduled depreciation and amortization on rights of use from leased assets in the amount of € 20,514 thousand (2022: € 18,573 thousand), they also include depreciation and amortization from the purchase price allocation totaling € 196 thousand (2022: € 2,017 thousand), which were also included in the adjusted EBIT reconciliation. They also include unscheduled depreciation and amortization on rights of use from leases for buildings in the amount of € 400 thousand (2022: € 0 thousand) resulting from unused space, which is mainly assigned to the Vehicle Engineering segment.

The scheduled depreciation and amortization is based on the standard Group economic useful lives as shown in the notes on the accounting and valuation methods.

[7] Impairment/Impairment Loss Reversal of Financial Assets

The net result from the impairment (-) or impairment loss reversal (+) of financial assets amounts to € -202 thousand in the reporting year just ended (2022: € -1,037 thousand). For the development of the provisions for risks, mainly relating to accounts receivable, please see chapter "Financial Instruments" in the Notes.

[8] Other expenses

The breakdown of the other expenses results in:

in € thousand	2023	2022
Operating expenses		
Maintenance	21,566	21,004
Other expenses from leases	18,685	17,178
Travel expenses	11,649	8,255
Miscellaneous ancillary personnel expenses	9,542	9,002
Consulting, contributions and fees	7,635	6,840
General administration expenses	5,782	5,535
Rents and leases from low value leases	4,732	4,109
Sales and marketing expenses	4,460	4,461
Rents and leases from short term leases	3,890	4,243
Personnel training and development expenses	3,579	2,956
Expenses from currency losses	3,269	3,235
Insurance	3,075	2,725
Vehicle fuel expenses/miscellaneous vehicle expenses	2,531	2,410
Miscellaneous taxes and duties	1,283	1,053
Surveillance and security expenses	1,233	1,065
Guarantees	481	1,334
Expenses from currency hedging transactions	123	-
Miscellaneous operating expenses	6,024	4,756
Total operating expenses	**109,539**	**100,161**
Non-operating expenses		
Expenses from the disposal of assets/scrapping	942	243
Expenses from bad debt loss	5	210
Restructuring expenses	-	33
Expenses from the disposal of right-of-use assets	-	3
Miscellaneous non-operating expenses	163	153
Total non-operating expenses	**1,110**	**642**
Total other expenses	**110,649**	**100,803**

Other expenses from leasing contracts include the incidental cost components of leasing contracts recognized in the statement of comprehensive income, for the leasing components of which a right of use and a leasing liability were recognized in accordance with IFRS 16, and for which the practical remedy as indicated in IFRS 16.15 was not used. They also include rental expenses from leases of intangible assets for which the provisions of IFRS 16 are not applied. As in the previous year, operating expenses do not include any expenses for variable leasing payments that were not included in the measurement of lease liabilities.

[9] Reconciliation of the Adjusted Operating Profit (Adjusted EBIT)

In addition to the data required according to the IFRS, the segment reporting also includes a reconciliation to the adjusted earnings before interest and taxes (adjusted EBIT). Adjustments include income from initial consolidations and deconsolidations, restructuring, all effects of purchase price allocations and external special effects in conjunction with extraordinary events on the EBIT.

in € thousand	Note	2023	2022
Earnings before interest and taxes (EBIT)		**53,937**	**51,068**
Adjustments:			
Income (-) from compensation payments within the context of the cyber attack	[3]	- 1,568	- 431
Expenses (+) from purchase price allocation	[6]	196	2,017
Income (-)/expenses (+) from deconsolidation	[3]	-	- 32
Expenses (+) from previous year restructuring	[8]	-	33
Income (-) from reversal of provisions for restructuring previous years	[3]	-	- 2,111
Total adjustments		**- 1,372**	**- 524**
Adjusted earnings before interest and taxes (adjusted EBIT)		**52,565**	**50,544**

The "expenses (+) from the purchase price allocation" are stated under the amortization. The "income (-) from the reversal of provisions for restructuring from previous years", "income (-) from compensation payments within the context of the cyber attack" and "income (-) from deconsolidations" are shown in the other income. The "expenses (+) from restructuring from previous years" are reported in the other expenses.

[10] Result from Investments Accounted for Using the Equity Method

The result from investments accounted for using the equity method in the amount of € 1,195 thousand in the 2023 financial year (2022: € 741 thousand) contains the proportionate result, each with 49 percent from EDAG Werkzeug + Karosserie GmbH, Fulda.

The Group share in the individual items of the statement of comprehensive income can be seen in chapter "[19] Shares in Investments Accounted for Using the Equity Method".

[11] Financial Income

in € thousand	2023	2022
Interest income from leases	-	8
Interest and similar income	2,977	666
Income from evaluation of value to be attributed	-	8
Miscellaneous financial income	3	-
Total	**2,980**	**682**

The interest income from leases in the amount of € 8 thousand recognized in the previous year results from a lease classified as a finance lease in accordance with IFRS 16. More detailed information can be found in the chapter "Leases".

[12] Financing Expenses

in € thousand	2023	2022
Interest expenses for leasing liabilities	8,240	6,492
Interest and similar expenses	6,776	3,412
Losses from valuation at fair value	2	-
Miscellaneous financial expenses	-	9
Total	**15,018**	**9,913**

[13] Income taxes

Taxes paid or owed on income and earnings in the individual countries, and also the deferred taxes, are reported as income taxes.

The main components of income tax expense for the financial years 2023 and 2022 are composed as follows:

in € thousand	2023	2022
Actual income tax expense/income [+/-]	12,638	13,402
Adjustment for actual income taxes attributable to prior periods	867	236
Deferred tax expense/income [+/-]		
from the emergence and/or reversal of temporary differences	345	- 220
from losses carried forward	341	302
Income taxes	**14,191**	**13,720**

Actual income tax for the current financial year includes corporate tax incurred in Germany, the solidarity contribution, trade tax and other income tax incurred abroad.

Income taxes amounting to € 14,191 thousand (2022: € 13,720 thousand) are derived as follows from "expected" income tax expenses which would have resulted from applying the average rate of income tax of the EDAG Group to the earnings before income taxes. To determine the expected tax expense, the pre-tax earnings are multiplied by a weighted average combined tax rate of 32.31 percent (2022: 31.60 percent). Due to the development of the results of the companies in the different tax law systems, the weighted average combined tax rate for EDAG Group AG increased compared to the previous year.

	2023		2022	
	in € thousand	in %	in € thousand	in %
Earnings before tax	**43,094**		**42,578**	
Expected tax rate	-	32.31%	-	31.60%
Expected tax expense	**13,924**		**13,455**	
Tax-free earnings and non-deductible expenses	1,883	4.37%	1,131	2.66%
Tax effects from equity investments	- 386	-0.90%	- 234	-0.55%
Tax rate deviations	- 1,733	-4.02%	- 1,352	-3.18%
Tax effects from losses carried forward	- 780	-1.81%	- 25	-0.06%
Taxes for previous year	867	2.01%	236	0.55%
Miscellaneous tax effects	416	0.97%	509	1.20%
Income taxes as disclosed in the statement of comprehensive income	**14,191**		**13,720**	
Effective tax rate		32.93%		32.22%

Deferred taxes developed as follows in the consolidated statement of financial position:

in € thousand	2023	2022
Deferred tax assets	15,796	15,642
Deferred tax liabilities	- 40	- 4
Net	**15,756**	**15,638**
Difference to previous year	118	- 3,729
Through profit or loss	- 686	- 82
Recognized directly in equity	787	- 3,739
Currency differences	19	90

Deferred taxes are allotted to the following statement of financial position positions, losses carried forward, and tax credits:

in € thousand	12/31/2023		12/31/2022	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Assets				
Other intangible assets	1	- 1,032	57	- 1,308
Property, plant and equipment	291	- 3,943	108	- 2,707
Right of use assets	-	- 47,997	-	- 48,636
Financial assets	-	- 176	-	- 176
Inventories, receivables, other financial assets	4,394	- 17,768	3,467	- 17,998
Liabilities and provisions				
Provisions	12,977	- 2,314	12,947	- 2,184
Liabilities	14,074	- 250	21,110	- 6,849
Lease liabilities	53,155	-	53,094	-
Tax losses carried forward	4,344	-	4,712	-
Gross amount	**89,236**	**- 73,480**	**95,495**	**- 79,858**
Offsetting	- 73,440	73,440	- 79,854	79,854
Statement of financial position valuation	**15,796**	**- 40**	**15,641**	**- 4**

The deferred taxes are regularly assessed. The ability to realize tax income from deferred taxes depends on the ability to achieve taxable income in the future and to use tax losses carried forward before they expire. Deferred tax assets are only recognized to the extent that it is likely that a taxable income will be available, can be used against the deductible temporary differences, and it can be assumed that they will be reversed in the future In 2023, subsidiaries that reported losses in the year just ended or the previous year recognized net deferred tax assets totaling € 101 thousand (2022: € 4,539 thousand) from temporary differences and tax loss carried forward.

An offsetting of deferred tax assets and liabilities occurs if an offsetting of actual tax assets is enforceable against actual tax liabilities. In addition to this, the tax assets and liabilities must also refer to income taxes on the same tax subject which are levied by the same tax authority.

For deductible temporary differences totaling € 531 thousand (12/31/2022: € 681 thousand), no deferred tax asset was recorded in the statement of financial position, since no tax relief is to be expected. No deferred taxes have been recognized on temporary differences amounting to € 1,433 thousand (2022: € 1,332 thousand) between the net assets of Group companies reported in the consolidated financial statements and the tax base for the shares in these Group companies ("outside basis differences"), as the EDAG Group is in a position to manage the timing of the reversal of temporary differences, and there are no plans to dispose of investments in the near future.

As at December 31, 2023, the corporate income tax losses carried forward amount to € 11,759 thousand (12/31/2022: € 13,930 thousand).

The full amount of the deferred tax assets on losses carried forward has not been recorded, as, with a number of companies, it is unlikely that taxable income will be realizable in the foreseeable future. The unrecognized deferred taxes which result from corporate tax losses carried forward can be seen in the following table:

in € thousand	**12/31/2023**	**12/31/2022**
Losses carried forward from corporate business tax (not usable)	**7,945**	**10,732**
Expiry within		
1 year	-	-
2 – 3 years	-	-
4 – 5 years	-	-
6 – 10 years	499	3,038
more than 10 years	5,131	5,315
able to be carried forward for an unlimited period	2,315	2,379

In the EDAG Group, apart from the losses carried forward shown in the table, further losses carried forward were also generated in the Swiss holding company EDAG Group AG, Arbon, at the level of direct federal tax. The accrued losses carried forward in the amount of € 4,458 thousand on December 31, 2023 (12/31/2022: € 2,172 thousand) can be offset against the profits of the next seven years. As it is unlikely that the losses carried forward will be realized in the foreseeable future, so reducing income tax, no deferred tax asset was recognized.

In Germany, deferred taxes on business tax losses carried forward amounting to € 25,320 thousand (12/31/2022: € 28,912 thousand) were calculated and recognized. The business tax losses carried forward can be carried forward indefinitely.

In the USA, there were state income taxes losses carried forward amounting to € 2,136 thousand (12/31/2022: € 2,372 thousand). No deferred tax assets were recognized for these losses carried forward.

With the Global Anti-Base Erosion (GloBE) model rules, the Organisation for Economic Cooperation and Development (OECD) has published a set of rules which specifies a minimum tax of 15 % per country ("Pillar II"). Various countries intend to pass, or have already passed, tax laws with a view to implementing the "Pillar II" regulations, either fully or in part.

On December 22, 2023, the Swiss Federal Council resolved the partial implementation of the "Pillar II" income tax obligation by introducing an additional national tax ("qualified domestic minimum top-up tax", QDMTT) with effect from January 1, 2024, in order to achieve the 15 % tax level required under "Pillar II" regulations for the profits of Swiss subsidiaries. In Germany, the "Act Implementing Council Directive (EU) 2022/2523 on Ensuring a Global Minimum Taxation and Other Accompanying Measures" was also passed to ensure a global minimum level of taxation. In other countries in which the EDAG Group also operates, particularly in the European Union, corresponding laws on global minimum taxation have either already been passed or are currently in the process of being implemented. As the laws passed are not applicable until the beginning of 2024, no actual tax expense results from these laws as of the reporting date. Further, the EDAG Group is making use of the exemption under IAS 12.4A, according to which no deferred taxes need to be recognized in connection with the global minimum taxation. Due to the complexity of the regulations and the fact that the legislative process has not yet been finalized in many countries, it is not yet possible to calculate the exact amount of the future charges with any reliability. However, the EDAG Group assumes that no significant minimum tax charges are to be expected from the future application of the German Minimum Taxation Act or corresponding foreign laws.

[14] Results per Share

With the undiluted basic earnings per share, or EPS (quotient for the earnings after taxes allocated to the EDAG Group AG shareholders and the weighted average number of common shares outstanding, undiluted) we use a performance indicator derived directly from earnings after taxes. The undiluted basic earnings per share denotes the corresponding share-based period result attributable to the shareholders of EDAG Group AG, and is therefore an indicator of EDAG's earning power, particularly from the point of view of our shareholders.

There was no dilution of the basic earnings per share in either the reporting year or the year before. The same average number of shares outstanding were used as the basis for the comparison with the previous year.

in € thousand	2023	2022
Basic Earnings per Share (EPS)		
Earnings after tax	28,903	28,858
Earnings after tax, attributable to shareholders of EDAG Group AG	28,903	28,858
Earnings after tax from continuing operations, attributable to shareholders of EDAG Group AG	28,903	28,858
Weighted average number of shares (basic; in thousand)	25,000	25,000
Effect from diluted equity instruments (in thousand)	-	-
Weighted average number of shares (diluted; in thousand)	25,000	25,000
Basic earnings per share	1.16	1.15
Diluted earnings per share	1.16	1.15

5.4 Notes on the Statement of Financial Position

[15] Intangible Assets

Intangible assets have developed as follows:

in € thousand	Concessions, industrial property rights and similar rights	IT software	Goodwill	Down-payment made for intangible assets	Capitalized develop-ment costs	Customer list from purchase price allocation	Total
(Historical) Costs							
As per 12/31/2021 / 1/1/2022	**30**	**50,512**	**74,566**	**1,947**	**4,566**	**23,576**	**155,197**
Currency conversion difference	-	- 13	- 179	-	- 9	142	- 59
Additions	-	4,048	-	677	-	-	4,725
Disposals	-	- 2,807	-	-	-	- 18,122	- 20,929
Transfers	-	1,947	-	- 1,947	-	-	-
As per 12/31/2022 / 1/1/2023	**30**	**53,687**	**74,387**	**677**	**4,557**	**5,596**	**138,934**
Currency conversion difference	-	- 7	- 29	-	-	- 46	- 82
Additions	-	2,281	-	125	-	-	2,406
Disposals	-	- 2,555	-	- 802	-	- 5,550	- 8,907
Transfers	-	-	-	-	-	-	-
As per 12/31/2023	**30**	**53,406**	**74,358**	**-**	**4,557**	**-**	**132,351**

in € thousand	Concessions, industrial property rights and similar rights	IT software	Goodwill	Down-payment made for intangible assets	Capitalized develop-ment costs	Customer list from purchase price allocation	Total
Accumulated amortization and impairments							
As per 12/31/2021 / 1/1/2022	**- 29**	**- 41,404**	**-**	**-**	**- 4,566**	**- 21,480**	**- 67,479**
Currency conversion difference	-	24	-	-	9	- 121	- 88
Additions (scheduled amortization)	- 1	- 4,382	-	-	-	- 1,967	- 6,350
Disposals	-	2,669	-	-	-	18,122	20,791
As per 12/31/2022 / 1/1/2023	**- 30**	**- 43,093**	**-**	**-**	**- 4,557**	**- 5,446**	**- 53,126**
Currency conversion difference	-	- 13	-	-	-	42	29
Additions (scheduled amortization)	-	- 4,421	-	-	-	- 146	- 4,567
Disposals	-	2,555	-	-	-	5,550	8,105
As per 12/31/2023	**- 30**	**- 44,972**	**-**	**-**	**- 4,557**	**-**	**- 49,559**
Book value 12/31/2022	**-**	**10,594**	**74,387**	**677**	**-**	**150**	**85,808**
Book value 12/31/2023	**-**	**8,434**	**74,358**	**-**	**-**	**-**	**82,792**

No ownership restrictions exist on intangible assets.

As in the previous year, no public sector benefits were offset from the acquisition costs for intangible assets during the reporting year.

The customer lists from purchase price allocations were primarily the result of the acquisition of EDAG Production Solutions Inc. (previously: CKGP/PW & Associates Inc.) and EDAG Engineering Scandinavia AB (previously: HRM Engineering AB).

As at December 31, 2023 the customer lists from purchase price allocations been fully amortized.

[16] Property, Plant and Equipment

No ownership restrictions exist on property, plant and equipment on the reporting date (2022: € 310 thousand).

During the reporting year, public sector benefits in the amount of € 52 thousand were offset from acquisition costs for property, plant and equipment (2022: € 3 thousand).

Property, plant and equipment includes assets which are the subject of operating leases in which EDAG is the lessor.

No investment property was held as at either December 31, 2023 or December 31, 2022.

Property, plant and equipment have developed as follows:

in € thousand	Land and buildings	Technical equipment and machinery	Other equipment, plant and office equipment	Advance payments and construction in progress	Total property plant and equipment
(Historical) Cost					
As per 12/31/2021 / 1/1/2022	**38,686**	**70,658**	**76,061**	**1,342**	**186,747**
Currency conversion difference	192	455	172	-	819
Additions	920	3,554	11,000	9,816	25,290
Disposals	- 225	- 512	- 2,642	- 1	- 3,380
Transfers	2	394	59	- 455	-
As per 12/31/2022 / 1/1/2023	**39,575**	**74,549**	**84,650**	**10,702**	**209,476**
Currency conversion difference	142	472	20	-	634
Additions	2,294	5,164	10,119	10,199	27,776
Disposals	- 3,233	- 3,672	- 4,319	- 88	- 11,312
Transfers	2,873	2,212	513	- 3,481	2,117
As per 12/31/2023	**41,651**	**78,725**	**90,983**	**17,332**	**228,691**

in € thousand	Land and buildings	Technical equipment and machinery	Other equipment, plant and office equipment	Advance payments and construction in progress	Total property plant and equipment
Accumulated depreciation					
As per 12/31/2021 / 1/1/2022	**- 19,366**	**- 45,504**	**- 54,078**	**-**	**- 118,948**
Currency conversion difference	- 53	- 256	- 111	-	- 420
Additions (scheduled depreciation)	- 1,876	- 4,597	- 8,081	-	- 14,554
Additions (non-scheduled depreciation)	-	-	-	-	-
Disposals	119	423	2,549	-	3,091
Transfers	-	-	-	-	-
As per 12/31/2022 / 1/1/2023	**- 21,176**	**- 49,934**	**- 59,721**	**-**	**- 130,831**
Currency conversion difference	- 27	- 288	- 101	-	- 416
Additions (scheduled depreciation)	- 1,939	- 5,255	- 8,693	-	- 15,887
Additions (non-scheduled depreciation)	-	-	-	-	-
Disposals	3,101	3,610	4,108	-	10,819
Transfers	- 221	-	-	-	- 221
As per 12/31/2023	**- 20,262**	**- 51,867**	**- 64,407**	**-**	**- 136,536**
Book value 12/31/2022	**18,399**	**24,615**	**24,929**	**10,702**	**78,645**
Book value 12/31/2023	**21,389**	**26,858**	**26,576**	**17,332**	**92,155**

The item "Advance payments and assets under construction" in the reporting year primarily comprises assets under construction in association with the company's own EMC Competence Center at the Fulda site.

[17] Right of Use from Leasing

The rights of use from leased assets have developed as follows:

in € thousand	Right-of-use land	Right-of-use buildings	Right-of-use other equipment and office equipment	Total Right-of-use from leasing
(Historical) Cost				
As per 12/31/2021 / 1/1/2022	**2,079**	**204,479**	**10,212**	**216,770**
Currency conversion difference	-	207	21	228
Additions	35	51,300	3,959	55,294
Disposals	- 69	- 10,570	- 1,857	- 12,496
Transfers	-	-	-	-
As per 12/31/2022 / 1/1/2023	**2,045**	**245,416**	**12,335**	**259,796**
Currency conversion difference	-	192	14	206
Additions	138	23,121	4,489	27,748
Disposals	- 258	- 13,280	- 3,012	- 16,550
Transfers	-	- 2,117	-	- 2,117
As per 12/31/2023	**1,925**	**253,332**	**13,826**	**269,083**

in € thousand	Right-of-use land	Right-of-use buildings	Right-of-use other equipment and office equipment	Total Right-of-use from leasing
Accumulated depreciation				
As per 12/31/2021 / 1/1/2022	**- 1,429**	**- 79,543**	**- 4,802**	**- 85,774**
Currency conversion difference	-	- 14	- 10	- 24
Additions (scheduled depreciation)	- 177	- 15,547	- 2,827	- 18,551
Additions (non-scheduled depreciation)	-	-	-	-
Write-ups	-	800	-	800
Disposals	68	9,600	1,795	11,463
Transfers	-	-	-	-
As per 12/31/2022 / 1/1/2023	**- 1,538**	**- 84,704**	**- 5,844**	**- 92,086**
Currency conversion difference	-	- 278	- 5	- 283
Additions (scheduled depreciation)	- 159	- 17,261	- 3,095	- 20,515
Additions (non-scheduled depreciation)	-	- 400	-	- 400
Write-ups	-	-	-	-
Disposals	258	6,227	3,002	9,487
Transfers	-	221	-	221
As per 12/31/2023	**- 1,439**	**- 96,195**	**- 5,942**	**- 103,576**
Book value 12/31/2022	**507**	**160,712**	**6,491**	**167,710**
Book value 12/31/2023	**486**	**157,137**	**7,884**	**165,507**

[18] Non-current Financial Assets, Financial Receivables and Current Other Financial Assets

in € thousand	12/31/2023			12/31/2022		
	Short-term	Long-term	Total	Short-term	Long-term	Total
Shares in affiliated companies	-	80	80	-	80	80
Loans	-	43	43	-	43	43
Securities	28	-	28	30	-	30
Market values of derivative financial instruments - held for trading	-	-	-	121	-	121
Receivables from leases	-	-	-	60	-	60
Other miscellaneous financial receivables	1,951	564	2,515	1,735	557	2,292
Total	**1,979**	**687**	**2,666**	**1,946**	**680**	**2,626**

The non-consolidated shares in subsidiaries are recognized at acquisition cost because future cash flows cannot be estimated reliably, which means that the fair value cannot be reliably determined either. There are no plans for the near future to sell significant shares of the available for sale financial assets valued at acquisition cost.

The loans result primarily from loans extended to employees, they were not past due on the balance sheet date, and are being repaid as scheduled.

Where securities positions are concerned, securities of € 28 thousand (12/31/2022: € 30 thousand) are held. These are marketable debt and equity securities. In the previous year, the market values of derivative financial instruments were derivatives used to hedge foreign currency risks.

The accounts receivable from leases in the previous year relate to receivables from subleases which, on the basis of the right of use under the main lease, were classified as financing leases in accordance with IFRS 16. In the reporting year, the subleases were revalued in the course of a contract modification and are now classified as operating leases. The lease therefore no longer gives rise to the recognition of a lease receivable in accordance with IFRS 16.

The other remaining financial receivables are composed primarily of deposits which have been paid and of creditors with debit balances.

[19] Investments Accounted for Using the Equity Method

As at December 31, 2023, the EDAG Group holds 49 percent of EDAG Werkzeug + Karosserie GmbH. The addition to investments was made in 2014.

The share of assets, liabilities and provisions, income and expenses attributable to the Group for the investment accounted for using the equity method is shown in the following tables.

in € thousand	2023	2022
Book value 1/1/	**18,487**	**18,119**
Dividends	- 159	- 486
Subsequent valuation	1,243	854
Book value 12/31/	**19,571**	**18,487**

In the following table, the summarized financial information on the investment accounted for using the equity method is shown on a 100 percent basis:

in € thousand	12/31/2023	12/31/2022
Current assets	38,794	23,189
of which cash	15,033	3,549
Non-current assets	8,537	7,933
Total assets	**47,331**	**31,123**
Current liabilities and provisions	20,973	6,728
of which financial liabilities	909	950
Non-current liabilities and provisions	1,448	1,697
of which financial liabilities	220	430
Total liabilities and provisions	**47,331**	**8,425**
Net assets	**24,910**	**22,699**
Sales revenues	52,138	38,467
Scheduled depreciation and amortization	1,557	2,064
Interest income	418	87
Interest expenses	75	53
Income tax expenses/income [+/-]	1,131	709
Profit or loss	**2,438**	**1,512**
Other comprehensive income	98	231
Totel comprehensive income	**2,536**	**1,743**

In the case of accounting using the equity method, intercompany profits must be eliminated in consolidation on a pro rata basis. For material reasons, this did not result in any adjustments.

The following table shows the reconciliation of the net assets of the investment accounted for using the equity method:

in € thousand	2023	2022
Opening net assets 1/1/	**22,699**	**21,948**
Profit/loss for the period	2,438	1,512
Other comprehensive income	97	231
Dividends paid	- 324	- 992
Closing net assets 12/31/	**24,910**	**22,699**

[20] Contract Assets

The contract assets are composed of the following net amounts:

in € thousand	12/31/2023	12/31/2022
Accrued costs including partial profits and losses	970,440	908,496
Partial invoices	- 852,870	- 791,783
Total amount due from current contract assets	**117,570**	**116,713**
Advance payments received from current contract assets	37,682	46,789
Provision for risk IFRS 9	- 287	- 542
Current contract assets	**79,601**	**69,382**

As in the previous year, contract assets are classified as current, in accordance with their terms.

[21] Accounts Receivable

The accounts receivable are classified as follows:

in € thousand	12/31/2023	12/31/2022
Accounts receivable		
due from third parties	136,313	135,434
due from affiliated companies	17	19
due from related parties	48	-
Total	**136,378**	**135,453**

As in the previous year, the accounts receivable have terms of less than one year.

For the development of the value adjustment account and the analysis of overdue, accounts receivable and other receivables, please see chapter 5.7 "Book Values, Valuation Rates and Fair Values of the Financial Instruments as per Valuation Category".

Accounts receivable due from related companies and persons in the amount of € 48 thousand are receivables due from EDAG Werkzeug + Karosserie GmbH.

[22] Other Non-Financial Assets

The other non-financial assets are classified as follows:

in € thousand	12/31/2023			12/31/2022		
	Short-term	Long-term	Total	Short-term	Long-term	Total
Other non-financial receivables						
Due from employees	805	-	805	729	-	729
Due from plan assets (unpledged)	-	76	76	-	73	73
From value added tax	2,421	-	2,421	1,698	-	1,698
From other taxes	110	-	110	80	-	80
Payments on account	264	-	264	823	-	823
Accrued items	13,963	2,084	16,047	13,202	2,458	15,660
Other remaining non financial receivables	676	82	758	723	79	802
Total	**18,239**	**2,242**	**20,481**	**17,255**	**2,610**	**19,865**

The remaining other non-financial amounts receivable primarily include receivables from subsidies for short-time compensation. Essentially, the accrued income includes deferred advance payments for maintenance and rents.

[23] Current and Deferred Income Tax Assets

in € thousand	12/31/2023	12/31/2022
Deferred tax assets	15,796	15,642
Income tax assets	3,627	1,005
Total	**19,423**	**16,647**

The assets from future income tax relief include deferred tax assets from temporary differences between the book values reported in the Group statement of financial position and the tax bases, as well as tax savings from losses carried forward assessed as being realizable in the future: Details of deferred tax assets are given in chapter "[13] "Income Taxes". Provided that the conditions for offsetting are met, deferred tax assets are shown on the statement of financial position offset against deferred tax liabilities. Of the deferred tax assets in the amount of € 89,236 thousand (gross amount before offsetting), € 57,053 thousand will be realizable after more than twelve months (12/31/2022: € 57,281 thousand).

[24] Inventories

The book value of the inventories in the amount of € 4,735 thousand (12/31/2022: € 4,348 thousand) is broken down as follows:

in € thousand	12/31/2023	12/31/2022
Raw materials and supplies	3,150	2,260
Unfinished goods and services	1,575	2,074
Finished goods	10	14
Total	**4,735**	**4,348**

The difference between the changes in inventories of unfinished and finished goods and services shown in the statement of comprehensive income results from changes in the scope of currency conversion differences. The raw materials and supplies as well as merchandise are capitalized at acquisition cost; the unfinished goods and services and finished goods at the lower of production cost or net disposal value. During the reporting year, impairments in the amount of € 719 thousand (2022: € 512 thousand) were carried out on inventories with a book value before impairment of € 339 thousand (2022: € 282 thousand), and accordingly posted as material expense. As in previous years, no impairments on inventories were posted as depreciation on current assets.

Likewise, no reversals of impairment losses which reduce the material expense were carried out. As in previous years, the inventories were not pledged as securities for third party liabilities.

[25] Cash and Cash-Equivalents

The cash and cash-equivalents are composed as follows:

in € thousand	12/31/2023	12/31/2022
Deposits with banks and cash in hand	107,266	122,688

As in the previous year, the Group held cash or cash-equivalents in the amount of € 108 thousand (CHF 100 thousand) which are not at its unrestricted disposal. Deposits with credit institutions are held at banks with first class credit ratings.

[26] Equity

Subscribed Capital

The fully paid-in subscribed capital of EDAG Engineering Group AG in the amount of € 920 thousand as at December 31, 2023 continues to backed by 25 million bearer shares with a nominal value of CHF 0.04 per share.

Further information on the shares is given in the chapter "General Information".

Consolidated Equity Development

Details of the development of the equity capital in 2022 and 2023 is shown in the Group's statement of changes in equity.

Retained earnings comprise the other retained earnings, reserves for conversion effects as per IFRS 1, and reserves from transactions under joint control, as well as the annual results of the previous years after dividend distributions and the profit of the current year.

Reserves from Profits and Losses Recognized Directly in Equity (OCI)

This item includes direct changes to equity capital resulting from the valuation of pension obligations.

Currency Conversion Difference

Differences from currency conversion include differences from the currency conversion of financial statements of non-domestic subsidiaries.

Paid and Proposed Dividends

At the annual shareholders' meeting of EDAG Group AG held on June 28, 2023, it was decided that, for the 2022 financial year, a dividend in the amount of € 0.55 per share should be paid from the capital reserves.

Subject to approval of the annual shareholders' meeting, the Board of Directors of EDAG Group AG recommends paying a dividend of € 0.55 (CHF 0.51) per share for the 2023 financial year, which will result in an overall payout of € 13,750 thousand (CHF 12,733 thousand). The Board of Directors recommends that the entire dividend payout in the amount of € 0.55 (CHF 0.51) per share proposed for 2023 should be withdrawn from the capital reserves of EDAG Group AG. Subject to this proposal being passed at the annual shareholders' meeting, any such payout will not be subject to Swiss withholding tax.

[27] Pensions and Other Post-Employment Benefits

EDAG has a company pension scheme for its employees, which takes the form of defined benefit and/or defined contribution plans. In this way, provision is made for virtually all employees for the period after their retirement.

Defined Contribution Plans

The defined contribution benefits are benefits from state and private retirement insurers, to whom payments are made on the basis of statutory regulations, or on a voluntary basis. The employer contributions paid to the statutory pension scheme in Germany may be viewed as defined contribution plans of this nature. Payments to defined contribution pension plans in the Group predominantly refer to contributions to statutory pension schemes in Germany. The Group has no further payment obligations besides the payment of the contributions. In the reporting year, contributions amounting to € 41,223 thousand were paid (2022: € 42,186 thousand).

Defined Benefit Plans

The defined benefit plans involve both direct benefits (direct pension commitments) and indirect benefits made through VKE-Versorgungskasse EDAG-Firmengruppe e.V. (VKE).

The direct benefits are guaranteed life-long pension payments. In some cases, this means benefits at a fixed amount; in others, benefits that vary according to the length of service to the company and the employee's salary. Old-age, disability and surviving dependents' pensions are assured.

The purpose of VKE - a group support fund - is to serve as a social institution of EDAG and its affiliated companies wishing to have their company retirement pension schemes managed by VKE. The sponsors (members using VKE to handle their company retirement pension schemes) are the following companies:

- EDAG Engineering GmbH, Wiesbaden
- EDAG Production Solutions GmbH & Co. KG, Fulda

The exclusive and unchangeable purpose of VKE is to manage the support fund which grants to beneficiaries voluntary, one-off, recurring or ongoing benefits pursuant to the VKE benefit plan in the event of assistance being required, occupational incapacity or occupational disability, and during old age. Beneficiaries can be employees and/or former employees of the sponsor companies and their families (spouses, children) and/or surviving dependants. Members of the sponsor companies are also persons with whom the sponsor companies are, or have been, in an employment-type relationship. EDAG will no longer be entering into pension commitments for employees recruited on or after June 1, 2006. In accordance with the provisions of the pension scheme, employees who are entitled to benefits receive old-age and surviving dependents' benefits in the form of a lump-sum payment. The benefits are financed through an external fund, with the fund assets being re-invested in the form of loans in the sponsor companies.

In accordance with the provisions of this pension scheme, the employee receives old-age and surviving dependents' benefits. Each of the benefits due is paid as a lump sum.

Pension obligations in **Germany** are subject to the provisions of the German Company Pensions Act. Due to the pension adjustment obligation required by law, pension commitments are subject to inflation risk. Furthermore, there is the risk that, due to changes in life expectancy, the likelihood of becoming disabled and the likelihood of dying, the actual payment obligations are different from what was expected at the time when the commitment was made.

In **Switzerland**, the Group's company pension scheme is bening handled by BVG-Sammelstiftung Swiss Life. Assets are invested jointly for all accounts in a collective fund. All biometric risks (disability, death and longevity) as well as the investment and interest rate risk are reinsured by Swiss Life.

In **Italy**, benefits are paid upon termination of the employment (Trattamento di Fine Rapporto [TFR]). Every employee is entitled to benefits in such cases. For each year of service, severance provisions must be created on the basis of total annual remuneration divided by 13.5. When setting aside these provisions, the employer must pay a proportion (0.5 percent of the salary) of this to the Italian National Social Security Institute or to an external pension fund over the course of the year. This amount is deducted from the severance provisions. On December 31 of each year, the severance pay accrued in the previous year is revalued using an index prescribed by law (1.5 percent plus 75 percent of the increase in the consumer price index for families of workers and employees based on the last 12 months).

In **India**, the 1972 Gratuity Act requires post-employment benefits to be paid to employees, provided they have rendered continuous service for at least 4.5 years. Payment is based on the basic monthly salary divided by 26 days and multiplied by 15 days for each complete year; although if six months have been completed, this is regarded as a year.

Employees in **Mexico** are also entitled to compensation. A payment in the amount of twelve days per service year is granted. Further, in the event of unfair dismissal of employees who have reached retirement age, compensation must be paid for the service years worked. Compensation amounts to three months' salary.

Old-age pension obligations are determined on the basis of the actuarial expert report that is produced each year. The benefit amount is determined using the duration of employment as well as the estimated future salary and pension trends.

The pension provision recorded on the statement of financial position is shown as follows:

in € thousand	12/31/2023	12/31/2022
Present value of obligations financed through a fund	37,904	34,843
Fair value of plan assets	18,318	19,031
Financing deficit (-)/surplus (+)	**19,586**	**15,812**
Present value of obligations not financed through a fund	10,301	9,929
Total deficit of the defined benefit obligations [recognized pension provision]	**29,887**	**25,741**

The pension provision developed as follows:

in € thousand	12/31/2023	12/31/2022
Pension provision at the beginning of the financial year	25,741	37,489
Ongoing service cost	1,306	1,770
Past service cost	- 9	- 30
Net interest expenses (+)/income (-)	1,067	455
Revaluations	2,696	- 13,124
Effects of currency conversion	49	1
Benefits payments from company assets	- 780	- 693
Employer contributions to the fund	- 194	- 137
Administration costs	11	10
Recognized pension provision	**29,887**	**25,741**

The vested net present value of the pension obligation and the fair value of the plan assets developed as follows:

in € thousand	2023			2022		
	Total	VKE	Direct benefits	Total	VKE	Direct benefits
Changes to vested net present value						
Vested net present value as at January 1	**44,772**	**33,362**	**11,410**	**58,049**	**42,428**	**15,621**
Ongoing service period cost	1,305	808	497	1,770	1,098	672
Past service cost	- 9	-	- 9	- 30	-	- 30
Interest expense	1,786	1,339	447	658	470	188
Revaluations of defined benefit plans						
from changes to the financial assumptions	2,465	1,803	662	- 14,010	- 10,087	- 3,923
from changes in demographic assumptions	49	345	- 296	920	532	388
Effects of currency conversion	79	-	79	92	-	92
Contributions from plan participants	206	-	206	318	-	318
Benefit payments from company assets	- 780	-	- 780	- 693	-	- 693
Benefit payments from the fund	- 1,679	- 1,394	- 285	- 2,312	- 1,079	- 1,233
Administration costs	11	-	11	10	-	10
Vested net present value as at December 31	**48,205**	**36,263**	**11,942**	**44,772**	**33,362**	**11,410**
Change in plan assets						
Fair value as at January 1	**19,031**	**17,551**	**1,480**	**20,560**	**18,414**	**2,146**
Interest income	718	684	34	203	199	4
Profit (+)/loss (-) from plan assets excluding the amount included in the interest income	- 182	- 161	- 21	35	17	18
Effects of currency conversion	29	-	29	90	-	90
Employer contributions to the fund	195	-	195	137	-	137
Contributions from plan participants	206	-	206	318	-	318
Benefit payments from the fund	- 1,679	- 1,394	- 285	- 2,312	- 1,079	- 1,233
Fair value as at December 31	**18,318**	**16,680**	**1,638**	**19,031**	**17,551**	**1,480**
Total deficit of the defined benefit obligations [recognized pension provision]	**29,887**	**19,583**	**10,304**	**25,741**	**15,811**	**9,930**

The fair value of the plan assets is distributed as follows across the individual asset categories:

in € thousand	12/31/2023		12/31/2022	
	Values	%	Values	%
Debt securities (Germany)	16,680	91%	17,551	92%
of which investments in the employer or related parties (without quoted market price)	16,680	-	17,551	-
Collective fund (Switzerland)	1,638	9%	1,480	8%
of which without quoted market price in an active market	1,638	-	1,480	-
Total plan assets	**18,318**	**100%**	**19,031**	**100%**

The following sensitivity analysis shows the effects of an increase or decrease in the actuarial assumptions on the vested net present value:

in € thousand	2023	2022
Ø Actuarial interest rate		
+ 0.50%	46,109	42,799
- 0.50%	50,429	46,900
Ø Life expectancy		
+ 1 year	48,476	45,113
- 1 year	47,955	44,448

The sensitivities were determined in the same way as the scope of obligations. In the process, one assumption was changed while the remaining assumptions and the valuation methods remained unchanged. If multiple assumptions change at the same time, the effect does not necessarily agree to the sum of the individual effects. Additionally, the effects of the individual assumption changes are not linear.

As the benefits from VKE take neither a vesting trend nor a pension trend into account, a change to this assumption has no significant effects on the total obligation.

The average weighted duration of the vested net present value of the defined benefit pension plans of EDAG as at December 31, 2023 was 9.6 years (2022: 9.9 years).

For the 2024 financial year, the Group is expecting disbursements from company assets for pension commitments in the amount of € 699 thousand (2023: € 707 thousand).

For the 2024 financial year, the Group is expecting disbursements from the pension fund in the amount of € 2,935 thousand (2023: € 2,588 thousand).

The following key actuarial assumptions are the basis of the calculation of the vested net present value:

	12/31/2023	12/31/2022
Ø Discount rate		
Germany	3.49%	4.14%
Switzerland	1.95%	2.25%
Italy	3.70%	3.98%
India	7.40%	7.47%
Mexico	10.20%	8.40%
Vested trend		
Switzerland	2.00%	2.00%
Italy	3.00%	3.00%
India	8.00%	8.00%
Mexico	5.80%	5.80%
Pension trend		
Germany	2.00%	2.00%
Italy	3.00%	3.00%
Inflation rate		
Germany	2.00%	2.00%
Switzerland	1.20%	1.20%
Italy	2.00%	2.00%
Biometric basis for calculation		
Germany	Guideline tables 2018 G	Guideline tables 2018 G
Switzerland	BVG 2020 GT	BVG 2020 GT
Italy	RG48	RG48
India	100% of IALM (2012-14)	100% of IALM (2012-14)

The valuation of retirement obligations was carried out on the basis on a discounting interest rate, which was determined in accordance with the Mercer Yield Curve Approach (MYC).

[28] Other Provisions

The development of other provisions is shown in the following provision schedule:

in € thousand	As at 01/01/2023	Currency conversion differences	Unwinding of discount	Addition	Utilization	Reversal	As at 12/31/2023
Non-current provisions							
Personnel	1,626	23	30	153	- 212	-	1,620
Taxes	138	7	-	14	-	-	159
Other provisions	1,772	- 42	-	14	-	-	1,744
Total non-current provisions	**3,536**	**- 12**	**30**	**181**	**- 212**	**-**	**3,523**
Current provisions							
Taxes	2,112	1	-	1,300	- 99	-	3,314
Personnel	6,843	72	-	2,240	- 1,461	- 772	6,922
Warranty obligations	2,334	-	-	480	-	- 2,033	781
Onerous contracts	20,180	13	-	82	- 3,448	- 515	16,312
Rework	713	- 31	-	105	-	- 72	715
Legal disputes	132	7	-	12	-	- 1	150
Other current provisions	3,111	8	-	1,697	- 775	- 262	3,779
Total current provisions	**35,425**	**70**	**-**	**5,916**	**- 5,783**	**- 3,655**	**31,973**

in € thousand	As at 01/01/2022	Currency conversion differences	Unwinding of discount	Addition	Utilization	Reversal	As at 12/31/2022
Non-current provisions							
Personnel	1,930	65	10	148	- 311	- 216	1,626
Tax provisions	147	18	-	15	- 24	- 18	138
Other provisions	1,828	- 43	-	10	-	- 23	1,772
Total non-current provisions	**3,905**	**40**	**10**	**173**	**- 335**	**- 257**	**3,536**
Short-term provisions							
Taxes	995	1	-	1,193	- 77	-	2,112
Personnel	10,271	- 3	-	1,886	- 3,491	- 1,820	6,843
Warranty obligations	1,441	-	-	1,333	- 420	- 20	2,334
Onerous contracts	5,927	19	-	16,673	- 2,402	- 37	20,180
Rework	222	- 20	-	630	- 117	- 2	713
Restructuring	2,807	-	-	6	- 702	- 2,111	-
Legal disputes	126	15	-	-	- 4	- 5	132
Other current provisions	3,682	7	-	324	- 340	- 562	3,111
Total current provisions	**25,471**	**19**	**-**	**22,045**	**- 7,553**	**- 4,557**	**35,425**

The **tax provisions** include possible obligations from other taxes (including but not limited to land transfer tax and tax on wages, etc.).

The **personnel provision** includes other long-term benefits to employees, within the meaning of IAS 19.153. At the time of reporting, personnel provisions in the amount of € 8,542 thousand (12/31/2022: € 8,469 thousand) exist. Provisions for severance pay are also taken into account in this item.

The provision for **warranties** exists for statutory and contractual guarantee obligations, as well as for goodwill towards customers. Provisions for warranty obligations for specific customer projects were established according to the expected value calculated for potential goodwill gestures.

Provisions for **onerous contracts** are formed when excess costs are incurred for pending sales transactions. As a general rule, losses from construction contracts are calculated on the basis of the production costs.

Provisions for **rectification work** are formed if there are still small, insignificant tasks to be performed after the customer has been invoiced.

As an internationally active company, the EDAG Group is exposed to numerous **legal risks**. In particular, these can include risks from the areas of competition and anti-trust law, patent law, etc. As the results of currently pending and/or future legal action cannot be forecast with any certainty, it is possible that legal or official decisions or settlement agreements might lead to costs being incurred which are either not, or not fully, covered by insurance benefits.

In the case of current provisions, we work on the basis that the cash outflow is to be expected in the following year.

Non-current personnel provisions are primarily anniversary provisions that will be paid out within the next 2 to 40 years. Where the remaining non-current provisions are concerned, we work on the basis that these will be paid out within the next 2 to 4 years.

[29] Financial Liabilities

in € thousand	12/31/2023			12/31/2022		
	Short-term	Long-term	Total	Short-term	Long-term	Total
Liabilities due to credit institutions	3,209	139,517	142,726	81,287	39,528	120,815
Liabilities from loans	16,681	-	16,681	17,551	-	17,551
due to related parties	16,681	-	16,681	17,551	-	17,551
Liabilities from derivative financial instruments	2	-	2	-	-	-
Total	**19,892**	**139,517**	**159,409**	**98,838**	**39,528**	**138,366**

In July 2023, a due tranche of € 80.5 million of a promissory note loan from 2018, with a total volume of € 120 million, was repaid. For the purpose of refinancing, EDAG Engineering GmbH, Wiesbaden has placed a new promissory note loan composed of several tranches in the total amount of € 100 million, with maturities of between three and seven years. The transaction, which was successfully concluded in mid-July 2023, serves to secure the further growth of the EDAG Group. As of December 31, 2023, the two promissory note loans are composed of several tranches with various interest rates and terms to maturity of 1.5 to 6.5 years. As of the reporting date, current liabilities due to credit institutions in the amount of € 3,209 thousand primarily include the interest accrued. The amount of € 81,287 thousand reported in the previous year related primarily to the tranche of € 80.5 million due in 2023.

With the exception of the restricted cash described in chapter [25] "Cash and Cash-Equivalents" [€ 108 thousand (100 thousand CHF], the Group has provided no other securities as collateral for the bank liabilities.

As of December 31, 2023, there is a current loan, including interest, in the amount of € 16,681 thousand from VKE-Versorgungskasse EDAG-Firmengruppe e.V., the other major creditor (12/31/2022: € 17,551 thousand). The average applicable interest rate in the reporting year is 3.0 percent (12/31/2022: 1.5 percent).

Derivatives included the cash outflow of derivative financial instruments with a negative fair value as well as the cash outflow of derivatives with a positive fair value, for which gross settlement has been arranged.

It is the aim of the EDAG Group to preserve the equilibrium between the ongoing coverage of funding requirements and ensuring flexibility through the use of current account overdraft, loans, financing leases and lease liabilities.

The following table shows the liquidity risk of EDAG in relation to financial liabilities, but not including lease liabilities. With this, the contractually agreed (non-discounted) interest and principal payments of the original financial liabilities and the derivative financial instruments are shown with their positive and negative attributable fair value. All instruments which were held on December 31, 2023, and for which payments were already contractually agreed, have been included. Plan figures for future new liabilities are not included. Foreign currency amounts have been converted at the exchange rate valid on the reporting date. Financial liabilities repayable at any time are always allocated to the earliest time scale.

There were no defaults on the recognized loans during the reporting year.

in € thousand	Book value 12/31/2023	Cash flows 2024			Cash flows 2025			Cash flows 2026–2028			Cash flows 2029 onwards			Without fixed principal repayments
		Interest		Principal repayment	Interest		Principal repayment	Interest		Principal repayment	Interest		Principal repayment	
		fixed	var		fixed	var		fixed	var		fixed	var		
Liabilities due to credit institutions	142,727	4,515	2,444	3,210	4,001	2,399	38,512	6,611	4,152	94,005	734	-	7,000	-
Liabilities from loans	16,681	-	-	-	-	-	-	-	-	-	-		-	16,681
due to related parties	16,681	-	-	-	-	-	-	-	-	-	-	-	-	16,681
Liabilities from derivative financial instruments	2	-	-	2	-	-	-	-	-	-	-	-	-	-
Total	**159,410**	**4,515**	**2,444**	**3,212**	**4,001**	**2,399**	**38,512**	**6,611**	**4,152**	**94,005**	**734**	**-**	**7,000**	**16,681**

in € thousand	Book value 12/31/2022	Cash flows 2023			Cash flows 2024			Cash flows 2025–2027			Cash flows 2028 onwards			Without fixed principal repayments
		Interest		Principal repayment	Interest		Principal repayment	Interest		Principal repayment	Interest		Principal repayment	
		fixed	var		fixed	var		fixed	var		fixed	var		
Liabilities due to credit institutions	120,815	1,178	867	81,287	482	443	11	526	443	38,517	22	-	1,000	-
Liabilities from loans	17,551	-	-	-	-	-	-	-	-	-	-	-	-	17,551
due to related parties	17,551	-	-	-	-	-	-	-	-	-	-	-	-	17,551
Total	**138,366**	**1,178**	**867**	**81,287**	**482**	**443**	**11**	**526**	**443**	**38,517**	**22**	**-**	**1,000**	**17,551**

In contrast to cash outflow due to derivatives for which gross settlement has been arranged, there are also cash inflows; these are not, however, shown in this settlement analysis. If the cash inflows were also to be taken into account, the cash outflows presented would be reduced.

[30] Lease Liabilities

in € thousand	12/31/2023	12/31/2022
< 1 year	17,835	18,702
> 1 year < 5 years	55,524	54,677
> 5 years	109,935	109,702
Total leasing liabilities	**183,294**	**183,081**

The following table shows the liquidity risk of EDAG in relation to lease liabilities.

in € thousand	Book value 12/31/2023	Cash flows 2024		Cash flows 2025		Cash flows 2026–2028		Cash flows 2029 onwards	
		Interest	Principal repayment	Interest	Principal repayment	Interest	Principal repayment	Interest	Principal repayment
Leasing liabilities	183,294	9,185	22,501	8,444	24,092	21,307	62,540	31,599	144,696

in € thousand	Book value 12/31/2022	Cash flows 2023		Cash flows 2024		Cash flows 2025–2027		Cash flows 2028 onwards	
		Interest	Principal repayment	Interest	Principal repayment	Interest	Principal repayment	Interest	Principal repayment
Leasing liabilities	183,081	6,997	25,147	6,395	23,177	16,243	54,411	25,978	135,960

From the Group's point of view, there is no significant liquidity risk with regard its own lease liabilities.

[31] Contract liabilities

The contract liabilities are composed of the following net amounts:

in € thousand	12/31/2023	12/31/2022
Accrued costs including partial profits and losses	329,482	322,545
Partial settlements and advance payments received on current contract liabilities	- 376,995	- 399,076
Contract liabilities	**- 47,513**	**- 76,531**

Of the contractual liabilities reported in the previous year, € 76,531 thousand was recognized as revenue in the financial year just ended (2022: € 147,276 thousand).

As in the previous year, contractual liabilities are classified as current, in accordance with their terms.

[32] Accounts Payable

The accounts payable are classified as follows:

in € thousand	12/31/2023	12/31/2022
Accounts payable		
due to third parties	33,527	31,023
due to related parties	442	205
Total	**33,969**	**31,228**

As in the previous year, the accounts payable are classified as current, on account of their terms.

[33] Other Financial Liabilities

The other financial liabilities are classified as follows:

in € thousand	12/31/2023	12/31/20222
Other financial liabilities		
due to related companies	560	560
other remaining liabilities	3,219	3,609
Total	**3,779**	**4,169**

As in the previous year, the other financial liabilities are classified as current, on account of their terms. The other financial liabilities primarily include overpayments and deposits received.

[34] Other Non-Financial Liabilities

The other non-financial liabilities are classified as follows:

in € thousand	12/31/2023			12/31/2022		
	Short-term	Long-term	Total	Short-term	Long-term	Total
Other non-financial liabilities						
advance payments received on orders	2,223	-	2,223	1,295	-	1,295
due to employees	43,962	-	43,962	30,204	-	30,204
within the context of social security	2,413	-	2,413	2,262	-	2,262
deferred income	337	174	511	537	199	736
from value-added tax	17,259	-	17,259	17,235	-	17,235
from other taxes	6,368	-	6,368	6,224	-	6,224
other remaining liabilities	709	-	709	935	-	935
Total	**73,271**	**174**	**73,445**	**58,692**	**199**	**58,891**

The liabilities due to employees are primarily composed of special salary payments (€ 11,742 thousand; 12/31/2022: € 1,336 thousand), obligations from overtime and flexi-time credits (€ 8,870 thousand; 12/31/2022: € 7,871 thousand), obligations from outstanding vacation allowances (€ 5,884 thousand; 12/31/2022: € 5,704 thousand), profit share obligations (€ 12,919 thousand; 12/31/2022 € 12,088 thousand) and obligations from vacation pay and Christmas bonuses (€ 1,847 thousand; 12/31/2022: € 1,780 thousand).

Deferred income is mainly comprised of large advance payments from business partners which were received prior to the balance sheet date and not converted to revenue until subsequent years.

[35] Current and Deferred Income Tax Liabilities

in € thousand	12/31/2023	12/31/2022
Deferred tax liabilities	40	4
Current income tax liabilities	1,215	15,769
Total	**1,255**	**15,773**

In addition to the deferred taxes explained under chapter "[13] Income Tax", the income tax liabilities include income taxes from the current year and the previous years. Provided that the conditions for offsetting are met, deferred tax assets are shown on the statement of financial position offset against deferred tax liabilities. Of the deferred income tax liabilities in the amount of € 73,480 thousand (gross amount before offsetting), € 45,541 thousand will be realizable after more than twelve months (12/31/2022: € 46,102 thousand).

5.5 Segment Reporting and Notes

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).

In the reporting year, the non-current assets amounted to € 378.8 million (12/31/2022: € 369.6 million). Of these, € 2.6 million are domestic, € 332.4 million are German, and € 43.8 million are non-domestic (12/31/2022: domestic: € 2.4 million; Germany: € 322.4 million; non-domestic: € 44.8 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 Group Management Report.

The range of services offered by the **Electrics/Electronics** segment ("E/E") includes the development of electrical and electronic systems, components, functions and services for everything from show cars and prototypes to the complete vehicle. These services are performed in competencies; these are described in greater detail in the chapter "Business Model" in the 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, the Production Solutions segment is also able to optimally plan complete factories over all technical trades, including cross-processes, and to provide implementation from a single source. For more detailed descriptions of the individual departments in this segment, please see the chapter "Business Model" in the Group Management Report.

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

in € thousand	01/01/2023 – 12/31/2023					
	Vehicle Engineering	Electrics/ Electronics	Production Solutions	Total Segments	Consolidation	Total Group
Sales revenue	476,781	257,618	110,381	844,780	-	844,780
Sales revenue with other segments	8,605	4,796	3,610	17,011	- 17,011	-
Changes in inventories	- 444	- 25	- 28	- 497	-	- 497
Total revenues[1]	**484,942**	**262,389**	**113,963**	**861,294**	**- 17,011**	**844,283**
EBIT	**34,905**	**15,268**	**3,764**	**53,937**	**-**	**53,937**
EBIT margin [%]	7.2%	5.8%	3.3%	6.3%	-	6.4%
Purchase price allocation (PPA)	86	-	110	196	-	196
Other adjustments	- 264	-	- 1,304	- 1,568	-	- 1,568
Adjusted EBIT	**34,727**	**15,268**	**2,570**	**52,565**	**-**	**52,565**
Adjusted EBIT margin [%]	7.2%	5.8%	2.3%	6.1%	-	6.2%
Depreciation, amortization and impairment	- 37,851	- 2,022	- 1,497	- 41,370	-	- 41,370
ø Employees by segment	4,638	2,851	1,153	8,642		8,642

in € thousand	01/01/2022 – 12/31/2022					
	Vehicle Engineering	Electrics/ Electronics	Production Solutions	Total Segments	Consolidation	Total Group
Sales revenue	468,648	223,551	102,852	795,051	-	795,051
Sales revenue with other segments	6,396	4,508	6,937	17,841	- 17,841	-
Changes in inventories	702	215	143	1,060	-	1,060
Total revenues[1]	**475,746**	**228,274**	**109,932**	**813,952**	**- 17,841**	**796,111**
EBIT	**34,607**	**14,888**	**1,573**	**51,068**	**-**	**51,068**
EBIT margin [%]	7.3%	6.5%	1.4%	6.3%	-	6.4%
Purchase price allocation (PPA)	1,791	-	226	2,017	-	2,017
Other adjustments	- 2,522	-	- 19	- 2,541	-	- 2,541
Adjusted EBIT	**33,876**	**14,888**	**1,780**	**50,544**	**-**	**50,544**
Adjusted EBIT margin [%]	7.1%	6.5%	1.6%	6.2%	-	6.3%
Depreciation, amortization and impairment	- 29,862	- 5,878	- 3,738	- 39,478	-	- 39,478
ø Employees by segment	4,507	2,492	1,113	8,112		8,112

[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: Compared to the previous year, the reporting structure has been modified with a view to clearly separating customers and sectors. The previous year has been adjusted accordingly, to facilitate comparison.

in € thousand	01/01/2023 – 12/31/2023							
	Vehicle Engineering		Electrics/ Electronics		Production Solutions		Total	
Customer sales division A	77,884	16%	91,228	35%	10,745	10%	179,858	21%
Customer sales division B	74,891	16%	75,223	29%	8,539	8%	158,652	19%
Customer sales division C	62,707	13%	22,578	9%	7,930	7%	93,215	11%
Customer sales division D	57,267	12%	6,033	2%	5,957	5%	69,257	8%
Customer sales division E	58,306	12%	2,545	1%	4,275	4%	65,126	8%
Customer sales division F	67,477	14%	19,932	8%	10,183	9%	97,591	12%
Customer sales division G	78,249	16%	40,079	16%	62,752	57%	181,081	21%
Total sales revenue with third parties	**476,781**	**100%**	**257,618**	**100%**	**110,381**	**100%**	**844,780**	**100%**

in € thousand	01/01/2022 – 12/31/2022							
	Vehicle Engineering		Electrics/ Electronics		Production Solutions		Total	
Customer sales division A	68,912	15%	76,585	34%	14,002	14%	159,499	20%
Customer sales division B	52,191	11%	64,536	29%	3,983	4%	120,710	15%
Customer sales division C	57,736	12%	22,196	10%	8,857	9%	88,789	11%
Customer sales division D	35,735	8%	3,672	2%	5,727	6%	45,134	6%
Customer sales division E	73,177	16%	17,709	8%	11,187	11%	102,073	13%
Customer sales division F	112,011	24%	7,931	4%	17,779	17%	137,721	17%
Customer sales division G	68,886	15%	30,922	14%	41,317	40%	141,125	18%
Total sales revenue with third parties	**468,648**	**100%**	**223,551**	**100%**	**102,852**	**100%**	**795,051**	**100%**

As in the previous year, the Electrics/Electronics segment generated 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	01/01/2023 – 12/31/2023					
	Vehicle Engineering	Electrics/ Electronics	Production Solutions	Total Segments	Consolidation	Total Group
Period-related revenue recognition	463,583	261,975	111,619	837,177	-	837,177
Point in time revenue recognition	21,803	439	2,372	24,614	-	24,614
Sales revenue with other segments	- 8,605	- 4,796	- 3,610	- 17,011	-	- 17,011
Sales revenue with third parties	**476,781**	**257,618**	**110,381**	**844,780**	**-**	**844,780**
Sales revenue with other segments	8,605	4,796	3,610	17,011	- 17,011	-
Changes in inventories	- 444	- 25	- 28	- 497	-	- 497
Total revenues	**484,942**	**262,389**	**113,963**	**861,294**	**- 17,011**	**844,283**

in € thousand	01/01/2022 – 12/31/2022					
	Vehicle Engineering	Electrics/ Electronics	Production Solutions	Total Segments	Consolidation	Total Group
Period-related revenue recognition	455,360	227,206	108,176	790,742	-	790,742
Point in time revenue recognition	19,684	853	1,613	22,150	-	22,150
Sales revenue with other segments	- 6,396	- 4,508	- 6,937	- 17,841	-	- 17,841
Sales revenue with third parties	**468,648**	**223,551**	**102,852**	**795,051**	**-**	**795,051**
Sales revenue with other segments	6,396	4,508	6,937	17,841	- 17,841	-
Changes in inventories	702	215	143	1,060	-	1,060
Total revenues	**475,746**	**228,274**	**109,932**	**813,952**	**- 17,841**	**796,111**

The group sales revenues are broken down in terms of sales into the individual markets as follows. This breakdown reflects the regional classification of the EDAG locations.

in € thousand	01/01/2023 – 12/31/2023					
	Vehicle Engineering	Electrics/ Electronics	Production Solutions	Total Segments	Consolidation	Total Group
Germany	299,527	223,179	83,028	605,734	-	605,734
Switzerland	-	-	-	-	-	-
Remaining Europe	102,012	26,619	16,485	145,116	-	145,116
North America	30,852	1,114	11,335	43,301	-	43,301
South America	5,592	3	-	5,595	-	5,595
Asia	46,302	11,499	3,143	60,944	-	60,944
Australia	-	-	-	-	-	-
Africa	1,101	-	-	1,101	-	1,101
Sales revenue with other segments	- 8,605	- 4,796	- 3,610	- 17,011	-	- 17,011
Sales revenue with third parties	**476,781**	**257,618**	**110,381**	**844,780**	**-**	**844,780**
Sales revenue with other segments	8,605	4,796	3,610	17,011	- 17,011	-
Change in inventories	- 444	- 25	- 28	- 497	-	- 497
Total revenues	**484,942**	**262,389**	**113,963**	**861,294**	**- 17,011**	**844,283**

in € thousand	01/01/2022 – 12/31/2022					
	Vehicle Engineering	Electrics/ Electronics	Production Solutions	Total Segments	Consolidation	Total Group
Germany	234,800	186,733	71,492	493,025	-	493,025
Switzerland	1,777	1,928	845	4,550	-	4,550
Remaining Europe	85,205	23,726	23,760	132,691	-	132,691
North America	38,106	1,346	11,855	51,307	-	51,307
South America	4,578	2	4	4,584	-	4,584
Asia	110,061	14,324	1,833	126,218	-	126,218
Australia	508	-	-	508	-	508
Africa	9	-	-	9	-	9
Sales revenue with other segments	- 6,396	- 4,508	- 6,937	- 17,841	-	- 17,841
Sales revenue with third parties	**468,648**	**223,551**	**102,852**	**795,051**	**-**	**795,051**
Sales revenue with other segments	6,396	4,508	6,937	17,841	- 17,841	-
Change in inventories	702	215	143	1,060	-	1,060
Total revenues	**475,746**	**228,274**	**109,932**	**813,952**	**- 17,841**	**796,111**

5.6 Notes on the Cash Flow Statement

At € 40.7 million, the positive operating cash flow achieved in the reporting year was well above the level of the same period in the previous year (€ 34.0 million), with no change in financial performance. The increase was primarily the result of a lower increase in capital tied up in trade working capital in comparison to the previous year and, in contrast, higher income tax payments in the reporting year.

The investing cash flow was € -29.8 million (2022: € -29.7 million). At € 30.2 million, the gross investments for intangible assets and property, plant and equipment in the reporting year were slightly above the previous year's level (2022: € 30.1 million). The ratio of gross investments in relation to revenues was 3.6 percent (2022: 3.8 percent).

The free cash flow, the sum total of the operating cash flow and investing cash flow, amounted to € 11.0 million (2022: € 4.3 million).

The financing cash flow totaled € -26.3 million (2022: € -33.0 million). This primarily includes principal payments for lease liabilities totaling € 20.2 million (2022: € 18.3 million), interest payments in the amount of € 10.7 million (2022: € 8.6 million) and the dividend payout to the shareholders in the amount of € 13.8 million. Also recognized in the reporting year is the net cash effect from the repayment (€ 80.5 million) and the conclusion (€ 100 million) of new promissory note loans in the amount of € 19.5 million.

The financial and lease liabilities developed as follows:

in € thousand	Financial liabilities	Leasing liabilities	Total
As per 12/31/2021 / 1/1/2022	**139,185**	**146,780**	**285,965**
Cash effective changes	- 1,140	- 18,291	- 19,431
Currency effects	- 3	345	342
Non-cash changes of lease liabilities	-	54,247	54,247
Other non-cash changes	324	-	324
As per 12/31/2022 / 1/1/2023	**138,366**	**183,081**	**321,447**
Cash effective changes	18,394	- 20,174	- 1,780
Currency effects	- 5	- 227	- 232
Non-cash changes of lease liabilities	-	20,614	20,614
Other non-cash changes	2,654	-	2,654
As per 12/31/2023	**159,409**	**183,294**	**342,703**

5.7 Other Notes

Contingent Liabilities/Receivables and Other Financial Obligations

Contingent Liabilities

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

Other Financial Obligations

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

in € thousand	12/31/2023	12/31/2022
Obligations from miscellaneous renting and leasing contracts	8,027	6,232
Open purchase orders	2,586	16,476
Other miscellaneous financial obligations	150	200
Total	**10,763**	**22,908**

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. The open purchase orders from the previous year were associated with the company's EMV competence center, which is being built at the Fulda site, and decreased as construction progressed in 2023.

Contingent Receivables

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

Leases

EDAG as the Lessee

EDAG and its companies act as lessees. For the overwhelming majority of the leases entered into, rights of use and lease liabilities were recognized in accordance with IFRS 16 and updated accordingly. The leases recognized in the balance sheet mainly comprise agreements concerning the use of office buildings, warehouses, production halls and cars. In addition, there are leases that are accounted for as short-term leases in accordance with IFRS 16.6. These are mainly for office, residential and storage space rented on a short-term basis, and cars rented on a short-term basis.

On the balance sheet date, lease obligations from current leases existed in the amount of € 865 thousand (2022: € 832 thousand). In addition, there are leases that were recognized as leases for low-value assets in accordance with IFRS 16.6. These principally include leasing agreements for the use of IT equipment.

The weighted average minimum term of all the leases is 4 years. The total cash outflows from leases (including incidental expenses) in the reporting year amount to € 55,469 thousand (2022: € 50,061 thousand). The leasing agreements entered into do not contain any variable leasing payments which have not been included in the measurement of the leasing liabilities. On the balance sheet date, there are therefore no potential cash outflows from variable lease payments that are not dependent on the development of an index or share price.

Extension and termination options are included in the leases that have been entered into. Periods arising as a result of the granting of extension options were not included in the measurement of the lease liability only if the need to exercise these was not considered reasonably certain at the time of initial measurement, and if, as of the balance sheet date, there had been no triggering event necessitating a reassessment of this evaluation. The termination options granted to the Group in leases entered into were only included in the measurement of the lease liability if the need to exercise these was considered reasonably certain at the time of initial measurement, and if, as of the balance sheet date, there had been no triggering event necessitating a reassessment of this evaluation.

Essentially, the periods of all extension options granted to the Group were included in the measurement of lease liabilities. In addition, essentially none of the termination options granted to the Group were included in the measurement of lease liability. This assessment is based on contract, asset, company and market-related factors. Special mention should be made here of the importance of the continued use of the underlying assets for the Group's business activities. In addition, provided that they will not result in enforceable rights and obligations for the Group, periods relating to automatic extensions in the future and unlimited periods of use that can be terminated by either party were not included in the measurement of the lease term.

The only residual value guarantees that exist in leases that have been entered into are related to leases for the use of motor vehicles. As of the balance sheet date, no payments are expected from the residual value guarantees issued by EDAG and included in the measurement of lease liabilities. This means that no future cash outflows are expected from residual value guarantees issued.

As of the balance sheet date, there were no restrictions or commitments in connection with leases entered into.

On the reporting date, there were three leases for the transfer of use of properties into which EDAG Engineering GmbH had entered but which had not yet begun. For this reason, no corresponding lease liabilities and rights of use were realized as of the reporting date. The expected lease commencement dates and the total of future cash outflows to which EDAG will be exposed in connection with these agreements are shown in the table below.

	Expected lease commencement dates	Future fixed cash outflows per contract year in € thousand	Non-cancellable basic term
Real estate lease agreement 1	January 18, 2024	419	5 years
Real estate lease agreement 2	July 1, 2024	234	5 years
Real estate lease agreement 3	January 1, 2025	272	1 year
Total		**925**	

EDAG as the Lessor

Financing Leases

As of the balance sheet date, EDAG did not operate as a lessor with regard to finance leases. In the course of a contract modification in accordance with IFRS 16.66, the categorization of a sublease of buildings and property previously classified as a finance lease was reassessed during the reporting year. The sublease is now classified as an operating lease, in line with its economic content. The originally derecognized right of use from the principal tenancy is shown on balance again on the reporting date, and amortized in line with its useful life. The leasing installments received are posted through profit or loss, as an operating lease. A lease receivable from the sublease is no longer recognized. The future minimum lease payments from the lease are included in the following chapter.

Operating Leases

EDAG acts as a lessor with regard to operating leases, and continues to include the assets let in this respect in its consolidated statement of financial position. The leasing installments received are posted through profit or loss By and large, this involves the rental of buildings. As a general rule, leasing contracts tend to be short-term. At the year-end, the income from operating leasing amounted to € 2,178 thousand (2022: € 2,267 thousand). The future minimum leasing payments from noncancelable operating leases are as follows:

in € thousand	2023	2022
up to 1 year	1,873	1,627
up to 2 years	1,036	758
up to 3 years	637	737
up to 4 years	116	327
up to 5 years	-	30
more than 5 years	-	-
Total	**3,662**	**3,479**

Financial Instruments

Capital Risk Management

The Group manages its capital with the aim of maximizing the earnings of those involved in the company by optimizing the ratio of equity to borrowed capital. In the process, care is taken to ensure that the group companies can all operate on the assumption that the company is a going concern.

The Group capital structure is composed of debts, financing receivables, securities / derivative financial instruments, cash and cash-equivalents, and also the equity due to the parent company's shareholders. This consists of the subscribed capital, the capital reserves and the retained earnings.

The capital structure of the Group is reviewed by the Group Executive Management on a quarterly basis. During this review, the cost of capital and the risks connected with each capital category are considered. The Group Executive Management's aim is to keep the net financial debt as low as possible in relation to the equity ratio (net gearing).

in € thousand	12/31/2023	12/31/2022
Non-current financial liabilities	- 139,517	- 39,528
Non-current leasing liabilities	- 165,459	- 164,379
Current financial liabilities	- 19,892	- 98,838
Current leasing liabilities	- 17,835	- 18,702
Securities/derivative financial instruments	28	151
Cash and cash-equivalents	107,266	122,688
Net financial debt/credit [-/+]	**- 235,409**	**- 198,608**
Net financial debt/credit [-/+] w/o lease liabilities	**- 52,115**	**- 15,527**
Equity	162,529	148,918
Net gearing [%] incl. lease liabilities	**144.9%**	**133.4%**

At € 235,409 thousand, the net financial debt on December 31, 2023 is € 36,801 thousand above the previous year's value (€ 198,608 thousand). Without taking lease liabilities into account, the net financial debt as of December 31, 2023 amounts to € 52,115 thousand (12/31/2022: € 15,527 thousand), which is equivalent to an increase of € 36,588 thousand.

In July 2023, a due tranche of € 80.5 million of a promissory note loan from 2018, with a total volume of € 120 million, was repaid. For the purpose of refinancing, EDAG Engineering GmbH, Wiesbaden has placed a new promissory note loan composed of several tranches in the total amount of € 100 million, with maturities of between three and seven years. The transaction, which was successfully concluded in mid-July 2023, serves to secure the further growth of the EDAG Group. As of December 31, 2023, the two promissory note loans are composed of several tranches with various interest rates and terms to maturity of 1.5 to 6.5 years.

As of December 31, 2023, there is a current loan, including interest, in the amount of € 16,681 thousand from VKE-Versorgungskasse EDAG-Firmengruppe e.V., the other major creditor (12/31/2022: € 17,551 thousand).

A further component of the net financial debt are liabilities from leases. As IFRS 16 Leasing is now being applied, assets and liabilities are recognized for the corresponding agreements. 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 reported unused lines of credit in the amount of € 104.6 million on the reporting date (12/31/2022: € 106.0 million).

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

	in € thousand	12/31/2023	12/31/2022
	Inventories	4,735	4,348
+	Current contract assets	79,601	69,382
+	Current accounts receivable	136,378	135,453
-	Current contract liabilities	- 47,513	- 76,531
-	Current accounts payable	- 33,969	- 31,228
=	**Trade working capital (TWC)**	**139,232**	**101,424**
+	Non-current other financial receivables	564	557
+	Non-current other non-financial receivables	2,242	2,609
+	Deferred tax assets	15,796	15,641
+	Current other financial receivables excl. Interest-bearing receivables	1,951	1,795
+	Current other non-financial receivables	18,239	17,254
+	Income tax assets	3,627	1,005
-	Non-current other non-financial liabilities	- 174	- 199
-	Deferred tax liabilities	- 40	- 4
-	Current other financial liabilities	- 3,779	- 4,169
-	Current other non-financial liabilities	- 73,271	- 58,692
-	Income tax liabilities	- 1,214	- 15,769
=	**Other working capital (OWC)**	**- 36,059**	**- 39,972**
	Net working capital (NWC)	**103,173**	**61,452**

The trade working capital increased from € 101,424 thousand to € 139,232 thousand, compared to December 31, 2022. The increase mainly results from a higher capital commitment in contract assets and contract liabilities.

The other working capital increased slightly by € 3,913 thousand to € -36,059 thousand, compared to € -39,972 thousand on December 31, 2022. This increase was influenced mainly by an rise of € 14,579 thousand in current other non-financial liabilities from employee benefits. By way of contrast, income tax liabilities decreased, primarily as a result of income tax payments. Income tax assets have also increased.

Book Values, Valuation Rates and Fair Values of the Financial Instruments as per Measurement Category

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.

With the exception of accounts receivable and other receivables and loans, none of the other financial instruments are either overdue or impaired on the reporting date.

On December 31, 2023, the gross book values of the accounts receivable, the adjustments recognized on these amounts, and the risk provisions for expected credit losses are as follows:

in € thousand	12/31/2023		12/31/2022	
	Gross book value	Valuation allowance/ risk provision	Gross book value	Valuation allowance/ risk provision
Accounts receivable				
Neither impaired nor overdue	105,239	- 378	111,983	- 847
< 1 month	22,980	- 105	15,614	- 228
1-2 months	5,496	- 35	4,334	- 64
2-3 months	1,136	- 10	2,115	- 58
3-6 months	1,995	- 407	1,331	- 272
6-12 months	562	- 143	427	- 109
> 12 months	69	- 21	1,231	- 3
Adjusted for specific valuation allowances	2,390	- 2,390	24,455	- 24,455
Total	**139,867**	**- 3,489**	**161,490**	**- 26,036**

As of December 31, 2023, specific valuation allowances were held against receivables in the amount of € 2,390 thousand (12/31/2022: € 24,455 thousand). For the residual book value of € 137,477 thousand (12/31/2022: € 137,035 thousand), risk provisions were recognized for expected credit losses in the amount of € 1,099 thousand (12/31/2022: € 1,581 thousand).

As in the previous year, the other receivables and loans are neither past due on the reporting date, nor have specific valuation allowances been made.

The development of the valuation allowances is shown in the following table:

in € thousand	2023			2022		
	Trade receivables and contract assets	Loans and other financial receivables	Total	Trade receivables and contract assets	Loans and other financial receivables	Total
As per 1/1/	**26,578**	**4**	**26,582**	**26,006**	**3**	**26,009**
Currency conversion difference	- 11	-	- 11	5	-	5
Additions	1,637	5	1,642	1,369	-	1,369
Utilization	- 22,994	-	- 22,994	- 469	-	- 469
Reversals	- 1,435	- 5	- 1,440	- 332	-	- 332
As per 12/31/	**3,775**	**4**	**3,779**	**26,579**	**3**	**26,582**

The total amount of the additions, € 1,642 thousand (2022: € 1,369 thousand) in all, consists of additions from specific valuation allowances (level 3) for the amount of € 1,352 thousand (2022: € 1,062 thousand) and additions from risk provisions for expected credit losses (levels 1 & 2) for the amount of € 290 thousand (2022: € 307 thousand). The total amount of the reversals, € -1,440 thousand in all in the reporting year, includes reversals of risk provisions for expected credit losses (levels 1 & 2) in the amount of € 1,027 thousand (2022: € 0 thousand). This also includes reversals of specific valuation allowances (level 3) in the amount of € 413 thousand (2022: € 332 thousand). The claims in the reporting year essentially relate to the derecognition of irrecoverable receivables for which individual value adjustments were made in full in previous years.

The average default rates used for setting up risk provisions for expected credit losses for accounts receivable vary, depending on both the due dates of the receivables, and on the default patterns of different customer groups. The average default rates vary, depending on the due dates of the receivables, and currently stand at between 0.36 percent and 30 percent. Should there be clear evidence of customers failing to fulfill their payment obligations, this is taken into due account.

With regard to the balance of accounts receivable and other financial assets which are neither overdue nor impaired, there is no indication on the reporting date that the debtors will not meet their payment obligations. Delays in payment are the result of various factors, including security deposits and agreements on the concrete handling of payments which are currently being negotiated. For this reason, we still expect to receive payment.

The Group has established an internal risk monitoring system geared to individual customer risks. All receivables which are neither overdue nor impaired are assigned to the risk category of contractual partners with good credit ratings.

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.

In accordance with IFRS 9, a distinction is made between the following financial assets and financial liabilities, aggregated as per valuation category:

- [AC] Financial Assets measured at Amortized Costs
- [FVtPL] Financial Assets at Fair Value through Profit and Loss
- [AC] Financial Liabilities measured at Amortized Costs
- [FVtPL] Financial Liabilities at Fair Value through Profit and Loss

The book values and fair values of all financial instruments recorded in the 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 12/31/2023
		Carrying amount	Fair value		
Financial assets (assets)					
Financial assets[1]	80	43	43	-	123
Non-current other financial assets	-	564	564	-	564
Current contract assets	-	-	-	79,601	79,601
Current accounts receivables	-	136,378	136,378	-	136,378
Current other financial assets	-	1,951	1,951	-	1,951
Current securities, loans and financial instruments	28	-	-	-	28
Cash and cash-equivalents	-	107,266	107,266	-	107,266
Financial assets (assets)	**108**	**246,202**	**246,202**	**79,601**	**325,911**
Financial liabilities (liabilities)					
Non-current financial liabilities	-	139,517	142,095	-	-
Non-current lease liabilities	-	-	-	165,459	165,459
Current financial liabilities	2	19,890	19,890	-	19,892
Current lease liabilities	-	-	-	17,835	17,835
Current contract liabilities	-	-	-	47,513	47,513
Current accounts payable	-	33,969	33,969	-	33,969
Current other financial liabilities	-	3,779	3,779	-	3,779
Financial liabilities (liabilities)	**2**	**197,155**	**199,733**	**230,807**	**288,447**

[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 12/31/2022
		Carrying amount	Fair value		
Financial assets (assets)					
Financial assets[1]	80	43	43	-	123
Non-current other financial assets	-	557	557	-	557
Current contract assets	-	-	-	69,382	69,382
Current accounts receivables	-	135,453	135,453	-	135,453
Current other financial assets	-	1,735	1,735	60	1,795
Current securities, loans and financial instruments	151	-	-	-	151
Cash and cash-equivalents	-	122,688	122,688	-	122,688
Financial assets (assets)	**231**	**260,476**	**260,476**	**69,442**	**330,149**
Financial liabilities (liabilities)					
Non-current financial liabilities	-	39,528	37,478	-	39,528
Non-current lease liabilities	-	-	-	164,379	164,379
Current financial liabilities	-	98,838	98,838	-	98,838
Current lease liabilities	-	-	-	18,702	18,702
Current contract liabilities	-	-	-	76,531	76,531
Current accounts payable	-	31,228	31,228	-	31,228
Current other financial liabilities	-	4,169	4,169	-	4,169
Financial liabilities (liabilities)	**-**	**173,763**	**171,713**	**259,612**	**433,375**

[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.

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 12/31/2023			
	Level 1	Level 2	Level 3	Total
Financial assets (assets)				
Current securities, loans and financial instruments	28	-	-	28
Financial liabilities (liabilities)				
Other financial liabilities	-	2	-	2

in € thousand	Assessed at fair value 12/31/2022			
	Level 1	Level 2	Level 3	Total
Financial assets (assets)				
Current securities, loans and financial instruments	30	121	-	151
Financial liabilities (liabilities)				
Other financial liabilities	-	-	-	-

Offsetting of financial assets and liabilities

The financial assets and liabilities are generally shown with the gross value. A netting is only possible if – and only if – the netting of the recognized amounts can be legally realized at the present point in time and it is intended to carry out the settlement on a net basis, or to realize the asset and extinguish the liability at the same time.

As at December 31, 2023 and 2022, there were no offsetting effects on the consolidated statement of financial position.

Net Results as per Valuation Category

With the exception of the adjustments attributable to the valuation category "financial assets at amortized cost (AC)", which are posted under the net result from the impairment/impairment loss reversal of financial assets (see chapter [7] "Net Result from the Impairment/Impairment Loss Reversal of Financial Assets"), EDAG records interest from financial instruments and the other components of the net result in the financial results.

The net profit or loss from assets and liabilities which are valued at the attributable fair value through profit or loss includes not only the results from changes in market value, income from investments, and realized gains from the disposal of these shares, but also interest paid or received on these financial instruments.

The net interest profit/loss from financial liabilities valued at amortized acquisition cost mainly includes interest expenses from financial liabilities.

The net results, according to the valuation categories in IFRS 9, are as follows:

in € thousand	From interest, dividends	From subsequent evaluation			From disposal	Net results 2023
		At fair value	Currency conversion	Valuation allowances		
Financial Assets at Amortized Cost (AC)	2,979	-	- 695	- 202	- 5	2,077
Financial Assets at Fair Value through Profit and Loss (FVtPL)	-	- 125	-	-	-	- 125
Financial Liabilities measured at Amortized Cost (AC)	- 5,621	-	-	-	-	- 5,621
Financial Liabilities at Fair Value through Profit and Loss (FVtPL)	-	-	-	-	-	-
Total	**- 2,642**	**- 125**	**- 695**	**- 202**	**- 5**	**- 3,669**

in € thousand	From interest, dividends	From subsequent evaluation			From disposal	Net results 2022
		At fair value	Currency conversion	Valuation allowances		
Financial Assets at Amortized Cost (AC)	657	-	565	- 1,037	125	310
Financial Assets at Fair Value through Profit and Loss (FVtPL)	-	128	-	-	-	128
Financial Liabilities measured at Amortized Cost (AC)	- 2,957	-	-	-	-	- 2,957
Financial Liabilities at Fair Value through Profit and Loss (FVtPL)	-	-	-	-	-	-
Total	**- 2,300**	**128**	**565**	**- 1,037**	**125**	**- 2,519**

Financial Risk Management Objectives and Methods

Risk Management Principles

The primary financial instruments used by the Group are - with the exception of derivative financial instruments - bank loans and current account overdraft, accounts payable, and loans which have been granted. The main purpose of these financial instruments is to finance the business activities of the Group. Further, the Group has at its disposal various financial assets such as securities, accounts receivable, cash and short-term deposits resulting directly from its business activities.

With regard to financial instruments, EDAG is particularly subject to risks resulting from changes in exchange rates and interest rates, as well as to liquidity and credit risks. The aim of financial risk management is to limit these risks by means of on-going operating and finance-oriented activities. Selected derivative hedging instruments are employed to this effect. As a general rule, collateral is provided only against risks that will affect the cash flow of the Group. The derivative financial instruments primarily include forward exchange contracts. The purpose of the derivative financial instruments is to provide security against interest and currency risks resulting from the business activities of the Group and its funding sources. Derivative financial instruments are used solely as hedging instruments, i.e. they are not implemented for trading or other speculative purposes.

Every year, the basic intentions underlying company financial policy are defined by the Group Executive Management and monitored by the Board of Directors. Group Treasury is responsible for the implementation of the financial policy and for on-going risk management.

Credit Risk

As a result of its operating business and certain financial activities, EDAG is at risk of default. In the funding area, business is done only with contracting parties whose creditworthiness is impeccable. In the operating divisions, the Group does business with creditworthy third parties only. A credit assessment is carried out on almost all customers wishing to do business on a credit basis.

As a general rule, the creditworthiness of any other customers is automatically monitored. Any risk of default is addressed by means of risk provisions and specific valuation adjustments.

In addition, receivables are continuously monitored on a divisional, i.e. decentralized, basis, so that, as shown in section "Book Values, Valuation Rates and Fair Values of the Financial Instruments as per Measurement Category", the EDAG Group is not exposed to any significant default risk.

The maximum risk in the event of non-payment by a contracting party is reflected in the book values of the financial assets recorded in the statement of financial position (including derivative financial instruments with positive market values). On the reporting date, there are no significant agreements in existence that would reduce the maximum default risk (such as offsetting agreements).

Assessments indicate that there is very little probability of any default risk occurring.

Liquidity Risk

The liquidity risk is shown separately in chapter "[29] Financial Liabilities".

As a general rule, it is the responsibility of the management of each individual company to keep a constant check on solvency.

The centrally specified objective of the EDAG Group is to guarantee that funding requirements of the group companies are continually met by making use of bank loans, current account overdrafts, inter-company loans and leases. Reports are sent to the parent company on a weekly basis, to enable the liquidity of the individual Group companies to be monitored centrally. The information gained from these is submitted to Group Executive Management for risk control purposes. Although the liquidity risk is currently classified as slight, liquidity nevertheless continues to be secured by external lines of credit.

The company objective is to ensure that sufficient open lines of credit are available at any time. To this end, appropriate measures, such as intensive working capital management, are constantly implemented. Suitable measures are applied in good time, to guarantee the financing of any pending investments.

Market Risks

Interest Risks

Due to the fact that the Group is predominantly financed through fixed interest loans from banks and a related company, VKE-Versorgungskasse EDAG-Firmengruppe e.V., we are of the opinion that any risk posed by fluctuations of market interest rates is very slight.

Changes to market interest rates of original, fixed-interest financial instruments do not affect the results unless they are valued at their attributable fair values. Accordingly, no financial instruments with a fixed interest rate valued at amortized acquisition costs are subject to risk due to changes in interest, in terms of IFRS 7.

The table below Chapter "[29] Financial Liabilities" shows the book values of the Group's financial instruments that are subject to risk from changes in interest, organized according to their contractually defined maturity dates.

Only an insignificant number of variable interest-bearing financial instruments exists. The interest rate for these is derived from a standard, fluctuating reference rate and a company-specific credit margin. On the basis of the Group tax rate of 32.31 percent (previous year 31.60 percent), an amendment of the reference interest rate by +1 percentage point would have an effect of € -294 thousand (previous year € -111 thousand) on the profit or loss for the period after income tax and on equity. The interest rate for fixed-interest financial instruments is defined up to the maturity date of the particular financial instrument. The Group's other financial instruments, which are not included in the table under chapter "[29] Financial Liabilities" are not interest-bearing, and therefore not subject to risk from changes in interest.

Currency Risks
Currency-related risks to the EDAG Group result from financing measures and operating activities. Insofar as they have a significant effect on the Group cash flow, foreign currency risks are always hedged. On the other hand, foreign currency risks not affecting the Group cash flow (i.e. risks resulting from the conversion of assets and liabilities of group companies located abroad into the reporting currency of the Group), are not generally hedged.

Foreign currency risks from financing activities result from financial liabilities in foreign currencies and foreign currency loans.

These risks are covered by the Treasury Department. Currency derivatives are used to convert financial obligations and intra-group loans denominated in foreign currencies into the Group entities' functional currencies.

On the balance sheet date, the receivables and liabilities denominated in foreign currencies, and for which the currency risks have been hedged, exist in USD, GBP and MXN. Due to these hedging activities, the EDAG Group was not exposed to any significant currency risks from financing activities as per the reporting date.

In the operating area, the individual group companies do most of their business in their own functional currencies. This means that any currency risk to the EDAG Group from current operating activities is assessed as being moderate. Some group companies are, however, exposed to foreign currency risks in connection with planned payments not in their own functional currencies.

For the presentation of market risks, IFRS 7 requires sensitivity analyses that show the effects of hypothetical changes of relevant risk variables on profit or loss and equity. The periodic effects are determined by relating the hypothetical changes in the risk variables to the balance of financial instruments on the reporting date. It is assumed that the balance on the reporting date is representative of the entire year.

Currency risks as defined by IFRS 7 arise as a result of financial instruments being denominated in a currency that is not the functional currency and being of a monetary nature; differences resulting from the translation of financial statements into the Group's presentation currency are not taken into consideration. Relevant risk variables are generally all non-functional currencies in which EDAG holds financial instruments.

The currency sensitivity analysis is based on the following assumptions:

Major non-derivative monetary financial instruments (liquid assets, receivables, interest-bearing liabilities, non-interest-bearing liabilities) are either directly denominated in the functional currency, or transferred to the functional currency through the use of derivatives.

The EDAG Group is subject only to currency risks from certain currency derivatives.

These derivatives serve as hedges for planned items. Exchange rate fluctuations in the currencies on which such financial instruments are based affect other operating expenses/income, as any currency losses/gains from the underlying transactions are also shown here (net gain/loss from the adjustment of financial assets to fair value).

Sensitivity Analysis

If each of the functional currencies had increased or decreased in value by 10 percent compared with the other currencies, the following effects on the profit or loss for the period after income tax and on equity would have resulted in relation to the currency relations outlined below. For the effects of the sensitivities on the profit or loss for the period, a group tax rate of 32.31 percent was anticipated (previous year 31.60 percent). It would not be useful to add together the individual values, as, depending on the functional currency in question, the results are based on different scenarios.

in € thousand	12/31/2023	12/31/2022
Currency sensitivities		
10% appreciation		
EUR/USD	79	139
EUR/CHF	150	64
EUR/PLN	120	85
EUR/SEK	104	- 153
EUR/CNY	- 78	- 1
EUR/CZK	63	- 11
Total appreciation	**439**	**122**
10% devaluation		
EUR/USD	- 91	- 181
EUR/CHF	- 183	- 79
EUR/PLN	- 147	- 104
EUR/SEK	- 127	187
EUR/CNY	92	- 1
EUR/CZK	- 76	14
Total devaluation	**- 533**	**- 164**

Other price risks

In the presentation of market risks, IFRS 7 also requires details of the effects hypothetical changes of risk variables would have on the prices of financial instruments. Important risk variables are stock exchange prices or indices. There are no substantial risks in this area in the EDAG Group.

Related Parties

In the course of its regular business activities, the EDAG Group correlates either directly or indirectly not only with the subsidiaries included in the consolidated financial statements, but also with subsidiaries which are affiliated but not consolidated, and with other related companies and persons. The disclosure requirements set out in IAS 24 apply with regard to these relations. Related companies which are controlled by the EDAG Group, or upon which the EDAG Group can exercise significant influence, are listed in section 5.2.4 "Scope of Consolidation".

EDAG Group AG is the ultimate group company and therefore the parent company of the EDAG Group. With a 74.66 percent share, the major shareholder in the EDAG Group is ATON Austria Holding GmbH, Going am Wilden Kaiser, Austria. ATON Austria Holding GmbH is wholly owned by the family of Dr. Helmig.

The volumes of the services rendered to and received from related companies and individuals by the EDAG Group during the reporting year and any resulting claims and obligations on the accounting date are as follows:

in € thousand	2023	2022
EDAG Group with boards of directors[1] (EDAG Group AG)		
Work-related expenses	981	975
Travel and other expenses	52	30
Consulting expenses	75	43
Liabilities from remuneration	560	560
EDAG Group with supervisory boards[1] (EDAG Engineering GmbH & EDAG Engineering Holding GmbH)		
Work-related expenses	69	56
Travel and other expenses	6	2
Compensation costs	821	663
EDAG Group with group executive management[1]		
Liabilities from remuneration	552	601

in € thousand	2023	2022
EDAG Group with ATON companies (parent company and its affiliated companies)		
Goods and services rendered	187	197
Goods and services received	95	-
Other operating expenses	7	1
Receivables	17	19
Advance payments received	3	-
EDAG Group with unconsolidated subsidiaries		
Other operating expenses	7	7
EDAG Group with associated companies		
Goods and services rendered	270	286
Goods and services received	1,360	3,420
Other operating income	34	382
Other operating expenses	62	62
Income from investments	1,195	741
Receivables	48	-
Liabilities	140	104
EDAG Group with other related companies and persons		
Goods and services rendered	-	3
Interest expense	502	266
Other operating income	8	1
Other operating expenses	-	1
Other operating expenses	7,877	6,338
Other non-operating expenses	-	1
Liabilities	302	101
Right of use assets from leases IFRS 16	57,340	65,538
Lease liabilities IFRS 16	62,208	69,784
Current loan obligations	16,681	17,551

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

Standard market conditions apply to the sale or delivery of products and services to, and the purchase of products or services from related companies and persons.

There are long-term sale-and-lease-back agreements with six subsidiaries of KINREFD GmbH, Munich for the use of five properties and their operating facilities; these have an original fixed term until September 15, 2030. In addition to this, there is a long-term real estate lease with a KINREFD GmbH subsidiary, and this has a fixed term until April 5, 2026. HORUS Vermögensverwaltungs GmbH & Co. KG, a company closely associated with EDAG, holds a 49.9 percent interest in KINREFD GmbH, Munich and its wholly owned subsidiaries with which EDAG has entered into long-term rental contracts. An amendment to one of the original sale-and-lease-back agreements was concluded with IN Immo GmbH, one of the six above-mentioned subsidiaries of KINREFD GmbH in the previous year. This includes new premises and a new fixed term until December 31, 2035 On the balance sheet date, lease liabilities from the previously mentioned agreements amounting to € 38.8 million are shown in accordance with IFRS 16 (2022: € 40.2 million). These are offset by rights of use amounting to € 34.5 million on the reporting date (2022: € 36.2 million).

In addition, there is a further real estate lease along with operating facilities with a fixed term until June 30, 2036 with FR 73 Immo GmbH, Munich. HORUS Vermögensverwaltungs GmbH & Co. KG has a 49.9 percent share in this company. On the balance sheet date, lease liabilities from the above-mentioned agreement amounting to € 23.5 million are shown in accordance with IFRS 16 (2022: € 29.6 million). These are offset by rights of use amounting to € 22.9 million on the reporting date (2022: € 29.3 million).

In addition, there is a short-term unsecured loan with VKE Versorgungskasse EDAG-Firmengruppe e.V. This loan has a term of one year, and carried an interest rate of 3 percent per annum in the reporting year. On the reporting date, the book value, including interest, amounts to € 16.7 million.

The other items which were open at the end of the financial year are not collateralized, and are regularly paid.

As far as the receivables refer to down payments that have been made, these are balanced through services rendered. Receivables due from related companies and persons were not impaired in the 2023 financial year. An impairment test is carried out annually. This includes an assessment of the financial position of the related company or person, and the development of the market in which they are active.

Compensation of the Members of the Board of Directors and the Group Executive Management

Details of the compensation of the members of the Group Executive Management and Board of Directors in accordance with the requirements of the Swiss Code of Obligations and the Swiss regulation to counter excessive compensation in listed companies are disclosed in the compensation report.

The **Board of Directors** of EDAG Group AG consisted of the following persons in the financial year just ended:

- Georg Denoke
  Chairman of the board of directors, chairman of the nomination and compensation committee
  Managing Director of ATON GmbH, Munich
  Mandates in other management committees:
  - EDAG Engineering Holding GmbH (non-listed), Munich, Germany (chairman of the supervisory board)
  - EDAG Engineering GmbH (non-listed), Wiesbaden, Germany (chairman of the supervisory board)
  - Redpath Mining Inc. (non-listed), North Bay, Canada, (member of the board of directors)
  - SGL Carbon SE (listed), Wiesbaden, Germany (member of the supervisory board, vice-chairman of the supervisory board)

- Sylvia Schorr
  Chairwoman of the Audit Committee
  Investment manager ATON GmbH, Munich
  Mandates in other management committees:
  - EDAG Engineering Holding GmbH (non-listed), Munich, Germany (member of the supervisory board)
  - EDAG Engineering GmbH (non-listed), Wiesbaden, Germany (member of the supervisory board)

- Dr. Philippe Weber
  Member of the nomination and compensation committee
  Mandates in other management committees:
  - Banca del Ceresio SA (non-listed), Lugano, Switzerland (member of the board of directors)
  - Leonteq AG (listed), Zürich, Switzerland (vice chairman of the board of directors and member of the compensation committee)
  - Leonteq Securities AG (non-listed), Zurich, Switzerland, (vice chairman of the board of directors)
  - Medacta Group AG (listed), Castel San Pietro, Switzerland (member of the board of directors and chairman of the compensation committee)
  - Newron Suisse SA (non-listed), Zurich, Switzerland (member of the board of directors)

- Niederer Kraft Frey AG (non-listed), Zurich, Switzerland, (member of the board of directors)
- NorthStar Holding AG (non-listed), Schindellegi, Switzerland (member of the board of directors)
- PolyPeptide Group AG (listed), Zürich, Switzerland (member of the board of directors and chairman of the management committee)

- Manfred Hahl
  Member of the Audit Committee
  Owner and director of Manfred Hahl Management + Innovation GmbH
  Mandates in other management committees:
  - Autotest Südtirol GmbH (non-listed), Franzensfeste/Mittewald, Italy, (chairman of the board of directors)
  - EDAG Engineering GmbH (non-listed), Wiesbaden, Germany (member of the supervisory board)
  - EDAG Engineering Holding GmbH (non-listed), Munich, Germany (member of the supervisory board)
  - FFT GmbH & Co. KGaA (non-listed), Fulda, Germany, (member of the supervisory board, vice-chairman of the supervisory board)

- Clemens Prändl
  Member of the Audit Committee
  Senior Vice President, SAP SE, Walldorf
  Mandates in other management committees:
  - EDAG Engineering GmbH (non-listed), Wiesbaden, Germany (member of the supervisory board)
  - EDAG Engineering Holding GmbH (non-listed), Munich, Germany (member of the supervisory board)

The compensation of members of the board of directors is regulated in § 25 of the articles of incorporation of EDAG Group AG. The level of compensation is set at the annual shareholders' meeting in accordance with article 12 of the articles of incorporation.

For taking over the function of the ultimate control and management organ of EDAG Group AG and EDAG Engineering Schweiz Sub-Holding AG, and for committee activities in the supervisory boards of EDAG Engineering Holding GmbH and EDAG Engineering GmbH, the members of the Board of Directors only receive short-term benefits. In the 2023 financial year, these amounted to € 971 thousand (2022: € 965 thousand). Employer's social security contributions amounted to € 10 thousand (2022: € 10 thousand). For the personal performance of services above and beyond board activities, particularly consulting services, the members of the board of directors are remunerated at the usual market rates. In the reporting year, costs of € 75 thousand (2022: € 43 thousand) were incurred. No advances or loans were granted to members of the board of directors of EDAG Group AG. No share-based payments were received by members of the board of directors.

The members of the board of directors are insured for legal expenses and D&O liability through the company insurance policies.

The **Group Executive Management** consists of the following persons:

- Cosimo De Carlo, Diplom-Ingenieur, MBE
  Member of the Group Executive Management, CEO

- Holger Merz, Diplom-Betriebswirt, MBA
  Member of the Group Executive Management, CFO

In the reporting year, the short-term compensation of the Group Executive Management (payments due at short notice) amounted to € 1.693 thousand (2022: € 1,727 thousand). The compensation of the Group Executive Management includes non-cash benefits (including non-cash benefits for company cars). It does not include the aggregated expenses for accident, legal protection and D&O insurance in the amount of € 227 thousand (2022: € 221 thousand). Furthermore, EDAG Group AG did not grant the members of the Group Executive Management credits or loans. As of December 31, 2023, the present value of current pension obligations for active members of the Executive Management totaled € 57 thousand (2022: € 48 thousand). The current service cost for the pension provisions according to IFRS in 2023 aggregates to € 2 thousand (2022: € 2 thousand).

At the end of the financial year, the individual members of the Board of Directors and Group Executive Management hold the following number of shares in EDAG Engineering Group AG:

Number of shares	31.12.2023	31.12.2022
Board of Directors		
Manfred Hahl	13,162	13,162
Total Board of Directors	**13,162**	**13,162**
Group Executive Management		
Cosimo De Carlo	6,000	6,000
Holger Merz	115	115
Total Group Executive Management	**6,115**	**6,115**

Auditor's Fees and Services

The following table provides a breakdown of the auditor's fees for the consolidated financial statement for the financial year as per Article 961a No. 2 of the Swiss Code of Obligations (OR) or § 314, paragraph 1, No. 9 of the German Commercial Code (HGB):

in € thousand	2023			2022		
		thereof			thereof	
	Total	Switzer-land	Germany	Total	Switzer-land	Germany
Auditing services	455	(76)	(334)	449	(74)	(333)
Miscellaneous auditing services	-	-	-	-	-	-
Tax consulting services	-	-	-	-	-	-
Miscellaneous services	-	-	-	-	-	-
Total	**455**	**(76)**	**(334)**	**449**	**(74)**	**(333)**

In particular, the fees for the auditing services include fees for the statutory auditing of annual and consolidated financial statements.

Subsequent Events

No important events took place after the reporting period.

Arbon, March 26, 2024

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, Group Chief Executive Officer and
Member of the Group Executive Management

Holger Merz, Group Chief Financial Officer and
Member of the Group Executive Management

5.8 Share Ownership List

Registered in Switzerland and Germany		City	Domicile	Capital share in %	
				Direct	Indirect
1.	EDAG Engineering Group AG[2]	Arbon	Switzerland	-	-
2.	EDAG Engineering Holding GmbH	Munich	Germany	100	-
3.	EDAG Engineering GmbH	Wiesbaden	Germany	-	100
4.	EDAG-Beteiligung GmbH[3]	Fulda	Germany	-	100
5.	EDAG Production Solutions GmbH & Co. KG	Fulda	Germany	-	100
6.	EDAG Production Solutions Verwaltungs GmbH[3]	Fulda	Germany	-	100
7.	EDAG Werkzeug + Karosserie GmbH	Fulda	Germany	-	49
8.	EDAG aeromotive GmbH	Gaimersheim	Germany	-	100
9.	Parkmotive GmbH[3]	Fulda	Germany	-	100
10.	EDAG Akademie GmbH	Fulda	Germany	-	100
11.	EDAG Engineering Schweiz GmbH	Arbon	Switzerland	-	100

	Registered in Switzerland and Germany	Voting right in %	Currency	Equity[1] 12/31/2023	Result[1] 2023
1.	EDAG Engineering Group AG[2]	-	EUR	442,707,499	- 3,312,041
2.	EDAG Engineering Holding GmbH	100	EUR	68,467,883	17,283,805
3.	EDAG Engineering GmbH	100	EUR	248,759,316	-
4.	EDAG-Beteiligung GmbH[3]	100	EUR	42,436	1,597
5.	EDAG Production Solutions GmbH & Co. KG	100	EUR	1,971,394	3,867,432
6.	EDAG Production Solutions Verwaltungs GmbH[3]	100	EUR	24,333	3,353
7.	EDAG Werkzeug + Karosserie GmbH	49	EUR	25,402,366	2,774,203
8.	EDAG aeromotive GmbH	100	EUR	591,171	- 63,713
9.	Parkmotive GmbH[3]	100	EUR	13,025	- 594
10.	EDAG Akademie GmbH	100	EUR	212,868	-
11.	EDAG Engineering Schweiz GmbH	100	CHF	1,628,843	484,707

Registered in other countries		City	Domicile	Capital share in %	
				Direct	Indirect
12.	EDAG Engineering Limited	Markyate	Great Britain	-	100
13.	EDAG do Brasil Ltda.	São Bernardo do Campo	Brazil	-	100
14.	EDAG, Inc.	Troy	USA	-	100
15.	EDAG HOLDING SDN. BHD.	Shah Alam	Malaysia	-	100
16.	EDAG Hungary Atófejlesztö Méröki Kft.	Györ	Hungary	-	100
17.	EDAG Production Solutions India Pvt. Ltd.	New Delhi	India	-	100
18.	EDAG Technologies India Priv. Ltd.	New Delhi	India	-	100
19.	EDAG Japan Co., Ltd.	Yokohama	Japan	-	100
20.	EDAG Engineering and Design (Shanghai) Co.,Ltd.	Shanghai	China	-	100
21.	EDAG México S.A. de C.V.	Puebla City	Mexico	-	100
22.	EDAG Servicios México S.A. de C.V.	Puebla City	Mexico	-	100
23.	EDAG Production Solutions, Inc.	Troy	USA	-	100
24.	EDAG Italia S.R.L.	Turin	Italy	-	100
25.	EDAG Engineering CZ spol. s r.o.	Mladá Boleslav	Czech Republic	-	100
26.	EDAG Engineering Polska Sp.z.o.o.	Warsaw	Poland	-	100
27.	EDAG Engineering Spain, S.L.	Cornellá de Llobregat	Spain	-	100
28.	EDAG Engineering Scandinavia AB	Gothenburg	Sweden	-	100
29.	HRM Engineering AB	Gothenburg	Sweden	-	100
30.	EDAG Netherlands B.V.	Helmond	Netherlands	-	100
31.	EDAG Turkey Muhendeslik Ltd. Sirketi	Gebze/Kocaeli	Turkey	-	100
32.	EDAG Engineering Austria GmbH	Steyr	Austria	-	100

[1] National trade law

[2] EDAG Engineering Group AG, Arbon belongs to the EDAG Group. However, the company is not a component of the Shareholdings as defined in Article 959c paragraph 2 No. 3 of the Swiss Code of Obligations (OR).

[3] Companies included at acquisition cost

Registered in other countries		Voting right in %	Currency	Equity[1] 12/31/2023	Result[1] 2023
12.	EDAG Engineering Limited	100	GBP	- 197,068	27,475
13.	EDAG do Brasil Ltda.	100	BRL	19,080,057	1,671,494
14.	EDAG, Inc.	100	USD	10,841,864	27,982
15.	EDAG HOLDING SDN. BHD.	100	MYR	3,909,036	931,937
16.	EDAG Hungary Atófejlesztö Méröki Kft.	100	HUF	974,424,543	180,822,528
17.	EDAG Production Solutions India Pvt. Ltd.	100	INR	219,228,704	400,099
18.	EDAG Technologies India Priv. Ltd.	100	INR	52,543,700	9,041,072
19.	EDAG Japan Co., Ltd.	100	JPY	53,440,053	11,681,420
20.	EDAG Engineering and Design (Shanghai) Co.,Ltd.	100	CNY	39,490,429	5,156,947
21.	EDAG México S.A. de C.V.	100	MXN	75,035,776	8,057,196
22.	EDAG Servicios México S.A. de C.V.	100	MXN	10,407	-
23.	EDAG Production Solutions, Inc.	100	USD	3,377,273	317,948
24.	EDAG Italia S.R.L.	100	EUR	2,723,957	89,669
25.	EDAG Engineering CZ spol. s r.o.	100	CZK	62,072,762	23,878,473
26.	EDAG Engineering Polska Sp.z.o.o.	100	PLN	12,917,751	6,464,393
27.	EDAG Engineering Spain, S.L.	100	EUR	13,492,735	974,755
28.	EDAG Engineering Scandinavia AB	100	SEK	22,987,235	6,133,210
29.	HRM Engineering AB	100	SEK	9,755,882	127
30.	EDAG Netherlands B.V.	100	EUR	1,699,510	280,496
31.	EDAG Turkey Muhendeslik Ltd. Sirketi	100	TRY	23,509,473	10,271,445
32.	EDAG Engineering Austria GmbH	100	EUR	- 66,786	- 101,786

Report of the Statutory Auditor
(Consolidated Financial Statements)

Report of the statutory auditor to the General Meeting of EDAG Engineering Group AG, Arbon

Report on the audit of the consolidated financial statements
Audit opinion
We have audited the consolidated financial statements of EDAG Engineering Group AG and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2023 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes on the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 114 to 227) give a true and fair view of the consolidated financial position of the Group as at December 31, 2023 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the IFRS accounting standards as adopted by the European Union (EU), and comply with Swiss law.

Basis for opinion
We conducted our audit in accordance with Swiss law, the International Standards on Auditing (ISA) and Swiss Auditing Standards (SA-CH). Our responsibilities under these provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of the Group in accordance with the provisions of Swiss law, the requirements of the Swiss audit profession, and the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters
Key audit matters are those matters which, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of goodwill

Key audit matters
The consolidated financial statements of EDAG Engineering Group AG as of December 31, 2023 disclose goodwill in the amount of € 74.4 million (10 % of the Group's total assets). In this process, the company considers each of its three segments as a separate cash-generating unit (CGU). Centralized impairment tests are performed at the CGU level on an annual basis or when necessary. The goodwill included in this item is tested for impairment, which is consistent with the requirements of IAS 36 regarding impairment testing.

Goodwill is regularly measured on the basis of the value in use of the cash-generating unit to which the assets concerned are to be allocated. This is because a market price for the individual units is usually not observable. The value in use is calculated using the discounted cash flow method, based in principle on a five-year planning horizon. The approved five-year plan is the starting point for the impairment tests, and is updated with assumptions relating to future incoming orders, costs, industry trends, long-term market growth rates and economic cycles, among other things. The discounting is based on the weighted average cost of capital rates of the cash-generating units concerned. The outcome of this valuation depends heavily on the estimates by the Board of Directors of future cash inflows and on the discount rates used; hence, it is subject to a high degree of uncertainty. In light of this and given the complexity of the valuation method's requirements, we deemed this to be a key audit matter in our audit.

How our audit addressed the key audit matters
During our audit, we (accompanied by an internal expert) performed following audit procedures:

- We reviewed and assessed the internal controls established by EDAG Engineering Group AG management to measure goodwill.
- We verified the method used to test the investment for impairment and assessed the calculation of the weighted average cost of capital rates.
- We also assessed the appropriateness of the future cash inflows used for the valuation. The following checks were performed to assess the forecast accuracy of the future cash inflows:
  - Comparison of the previous year's budget with the actual figures;
  - Comparison of the cash inflow with the latest budget figures taken from the five-year plan prepared by the Board of Directors;
  - Reconciliation to general and industry-specific market expectations.
- We also performed sensitivity analyses on the growth rate underlying the impairment test.
- Finally, we verified the appropriateness of the parameters used in calculating the discount rate by carrying out own plausibility checks and, taking sensitivity analyses into account, verified the calculation method and examined the calculation model.
- In addition, we also reviewed the completeness and appropriateness of the disclosures required by IAS 36.

On the basis of our audit activities and the evidence obtained, we consider the valuation procedures and the valuation

The Group disclosures concerning goodwill and the associated company are set out in the chapter "Accounting and valuation principles" under "Impairment" and chapter "[15] Intangible Assets" of the notes to the consolidated financial statements.

assumptions applied to be an appropriate and sufficient basis for testing goodwill for impairment.

Recognition of sales revenue from contracts with customers (construction contracts)

Key audit matters
The consolidated financial statements of EDAG Engineering Group AG as of December 31, 2023 disclose sales revenue from contracts with customers in the amount of € 844.8 million. The Group's income is influenced significantly by the recognition and measurement of construction contracts.

Provided the requirements of IFRS 15 are met, the Group applies the percentage-of-completion (POC) method. The stage of completion is determined using the cost-to-cost method.

We considered recognition of sales revenue from contracts with customers to be a key audit matter in the course of our audit because the valuation of these construction contracts is subject to uncertainty regarding future income from the project and its stage of completion.

The Group disclosures regarding contracts with customers are set out in the chapter "Accounting and valuation principles", under "Contracts with Customers" and in chapters "[20] Contract assets" and "[31] Contract liabilities" of the notes to the consolidated financial statements.

How our audit addressed the key audit matters
During our audit, we performed the following audit procedures:

- We reviewed and assessed the internal controls implemented by EDAG Engineering Group AG management relating to revenue recognition from contracts with customers. Among other things here, we assessed the appropriateness and effectiveness of the internal controls implemented, including the IT systems used for the recording and recognition of project income.
- Building on this, on the basis of the related contractual agreements, we challenged the determination of the stage of completion based on the costs incurred to date and on the estimate of the expected total costs by carrying out random tests, and compared this with the underlying evidence.
- Further, we assessed the expected sales revenue from construction contracts and the estimates relating to contracts that had already been completed. In the event of unforeseeable effects on the construction contracts, we assessed the modifications made to the initial

project assumptions (in particular, project costs until completion) and the resulting accounting treatment. Further, we verified the continuity and the consistency of the method used to calculate the sales revenue.
- We assessed the completeness and appropriateness of IFRS 15 notes.

As a result of our audit activities, we have gained sufficient evidence to assess the recognition of sales revenue from contracts with customers (construction contracts) in accordance with IFRS 15.

Other information
The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the joint management report, the consolidated financial statements, the stand-alone financial statements and the compensation report of EDAG Engineering Group AG and our auditor’s reports thereon.

Our audit opinion on the consolidated financial statements does not cover the other information, and we do not express any form of conclusion thereon.

In connection with our year-end audit, it is our responsibility to read the other information and, when doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, on the basis of the work we have performed, we conclude that there is a material misstatement of this other information, we are obliged to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the consolidated financial statements
The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS accounting standards as adopted by the European Union (EU) and the provisions of the law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether as a result of fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors intends either to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance as to whether the consolidated financial statements as a whole are free from material misstatement, whether as a result of fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but not a guarantee that a year-end audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise as a result of fraud or error, and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the of the consolidated financial statements is located at the website of EXPERTsuisse: http://www.expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 OR and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Deloitte AG

Roland Müller
Accredited Audit Expert
Auditor in charge

Mario Sosic
Accredited Audit Expert

Zurich, March 26, 2024

English translation – The German version prevails and is the only binding version.


EDAG
Electrics/Electronics
Vehicle Electrics & Electronics
Comfort & Body Systems
Autonomous Drive & Safety
Connectivity & User Experience
Functional Safety
Automotive Cybersecurity
360° PRODUKTIONSENGINEERING
Production Solutions
Optimale Prozesssicherheit
Nachhaltige Fabrikinfrastruktur
Maximale Produktivität
Author: Marketing Version: 1 Release: 27.05.2022 Scope: EDAG Group
HDMI KABEL
FB DISPLAY
FB VIDEOBAR
USB KABEL

STATUTORY FINANCIAL STATEMENT

EDAG Engineering Group AG

January to December 2023

1 Statement of Financial Position

in €/CHF thousand	Note	12/31/2023 € thousand	12/31/2023 CHF thousand	12/31/2022 € thousand	12/31/2022 CHF thousand
Assets					
Current assets					
Cash and cash equivalents		469	434	246	242
Current accounts receivables	(A1)	0	0	2	2
Other current receivables	(A1)	17	16	0	0
Accrued items	(A2)	60	56	48	48
TOTAL current assets		**546**	**506**	**296**	**292**
Non-current assets	**(A3)**				
Investment		476,160	440,924	476,160	468,875
Property, plant and equipment		23	21	29	29
TOTAL non-current assets		**476,183**	**440,945**	**476,189**	**468,903**
TOTAL assets		**476,729**	**441,451**	**476,485**	**469,196**

in €/CHF thousand	Note	12/31/2023 € thousand	12/31/2023 CHF thousand	12/31/2022 € thousand	12/31/2022 € thousand
Liabilities, provisions and equity					
Current liabilities and provisions					
Current accounts payable	(A4)	495	458	142	140
Current financial liabilities	(A4)	32,800	30,373	15,800	15,558
Other current liabilities	(A4)	586	542	583	575
Provisions	(A5)	138	128	190	187
Accrued items	(A6)	3	3	0	0
TOTAL current liabilities and provisions		**34,022**	**31,504**	**16,715**	**16,460**
Equity					
Share capital	(A7)	920	1,000	920	1,000
Capital reserves	(A8)	380,830	411,892	394,580	425,397
thereof capital insertion reserves		(380,910)	(411,978)	(394,660)	(425,484)
thereof other reserves		(- 80)	(- 87)	(- 80)	(- 87)
Retained profits		60,957	66,066	64,270	69,284
Currency conversion difference		0	- 69,011	0	- 42,946
TOTAL equity		**442,707**	**409,947**	**459,770**	**452,735**
TOTAL liabilities, provisions and equity		**476,729**	**441,451**	**476,485**	**469,195**

2 Income Statement

in €/CHF thousand	**Note**	**2023** € thousand	**2023** CHF thousand	**2022** € thousand	**2022** CHF thousand
Other operating income	(A9)	200	195	188	189
Personnel expenses	(A10)	- 1,579	- 1,535	- 1,573	- 1,581
Other expenses	(A11)	- 663	- 644	- 567	- 570
Depreciation and impairment	(A12)	- 6	- 6	- 6	- 6
Financial income	(A13)	- 1,230	- 1,195	- 310	- 312
Direct taxes	(A14)	- 34	- 33	- 18	- 18
Loss		**- 3,312**	**- 3,218**	**- 2,286**	**- 2,298**

3 Cash Flow Analysis

	in €/CHF thousand	**2023** € thousand	**2023** CHF thousand	**2022** € thousand	**2022** CHF thousand
	Loss	**-3,312**	**-3,218**	**-2,286**	**-2,298**
+/-	Depreciation and amortization/write-ups on tangible and intangible assets	6	6	6	6
-/+	Increase/decrease in receivables and other assets	-27	-26	5	5
+/-	Increase/decrease in current provisions	-52	-51	32	32
+/-	Increase/decrease in accounts payable, other current liabilities, other provisions and accrued items	358	348	74	74
=	**Cash inflow/outflow from operating activities/ operating cash flow**	**-3,027**	**-2,941**	**-2,169**	**-2,180**
=	**Cash inflow/outflow from investing activities/ investing cash flow**	**0**	**0**	**0**	**0**
-	Dividends to shareholders	-13,750	-13,361	-5,000	-5,065
+/-	Deposits/payments from financing activities to affiliated companies	17,000	15,742	7,230	7,119
=	**Cash inflow/outflow from financing activities / financing cash flow**	**3,250**	**2,381**	**2,230**	**2,054**
	Net cash changes in financial funds	**223**	**-560**	**61**	**-126**
-/+	Effect of changes in currency exchange rate and other effects from changes of financial funds	0	751	0	177
+	Financial funds at the start of the period	246	243	185	191
=	**Financial funds at the end of the period [cash & cash equivalents]**	**469**	**434**	**246**	**243**
=	**Free cash flow (FCF) – equity approach**	**-3,027**	**-2,941**	**-2,169**	**-2,180**

The free cash flow is composed of the cash inflow/outflow from operating activities and investment activities.

4 Notes

4.1 General Information

EDAG Engineering Group AG, Arbon (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.

At the time when the company was founded, according to the contract of November 2, 2015, the former shareholder, ATON GmbH, Munich, purchased 100 percent of the shares by cash capital contribution. ATON GmbH provided the entire share capital, split into 25,000,000 bearer shares each with a nominal value of CHF 0.04, as a contribution (CHF 1,000,000).

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 functional currency is the euro, and shares are traded in euros. The company's shares are briefed in a global certificate and deposited with Clearstream. As the securities of the company are admitted to trading on the organized market in the Federal Republic of Germany only, the Federal Republic of Germany is the country of origin of EDAG Group AG. Each company share entitles its holder to a vote at the company's annual shareholders' meeting. There are no restrictions on voting rights. On December 31, 2023, as in the year before, the largest individual shareholder of EDAG Group AG is ATON Austria Holding GmbH, which holds 74.66 percent. Further shareholders with holdings of more than three percent are LOYS AG with 6.05 percent, Axxion S.A. with 4.98 percent and Hauck & Aufhäuser Fund Services S.A with 3.97 percent.

For the financial year ending December 31, 2023, all the company shares fully qualify for dividends.

According to the company's statutes, the company's objective is the holding and administration of domestic and foreign investments. The company performs no operative business activities.

EDAG Engineering Group AG indirectly holds all the shares in EDAG Engineering GmbH, Wiesbaden, through EDAG Engineering Holding GmbH, a German intermediate holding company based in Munich.

In principle, this company, with its subsidiaries, manages the entire operative business of the corporate group. Its main activities are the development of vehicles, derivatives, modules and production facilities. The EDAG Group is divided into the following three segments:

- Vehicle Engineering
- Electrics/Electronics
- Production Solutions

This annual financial statement was prepared in compliance with the regulations governing commercial accounting set out in the Swiss Code of Obligations (OR) (articles 957 – 963b OR).

The financial year is the same as the calendar year. The reporting period is from January 1, 2023 to December 31, 2023. The functional currency of the company is the euro.

Unless otherwise stated, all amounts are given in thousands of euros and in thousands of francs. Where percentage values and figures are given, differences may occur due to rounding.

In the interests of clarity and transparency, any comments legally required to be added when posting items in the statement of financial position and income statement, along with any comments that may optionally be included in the statement of financial position and income statement, will, for the most part, be included in the Notes.

4.2 Information on Accounting, Valuation and Disclosure Methods

General Information

The income statement has been prepared in accordance with the nature of expense method (production income statement) in accordance with article 959b No. 2 of the Swiss Code of Obligations (OR). The annual financial statements were prepared on the assumption that the company is a going concern, according to article 958a No. 1 of the Swiss Code of Obligations (OR).

Foreign Currency Translation

Foreign currency transactions are always recognized at the historical exchange rate on the date of initial booking. For initial recognition, foreign currency transactions are valued using the exchange rate at the time of the business transaction. Balance sheet items (current foreign currency liabilities and receivables and liquid funds or other current assets) in foreign currencies are converted into the functional currency using the spot exchange rate on the balance sheet date. The exchange rate gains and losses arising from the valuation or settlement of these items are shown in the income statement.

According to article 958d No. 3 of the Swiss Code of Obligations (OR), if the house currency is not the Swiss franc, values in the statement of financial position and income statement must also be given in the national currency. In this case, the following conversion rates are used:

		2023	2022	
Statement of Financial Position	EUR into CHF	0.9260	0.9847	(spot exchange rate on accounting date)
Income Statement	EUR into CHF	0.9717	1.0052	(average exchange rate for the financial year)

Equity is valued at historical rates. The currency conversion differences arising from conversion into the national currency are included in equity.

Accounting for and Valuation of Assets

Liquid funds are shown at nominal value on the balance sheet key date.

Receivables and other assets are recognized at their nominal values, or at their attributable values on the accounting date, if these are lower. Should the recoverability of receivables be at risk, the value of such receivables is reduced proportionately; non-recoverable receivables are written off. No flat-rate value adjustment is formed to cover the general credit risk.

Expenses before the accounting date are recognized as **accrued income**, provided they do not represent expenditure for a certain period after this date.

For **investments** purchased by way of the non-cash contribution when the company was founded, the transfer value of the items contributed always counts as the acquisition value according to the audited formation report (according to article 634 No. 3 of the Swiss Code of Obligations [OR]). Due to the fact that investments are not typically subject to a decrease in value due to either use or age, there no scheduled depreciation of the acquisition costs in the subsequent valuation; instead, adjustments, or impairments, are made for any decrease in value (cf. article 960 paragraph 3 and 960a paragraph 3 of the Swiss Code of Obligations [OR]). Investments that are subject to the individual valuation principle (in accordance with article 960 paragraph 1 of the Swiss Code of Obligations [OR]) are written down according to the principle of caution, in line with the profitability of the company concerned.

Property, plant and equipment are valued at acquisition or production cost less scheduled, straight-line depreciation. Depreciation, amortization and impairments of additions to property, plant and equipment are always reported on a pro rata temporis basis.

The depreciation schedule is based predominantly on the following estimated useful lives:

	Years
Other operating and office equipment	3–13

Accounting for and Valuation of Liabilities

Liabilities are recognized at their nominal values.

For past events which are expected to result in a cash outflow in future years, **provisions** amounting to the sum which, based on sound commercial judgement, the company can expect to have to pay (expected value) are formed.

Expenses relating to the reporting year for which the corresponding invoice has not yet been received from the supplier are recognized as **deferred income**. The expenditure is concretized in terms of reason and amount.

Share capital is recognized at nominal value.

4.3 Notes on the Balance Sheet Items

Receivables and Other Assets (A1)

All **receivables** and **other assets** have a term to maturity of less than a year.

in €/CHF thousand	**12/31/2023** € thousand	**12/31/2023** CHF thousand	**12/31/2022** € thousand	**12/31/2022** CHF thousand
Current accounts receivable	**0**	**0**	**2**	**2**
affiliated companies and related parties	0	0	2	2
Other current receivable	**17**	**16**	**0**	**0**
third parties	17	16	0	0
Total	**17**	**16**	**2**	**2**

Accrued Income (A2)

Essentially, the **accrued income** includes advance payments for insurance services and to other suppliers.

Fixed Assets (A3)

Under **investments**, only EDAG Engineering Holding GmbH, Munich is listed. This investment was taken on in the course of the fusion of EDAG Engineering Schweiz Sub-Holding AG. The shares are valued at acquisition cost less any impairment losses.

EDAG Engineering Holding GmbH, Munich, is a German intermediate holding company, and holds 100 percent of the shares in EDAG Engineering GmbH, Wiesbaden, which, along with its subsidiaries, in turn embodies the entire operative business of the EDAG Group.

Shares in affiliated companies and holdings (shareholdings) - i.e. the companies for which the company either directly or indirectly holds at least 20 percent of the shares - are included in the Notes.

The **intangible assets** include software.

Liabilities (A4)

in €/CHF thousand	12/31/2023 € thousand	12/31/2023 CHF thousand	12/31/2022 € thousand	12/31/2022 CHF thousand
Accounts payable	**495**	**458**	**142**	**140**
affiliated companies and related parties	430	398	111	109
third parties	65	60	31	31
Other interest-bearing current liabilties	**32,800**	**30,373**	**15,800**	**15,558**
affiliated companies and related parties	32,800	30,373	15,800	15,558
third parties	0	0	0	0
shareholders	0	0	0	0
Other current liabilities	**586**	**542**	**583**	**575**
Board of Directors	559	518	559	551
affiliated companies and related parties	7	6	0	0
third parties	20	19	24	24
Total	**33,880**	**31,373**	**16,525**	**16,273**

Provisions (A5)

in €/CHF thousand	12/31/2023 € thousand	12/31/2023 CHF thousand	12/31/2022 € thousand	12/31/2022 CHF thousand
Provisions	138	128	190	187
Total	**138**	**128**	**190**	**187**

The **provisions** include personnel expenses in the amount of € 90 thousand (CHF 83 thousand) [previous year: € 102 thousand (CHF 100 thousand)] and accounting and auditing costs in the amount of € 48 thousand (CHF 44 thousand) [previous year: € 88 thousand (CHF 87 thousand)].

Deferred Income (A6)

Expenses relating to the following year in the amount of € 3 thousand (CHF 3 thousand) [previous year: € 0 thousand (CHF 0 thousand)] are recognized as **deferred income** during the reporting year.

Share Capital (A7)

On the reporting date, the company's **share capital**, which was paid in full on November 2, 2015, amounted to € 920 thousand (CHF 1,000 thousand), and is covered by 25 million bearer shares. This is equivalent to a nominal value of € 0.04 (CHF 0.04) per share. Each share entitles its holder to a right to vote and to receive dividends.

Capital Reserves (A8)

On the reporting date, the **capital reserves** amounted to € 380,830 thousand (CHF 411,892 thousand) [previous year: € 394,580 thousand (CHF 425,397 thousand)]. On the reporting date, the capital reserves are composed of the **capital contribution reserves** in the amount of € 380,910 thousand (CHF 411,978 thousand) [previous year: € 394,660 thousand (CHF 425,484 thousand)] and **other capital reserves** in the amount of € -80 thousand (CHF -87 thousand), which have not changed compared to the previous year.

4.4 Notes on Income Statement

Other Operating Income (A9)

The **other operating income** in the amount of € 200 thousand (CHF 195 thousand) [previous year: € 188 thousand (CHF 189 thousand)] is composed of administrative service contracts with affiliated companies, foreign currency earnings, income from the reversal of provisions and salary subsidies.

Personnel Expenses (A10)

Personnel expenses can be broken down as follows:

in €/CHF thousand	2023	2023	2022	2022
	€ thousand	CHF thousand	€ thousand	CHF thousand
Salaries	1,508	1,465	1,503	1,511
Social security contributions	72	70	70	70
Total	**1,580**	**1,535**	**1,573**	**1,581**

The salaries of the Executive Management, Board of Directors and administrative employees are listed under Salaries. Included in the salaries are bonuses in the amount of € 84 thousand (CHF 82 thousand) [previous year: € 90 thousand (CHF 90 thousand)].

Other Operating Expenses (A11)

Other operating expenses are mainly made up of:

in €/CHF thousand	2023 € thousand	2023 CHF thousand	2022 € thousand	2022 CHF thousand
Consulting, contributions and fees	237	231	199	200
Insurance	117	113	114	114
General administration expenses	105	102	91	92
Travel expenses	70	68	63	64
Rents and leases	47	46	47	47
Sales and marketing expenses	34	33	31	31
Expenses from currency losses	25	24	8	8
Expenses from group services affiliated companies	14	14	9	9
Miscellaneous ancillary personnel expenses	14	14	1	1
Maintenance	0	0	4	4
Total	**663**	**644**	**567**	**570**

No material expenses for other accounting periods were incurred.

Depreciation, Amortization and Impairment (A12)

Depreciation was carried out on property, plant and equipment.

Financial Expense (A13)

in €/CHF thousand	2023 € thousand	2023 CHF thousand	2022 € thousand	2022 CHF thousand
Interest and similar expenses	1,230	1,195	310	312
(thereof to affiliated companies)	(1,230)	(1,195)	(310)	(312)
Total	**1,230**	**1,195**	**310**	**312**

No interest expense for other accounting periods is included.

Direct Taxes (A14)

in €/CHF thousand	2023 € thousand	2023 CHF thousand	2022 € thousand	2022 CHF thousand
Direct Taxes	**34**	**33**	**18**	**18**
Capital tax	34	33	18	18
Total	**34**	**33**	**18**	**18**

No material tax expenses or tax revenues for other accounting periods are included.

4.5 Other Information

Employees

As in the previous year, the company employed no more than an annual average of 10 employees during this financial year.

Guarantees

According to article 959c paragraph 2 No. 8 of the Swiss Code of Obligations (OR), EDAG Group AG is liable for a promissory note loan in the amount of € 139.5 million issued to the operational company EDAG Engineering GmbH.

Contingent Liabilities

No **contingent liabilities** according to article 959c paragraph 2 No. 10 of the Swiss Code of Obligations (OR) existed on either December 31, 2023 or December 31, 2022.

Other Financial Obligations

Other financial obligations due to affiliates exist for future costs from existing rental and service agreements; these amount to € 143 thousand (CHF 123 thousand) [previous year: € 162 thousand (CHF 160 thousand).

Auditor's Fees and Services

Details of the auditor's fees according to article 961a No. 2 of the Swiss Code of Obligations (OR) are not included, as these are given in the consolidated financial statements of EDAG Group AG.

Information on the Company's Organs

Group Executive Management

The members of the Group Executive Management represent the company jointly, in twos. The Group Executive Management consisted of the following persons in the financial year:

- Cosimo De Carlo, Munich, Member of the Group Executive Management, CEO
- Holger Merz, Hosenfeld, Member of the Group Executive Management, CFO

The compensation of the Group Executive Management amounts to € 158 thousand (CHF 153 thousand) [previous year: € 158 thousand (CHF 158 thousand)] plus bonus payments in the amount of € 84 thousand (CHF 82 thousand) [previous year: € 90 thousand (CHF 90 thousand)].

At the end of the financial year, the individual members of the Group Executive Management held the following number of shares in EDAG Group AG:

Number of shares	12/31/2023	12/31/2022
Group Executive Management		
Cosimo De Carlo	6,000	6,000
Holger Merz	115	115
Total Group Executive Management	**6,115**	**6,115**

Board of Directors

The Board of Directors consisted of the following persons:

- Georg Denoke, Munich, Chairman of the Board of Directors (single signatory) [Chairman of the Nomination and Compensation Committee]
- Sylvia Schorr, Karlsfeld, Member of the Board of Directors (joint signatory, two signatures required) [Chairwoman of the Audit Committee]
- Dr. Philippe Weber, Pura, Member of the Board of Directors (single signatory) [Member of the Nomination and Compensation Committee]
- Manfred Hahl, Abtsroda, Member of the Board of Directors (joint signatory, two signatures required) [Member of the Audit Committee]
- Clemens Prändl, Odenthal, Member of the Board of Directors (joint signatory, two signatures required) [Member of the Audit Committee]

The proportional compensation of the Board of Directors amounts to € 950 thousand (CHF 923 thousand) [previous year: € 950 thousand (CHF 955 thousand)].

Only Manfred Hahl holds shares in EDAG Group AG (number of shares: 13,162, as in the previous year). The other members of the Board of Directors do not hold any shares in EDAG Group AG.

Further information on the compensation of the Group Executive Management and the Board of Directors can be found in the compensation report in accordance with article 734 et seq. of the Swiss Code of Obligations (OR).

Group Relations

The annual financial statements will be included in the consolidated financial statements. These are based on the International Financial Reporting Standards, as applicable in the European Union. The consolidated financial statements and management report can be obtained from the address of EDAG Group AG. It is also available on the Internet at: https://www.edag.com/en/edag-group/investor-relations/financial-reports, and will be submitted to the Electronic Company Register in Germany.

Appropriation of Net Income

in € thousand/ CHF thousand	2023 € thousand	2023 CHF thousand	2022 € thousand	2022 CHF thousand
Total retained profit/loss (-) brought forward	**64,270**	**69,284**	**66,556**	**71,582**
Appropriation of earnings in accordance with resolution of the Annual General Meeting	0	0	0	0
Removal from legal capital reserve	13,750	13,505	5,000	5,065
Dividend payout to shareholders	-13,750	-13,505	-5,000	-5,065
Merger result	0	0	0	0
Loss of the year	**-3,312**	**-3,218**	**- 2,286**	**- 2,298**
Total retained profits	**60,958**	**66,066**	**64,270**	**69,284**

Appropriation of reserves proposed by the Board of Directors

in € thousand/ CHF thousand	2023 Proposal of Board of Directors € thousand	2023 Proposal of Board of Directors CHF thousand	2022 Proposal of Board of Directors € thousand	2022 Proposal of Board of Directors CHF thousand
Total retained profits	**60,958**	**66,066**	**64,270**	**69,284**
Allocation to legal retained earnings	0	0	0	0
Removal from legal retained earnings	0	0	0	0
Allocation to legal capital reserve	0	0	0	0
Removal from legal capital reserve	13,750	12,733	13,750	13,540
Dividend payout to shareholders	-13,750	-12,733	-13,750	-13,540
Balance to be carried forward	**60,958**	**66,066**	**64,270**	**69,284**

Subject to approval of the annual shareholders' meeting, the Board of Directors is in favor of paying a dividend of € 0.55 (CHF 0.51) per share, which will result in an overall payout of € 13,750 thousand (CHF 12,733 thousand). In addition, the Board of Directors recommends that the retained earnings of € 60,958 thousand (CHF 66,066 thousand) should be carried forward to new account, and that the entire dividend payout in the amount of € 0.55 (CHF 0.51) per share proposed for 2023 should be withdrawn from the capital reserves. Subject to this proposal being passed at the annual shareholders' meeting, any such payout will not be subject to Swiss withholding tax.

The dividend falls due on June 30, 2024 at the latest, and is payable in euros. The dividend will be converted from euros into Swiss francs (CHF) at the rate applying on the date of the annual shareholders' meeting. The resolution approving dividends in CHF will therefore differ from the above amount in CHF. The CHF/EUR conversion rate must not exceed 1.50, at which rate the dividend payout total could amount to CHF 20,625 thousand, with corresponding adjustment of the capital contribution reserves in the new statement.

Subsequent Events

No important events took place after the reporting period.

Arbon, March 26, 2024

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, Group Chief Executive Officer and
Member of the Group Executive Management

Holger Merz, Group Chief Financial Officer and
Member of the Group Executive Management

4.6 Appendices

Development of Fixed Assets

in € thousand	(Historical) Cost				
	01/01/2023	Additions	Disposals	Currency translation	12/31/2023
Intangible assets					
Software	1	0	0	0	1
Total intangible assets	**1**	**0**	**0**	**0**	**1**
Property, plant and equipment					
Other equipment, operating and office equipment	81	0	0	0	81
Total property, plant and equipment	**81**	**0**	**0**	**0**	**81**
Investments					
Shares in affiliated companies	689,971	0	0	0	689,971
Total financial assets	**689,971**	**0**	**0**	**0**	**689,971**
TOTAL	**690,053**	**0**	**0**	**0**	**690,053**

in CHF thousand	(Historical) Cost				
	01/01/2023	Additions	Disposals	Currency translation	12/31/2023
Intangible assets					
Software	1	0	0	0	1
Total intangible assets	**1**	**0**	**0**	**0**	**1**
Property, plant and equipment					
Other equipment, operating and office equipment	80	0	0	-5	75
Total property, plant and equipment	**80**	**0**	**0**	**-5**	**75**
Investments					
Shares in affiliated companies	679,414	0	0	-40,501	638,913
Total financial assets	**679,414**	**0**	**0**	**-40,501**	**638,913**
TOTAL	**679,495**	**0**	**0**	**-40,506**	**638,989**

in € thousand	Accumulated depreciation				Carrying amount	
	01/01/2023	Additions	Currency translation	12/31/2023	01/01/2023	12/31/2023
Intangible assets						
Software	1	0	0	1	0	0
Total intangible assets	**1**	**0**	**0**	**1**	**0**	**0**
Property, plant and equipment						
Other equipment, operating and office equipment	52	6	0	58	29	23
Total property, plant and equipment	**52**	**6**	**0**	**58**	**29**	**23**
Investments						
Shares in affiliated companies	213,811	0	0	213,811	476,160	476,160
Total financial assets	**213,811**	**0**	**0**	**213,811**	**476,160**	**476,160**
TOTAL	**213,864**	**6**	**0**	**213,870**	**476,189**	**476,183**

in CHF thousand	Accumulated depreciation				Carrying amount	
	01/01/2023	Additions	Currency translation	12/31/2023	01/01/2023	12/31/2023
Intangible assets						
Software	1	0	0	1	0	0
Total intangible assets	**1**	**0**	**0**	**1**	**0**	**0**
Property, plant and equipment						
Other equipment, operating and office equipment	51	6	-3	54	29	21
Total property, plant and equipment	**51**	**6**	**-3**	**54**	**29**	**21**
Investments						
Shares in affiliated companies	210,540	0	-12,551	197,989	468,875	440,924
Total financial assets	**210,540**	**0**	**-12,551**	**197,989**	**468,875**	**440,924**
TOTAL	**210,592**	**6**	**-12,554**	**198,044**	**468,903**	**440,945**

Changes in Equity

in € thousand	Subscribed capital	Capital reserve	Other capital reserve	Total capital reserve	Retained loss/profits	Currency translation differences	Total equity
As per 01/01/2023	**920**	**394,660**	**- 80**	**394,580**	**64,270**	**-**	**459,770**
Loss	-	-	-	-	- 3,312	-	- 3,312
Merger result	-	- 13,750	-	- 13,750	-	-	- 13,750
As per 12/31/2023	**920**	**380,910**	**- 80**	**380,830**	**60,957**	**-**	**442,707**

in CHF thousand	Subscribed capital	Capital reserve	Other capital reserve	Total capital reserve	Retained loss/profits	Currency translation differences	Total equity
As per 01/01/2023	**1,000**	**425,484**	**- 87**	**425,397**	**69,284**	**- 42,946**	**452,735**
Currency conversion	-	-	-	-	-	- 26,064	- 26,064
Loss	-	-	-	-	- 3,218	-	- 3,218
Merger result	-	- 13,505	-	- 13,505	-	-	- 13,505
As per 12/31/2023	**1,000**	**411,979**	**- 87**	**411,892**	**66,066**	**- 69,011**	**409,947**

Share ownership list in accordance with article 959c p. 2 No. 3 of the Swiss Code of Obligations (OR)

Registered in Switzerland and Germany		Domicile	Capital share in %		Voting right in %
			Direct	Indirect	
1.	EDAG Engineering Holding GmbH	Germany	100	-	100
2.	EDAG Engineering GmbH	Germany	-	100	100
3.	EDAG-Beteiligung GmbH	Germany	-	100	100
4.	EDAG Production Solutions GmbH & Co. KG	Germany	-	100	100
5.	EDAG Production Solutions Verwaltungs GmbH	Germany	-	100	100
6.	EDAG Werkzeug + Karosserie GmbH	Germany	-	49	49
7.	EDAG aeromotive GmbH	Germany	-	100	100
8.	Parkmotive GmbH	Germany	-	100	100
9.	EDAG Akademie GmbH	Germany	-	100	100
10.	EDAG Engineering Schweiz GmbH	Switzerland	-	100	100

Registered in other countries		Domicile	Capital share in %		Voting right in %
			Direct	Indirect	
11.	EDAG Engineering Limited	Great Britain	-	100	100
12.	EDAG do Brasil Ltda.	Brazil	-	100	100
13.	EDAG, Inc.	USA	-	100	100
14.	EDAG HOLDING SDN. BHD.	Malaysia	-	100	100
15.	EDAG Hungary Atófejlesztö Méröki Kft.	Hungary	-	100	100
16.	EDAG Production Solutions India Pvt. Ltd.	India	-	100	100
17.	EDAG Technologies India Priv. Ltd.	India	-	100	100
18.	EDAG Japan Co., Ltd.	Japan	-	100	100
19.	EDAG Engineering and Design (Shanghai) Co., Ltd.	China	-	100	100
20.	EDAG México S.A. de C.V.	Mexico	-	100	100
21.	EDAG Servicios México S.A. de C.V.	Mexico	-	100	100
22.	EDAG Production Solutions, Inc. [CKGP/PW & Associates, Inc.]	USA	-	100	100
23.	EDAG Italia S.R.L.	Italy	-	100	100
24.	EDAG Engineering CZ spol. s r.o.	Czech Republic	-	100	100
25.	EDAG Engineering Polska Sp.z.o.o.	Poland	-	100	100
26.	EDAG Engineering Spain, S.L.	Spain	-	100	100
27.	EDAG Engineering Scandinavia AB	Sweden	-	100	100
28.	HRM Engineering AB	Sweden	-	100	100
29.	EDAG Netherlands B.V.	Netherlands	-	100	100
30.	EDAG Turkey Muhendeslik Ltd. Sirketi	Turkey	-	100	100
31.	EDAG Engineering Austria GmbH	Austria	-	100	100

There were no changes in the capital and voting rights of the companies listed above compared with the previous year. The newly founded EDAG Engineering Austria GmbH was a new addition in the 2023 calendar year.

Report of the statutory auditor
(Statutory financial statement)

Report of the statutory auditor to the General Meeting of EDAG Engineering Group AG, Arbon

Report on the audit of the financial statements

Audit opinion

We have audited the financial statements of the EDAG Engineering Group AG (the company), which comprise the balance sheet as at December 31, 2023, the income statement and cash flow statement for the year then ended, and the notes, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 236 – 257) comply with Swiss law and the articles of association.

Basis for opinion

We conducted our year-end audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under these provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other professional responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the reporting period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of the investment in the subsidiary

Key audit matter
Investment in EDAG Engineering Holding GmbH in the amount of € 476 million (CHF 441 million) represents the largest asset on the balance sheet (99.9 % of total assets) as of December 31, 2023. If this investment had to be impaired, it would have a significant impact on the equity of the Company. Testing the investment for impairment depends on the future results of the company concerned. In addition, there is significant scope for judgement in determining the assumptions relating to future results.

Please refer to the notes and, in particular, 'Information on accounting, valuation and disclosure methods' (accounting for and valuation of assets) and the 'Notes on balance sheet items' (fixed assets).

How our audit addressed the key audit matter
Building on the impairment tests of the balance sheet item "Goodwill" in the consolidated financial statements, we focused our audit on the following audit procedures:

- We verified the method used to test the investment for impairment in the separate financial statements and assessed the calculation of the discount rate.
- We also assessed the appropriateness of the future cash inflows used for the valuation on the basis of a five-year plan drawn up by the Board of Directors.
- We also performed sensitivity analyses on the growth rate underlying the impairment test.
- Finally, we verified the appropriateness of the parameters used in calculating the discount rate, and examined the calculation model.

On the basis of the audit activities described above, we have gained sufficient evidence to take account of the risk of inappropriate valuation of the investments.

Other information
The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the joint management report, the consolidated financial statements, the stand-alone financial statements and the compensation report of EDAG Engineering Group AG and our auditor's reports thereon.

Our audit opinion on the annual financial statements does not cover the other information, and we do not express any form of conclusion thereon.

In connection with our year-end audit, it is our responsibility to read the other information and, when doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, on the basis of the work we have performed, we conclude that there is a material misstatement of this other information, we are obliged to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the financial statements
The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of the law and the company's articles of association, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether as a result of fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors intends either to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether as a result of fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but not a guarantee that a year-end audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement, should one exist. Misstatements can arise as a result of fraud or error, and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the website of EXPERTsuisse: http://www.expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

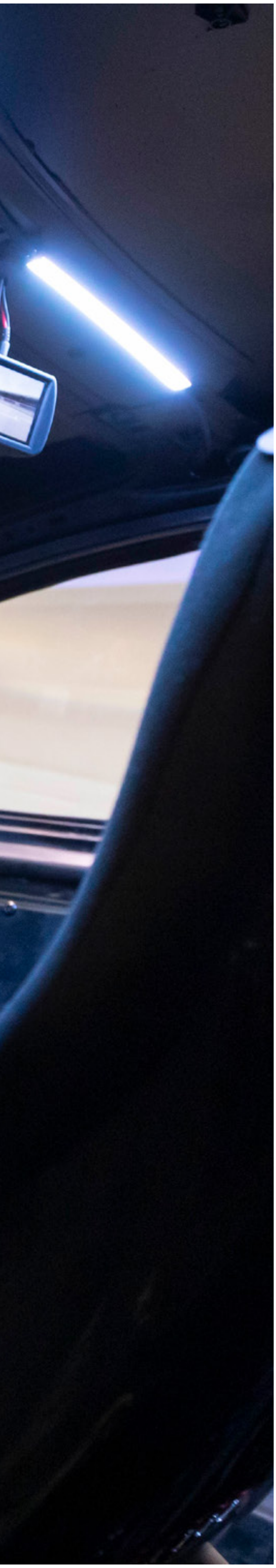
Report on other legal and regulatory requirements
In accordance with article 728a paragraph 1 item 3 OR and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

Furthermore, we confirm that the appropriation of net income complies with Swiss law and the Articles of Association and recommend that the financial statements submitted to you be approved.

Deloitte AG

Roland Müller	Mario Sosic
Accredited Audit Expert	Accredited Audit Expert
Auditor in charge	

Zurich, March 26, 2024



FINALLY...

AFFIRMATION OF THE LEGAL REPRESENTATIVES (BALANCE SHEET OATH)

We hereby certify, to the best of our knowledge, that in accordance with the applicable accounting principles, the consolidated financial statement conveys a proper picture of the assets, financial position and financial performance of the Group, and that the 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, March 26, 2024

EDAG Engineering Group AG

Cosimo De Carlo, Group Chief Executive Officer and
Member of the Group Executive Management

Holger Merz, Group Chief Financial Officer and
Member of the Group Executive Management

Georg Denoke, Chairman of the Board of Directors

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

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

This report includes predictive statements about future developments that are based on the current views of the management team. Statements of this kind are associated with certain risks and uncertainties. Should one of these uncertainty factors or other uncertainties materialize, or the assumptions on which the statements are based prove to be inaccurate, the actual results may differ substantially from the results which are either expressed or implied in these statements. We neither have the intention nor undertake any obligation to continuously update forward-looking statements, as they exclusively relate to the circumstances that existed on the date of their publication.

IMPRINT

Imprint and contact
Do you have any questions or suggestions regarding our Annual Report?
Then please contact us:
EDAG Engineering GmbH · Dept.: Marketing
Reesbergstraße 1 · 36039 Fulda

The English version of the Annual Report is a translation of the German version. The German version is legally binding.

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