# 2023 FINANCIAL YEAR

INTERIM REPORT AS OF MARCH 31, 2023


EDAG

# CONTENT

# SUMMARY OF THE FIRST QUARTER OF THE 2023 FINANCIAL YEAR

## EDAG GROUP WINS SUSTAINABILITY AWARD 2023 IN AUTOMOTIVE SECTOR

**EDAG Group's innovative vehicle platform and zone-based EE architecture**

The EDAG Group's innovative, modular and reusable vehicle platform KOSEL and zone-based electrics/electronics architecture ZOBAS have now won an award. The focus of the Sustainability Award in Automotive is on the responsible use of existing resources for future-proof and sustainable mobility. 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. To this end, we actively initiate and invest in research projects in the fields of sustainable production and mobility," explains Cosimo De Carlo, director and CEO of the EDAG Group. "We are delighted that our research work has been given the Sustainability Award in Automotive 2023, and recognized accordingly."

Vehicle production is still currently causing particularly high emission levels. One of the reasons for this is the tendency to produce new components and parts. This is not, however, always necessary – components with a long service life can be reused over several vehicle life cycles. Modular vehicle design (subject of the KOSEL research project) simplifies disassembly, therefore making it easier to replace components and modules. However, in order to be able to benefit from the advantages this brings, e.g. a longer overall service life and reduced carbon footprint, both the mechanical design and the vehicle's electrical and electronic systems (subject of the ZOBAS research project) need to be designed to meet these requirements.

The KOSEL demonstrator was officially presented and exhibited for the first time at the Hannover Show (April 17 - 21).

Gerhard Becker, Head of E/E Vehicle Engineering Electronics and leader of the ZOBAS project, traveled to Berlin to receive the award: "For the EDAG Group, mobility engineering also means sustainable engineering. With our know-how of new technologies and concepts, we demonstrate the fact that we are making a contribution to sustainable development in the automotive industry. Our aim now is to put the advantages of this prize-winning technology to use in future vehicle development projects

**Further information on the projects:**
KOSEL is a new kind of extremely long-lasting vehicle platform which makes it possible to produce a wide

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Gerhard Becker, Head of E/E Vehicle Engineering Electronics and leader of the ZOBAS project, traveled to Berlin to receive the award: "For the EDAG Group, mobility engineering also means sustainable engineering. (Photo: Laurin Schmid)


KOSEL platform demonstrator (Photo: EDAG Group)

range of vehicles using a single, modular architecture. The idea is to reduce the environmental impact of vehicle production throughout the entire life cycle by using standard interfaces, which will make it easier to replace components. The platform works on the principle of reuse, making the production of new components superfluous. The project was a joint undertaking involving the following partners: INVENT GmbH, Fraunhofer IWU, Röchling EP, BSMRG GmbH, the Emden-Leer University of Applied Sciences and Dresden University of Technology, and was funded by the Federal Ministry of Education and Research (BMBF).

ZOBAS has revolutionized the electric and electronic architecture of a vehicle not by interconnecting the individual sensors and actuators according to function, but by classifying them into zones based on the vehicle topology. The sensors and actuators in the zone are then connected to the zone controllers, regardless of function. The zone controllers communicate with one another via a redundant automotive Ethernet network. As a result of this reorganization, the weight of the wiring harness is reduced by up to 30 percent. Designed in a joint undertaking with Technica Engineering GmbH and sponsored by BMWK, the system has another advantage, namely that it enables components to be replaced with great ease, making it ideal for use in combination with the KOSEL module.

# SUMMARY OF THE FIRST QUARTER OF THE 2023 FINANCIAL YEAR

## EDAG GROUP OPENS EXTENDED FACILITY IN INGOLSTADT

**Almost 1,000 employees work at the new EDAG Campus**


The EDAG Group, the world's largest independent engineering service provider in the mobility industry and technology developer for industrial solutions, has enlarged its premises at the Ingolstadt Robert-Bosch-Straße site to create an integrated engineering center. In addition to offering a comprehensive range of services in vehicle and production plant development, Ingolstadt has as a result become one of the largest software and digitalization hubs within the EDAG Group. This is the company's response to the steadily growing demand for digital services for the mobility industry. The Campus has office, testing and storage space covering an area of more than 18,500 m². With this step, the company is merging several of its sites in Ingolstadt and Gaimersheim, providing workplaces for 950 employees.

The company has had premises in the Ingolstadt region since 1977, and has continuously expanded its

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competencies and capacities over the last few decades. The new building which has now been completed in the Robert-Bosch-Straße underlines our long-term ties with the region and the importance of the location. The new facility features over 600 workplaces for 950 employees, 16 meeting rooms, as well as testing and storage space. The Campus is equipped with electric charging stations, and has energy-efficient water source heat pumps for the heating and air conditioning systems. Construction took two years; the ground-breaking ceremony was in summer 2020.

"From a workforce of 10 to 950 – we are proud of Ingolstadt's more than 40-year history of constant growth," says Frank Schmidt, who is in charge of the Ingolstadt site. "The new site is a unique hub for future-oriented services centering on software and digitalization." Around the globe, the EDAG Group has more than 8,400 employees working on innovative projects and new concepts. The employees are of special importance in the EDAG Group, a fact which is demonstrated by the Top Employer award, an independent certification the company has recently received again.

"With its actively implemented new work concepts and modern work bar, the new Campus shows just how important HR development and new working worlds are to us," says Cosimo De Carlo, CEO of the EDAG Group. "With our Campus in Ingolstadt, we have created optimal conditions that will enable our 950 EDAG colleagues to create innovations with our customers."

"Ingolstadt is an ideal and promising location for high-performance companies. With the EDAG Group's new Campus, Ingolstadt has gained another highly attractive location for young talents and professionals in the field of the mobility of the future," says Prof. Dr. Georg Rosenfeld, Business Advisor of the City of Ingolstadt.

The EDAG Group is bundling its extensive expertise and experience in the integrated development of products, production and digital solutions for the automotive industry, commercial vehicles, motorcycles and the aerospace industry in Ingolstadt.

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# KEY FIGURES OF AND EXPLANATIONS BY THE EDAG GROUP AS PER MARCH 31, 2023

| **(in € million or %)** | **1/1/2023 – 3/31/2023** | **1/1/2022 – 3/31/2022** |
|---|---|---|
| Vehicle Engineering | 119.7 | 115.6 |
| Electrics/Electronics | 68.8 | 54.7 |
| Production Solutions | 27.1 | 26.5 |
| Consolidation | - 4.2 | - 3.3 |
| **Total revenues[1]** | **211.4** | **193.5** |
| | | |
| Growth: | | |
| Vehicle Engineering | *3.6%* | *15.1%* |
| Electrics/Electronics | *25.6%* | *20.3%* |
| Production Solutions | *2.4%* | *32.4%* |
| **Change of revenues[1]** | ***9.2%*** | ***23.5%*** |
| | | |
| Vehicle Engineering | 6.4 | 9.6 |
| Electrics/Electronics | 5.3 | 4.6 |
| Production Solutions | 1.2 | 0.5 |
| **Adjusted EBIT** | **13.0** | **14.7** |
| **EBIT** | **14.4** | **14.3** |
| | | |
| Vehicle Engineering | *5.4%* | *8.3%* |
| Electrics/Electronics | *7.7%* | *8.3%* |
| Production Solutions | *4.5%* | *2.1%* |
| **Adjusted EBIT margin** | ***6.1%*** | ***7.6%*** |
| **EBIT margin** | ***6.8%*** | ***7.4%*** |
| | | |
| **Profit or loss** | ***8.3*** | ***8.4*** |
| Earnings per share (€) | 0.33 | 0.33 |

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

| (in € million or %) | 3/31/2023 | 12/31/2022 |
|---|---|---|
| Fixed assets | 351.0 | 350.8 |
| Net working capital | 69.0 | 61.5 |
| Net financial debt (incl. lease liabilities) | - 197.3 | - 198.7 |
| Provisions | - 65.8 | - 64.7 |
| **Equity** | **157.0** | **148.9** |
| **Balance sheet total** | **721.0** | **721.7** |

| | | |
|---|---|---|
| Net financial debt/credit [-/+] w/o lease liabilities | - 15.8 | - 15.5 |
| Equity / BS total | *21.8%* | *20.6%* |
| Net Gearing [%] incl. lease liabilities | *125.7%* | *133.4%* |

| (in € million or %) | 1/1/2023 – 3/31/2023 | 1/1/2022 – 3/31/2022 |
|---|---|---|
| Operating cash flow | 14.0 | 10.9 |
| Investing cash flow | - 6.6 | - 4.9 |
| Free cash flow | 7.3 | 6.0 |
| Adjusted cash conversion rate[1] | 70.8% | 78.9% |
| CapEx | 6.7 | 5.0 |
| CapEx/revenues | *3.2%* | *2.6%* |

[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.

| | 3/31/2023 | 12/31/2022 |
|---|---|---|
| Headcount end of period incl. apprentices | 8,529 | 8,412 |
| Trainees as % | 2.9% | 3.3% |

At € 211.4 million, the revenue in the first quarter just ended was a significant € 17.8 million or 9.2 percent above the previous year's level (Q1 2022: € 193.5 million). In comparison with the same period in the previous year, revenue in all segments increased in the reporting period just ended.

Compared to the previous year, the EBIT in the reporting period saw a slight increase of € 0.1 million to € 14.4 million (Q1 2022: € 14.3 million). This means that an EBIT margin of 6.8 percent was achieved (Q1 2022: 7.4 percent).

Primarily adjusted for the depreciation, amortization and impairments from the purchase price allocations (€ 0.1 million) and proportionate compensation payments (€ -1.6 million) that were recorded in the reporting period in 2023, the adjusted EBIT figure was € 13.0 million (Q1 2022: € 14.7 million), which is equivalent to an adjusted EBIT margin of 6.1 percent (Q1 2022: 7.6 percent).

The headcount, including trainees, on March 31, 2023 was 8,529 employees (12/31/2022: 8,412 employees). 6,012 of these employees were employed in Germany, and 2,517 in the rest of the world (RoW) (12/31/2022: [Germany: 5,962; RoW: 2,450]).

Gross investments in fixed assets amounted to € 6.7 million in the reporting period, which was above the level of the same period in the previous year (Q1 2022: € 5.0 million). The equity ratio on the reporting date was 21.8 percent (12/31/2022: 20.6 percent).

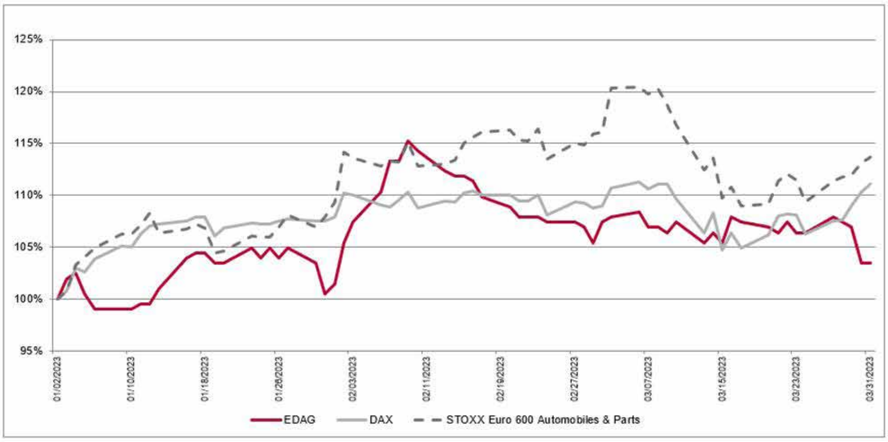
At € 197.3 million, the net financial debt (including lease liabilities) slightly decreased compared to the level recorded on December 31, 2022 (€ 198.7 million). Without taking lease liabilities into account, the net financial debt on March 31, 2023 amounts to € 15.8 million (12/31/2022: net financial debt € 15.5 million).

# THE EDAG SHARE

On January 2, 2023, the DAX started the first quarter of the financial year with 13,992.71 points. On the same day, at 14,069.26 points, the index marked its lowest closing level for the period. A general market recovery subsequently began, with the DAX rising to a closing level of 15,653.58 points on March 6. Following a brief correction, the DAX closed the reporting period at 15,628.84 points on March 31. The STOXX Automobiles & Parts Index fluctuated between 544.07 and 655.33 points during the same period.

## 1 Price Development

On January 2, 2023, the opening price of the EDAG share in XETRA trading was € 10.05. Following this, the development of the share price was volatile, initially falling to its lowest closing price in the reporting period of € 10.05 on January 6. In the course of the general market recovery, the share price then rose until a closing price of € 11.70 was reached on February 9. On March 31, the EDAG share closed the reporting period with a closing price of € 10.50. During the first quarter of 2023, the average XETRA trade volume was 7,180 shares a day.




Source: Comdirect

# 2 Key Share Data

| | 1/1/2023 – 3/31/2023 |
|---|---|
| **Prices and trading volume:** | |
| Share price on March 31 (€)[1] | 10.50 |
| Share price, high (€)[1] | 11.70 |
| Share price, low (€)[1] | 10.05 |
| Average daily trading volume (number of shares)[2] | 7,180 |
| Market capitalisation on March 31 (€ million) | 262.50 |

[1] Closing price on Xetra

[2] On Xetra

A current summary of the analysts' recommendations and target prices for the EDAG share, the current share price and financial calendar are available on our homepage, on www.edag.com.

# INTERIM MANAGEMENT REPORT

## 1 Basic Information on the Group

### 1.1 Business Model

#### Three Segments

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

The business is organized 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** department brings together all of our services such as package & ergonomics, body assembly, surface design and interior & exterior. This also includes the development of door, cover and lid systems. Further, the Body Engineering department is involved with new technologies and lightweight design, as well as commercial vehicle development and the development of car lights such as headlamps, rear and small lamps. In addition to dealing with computation and simulation, the Dimensional Management team works on the reproducibility and geometrical quality of the products. Interface management and the management of complex module developments are taking on an increasingly significant role in the projects. Our **Vehicle Integration** department is responsible for the complete functional integration and for vehicle validation. This department employs computer-aided engineering (CAE) to carry out the early validation of products and their properties. Functionality is validated and durability analyzed on the test equipment and facilities at our test laboratories, in readiness for start of production. This includes testing individual components, modules, engines, motors, transmissions, and even complete vehicles. The profit center **Energy Systems and Drivetrain** was created on January 1, 2022. Here, we have bundled in-house competencies in the design, development and integration of future-oriented powertrains (e.g. electric motors) and energy storage systems (e.g. battery, hydrogen) in both the mobility and the energy sectors. In the **Models & Vehicle Solutions** department, we offer a full range of styling, ideation and design services, and in our design studios we are able to implement the virtual design validation process and construct physical models for all phases of vehicle engineering. In the associated Prototype and Vehicle Construction department, we create complete test vehicles as well as sub-assemblies and vehicle bodies for the physical validation of these modules and systems. The development and production of individual vehicle conversions round off the portfolio of this department. This also includes the construction of classic cars, including custom-made spare parts. Complete vehicle development and interdisciplinary module packages, some of them calling for the involvement of our international subsidiaries, are managed by the **Project Management** department. The **Product Quality & Care** department provides assistance with consulting and support for quality-related matters, as well as services which explain a product and enable it to be used effectively.

## Presentation of the Electrics/Electronics Segment

The E/E 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.

The structure of the delivery organization of EDAG's E/E segment has a constantly evolving competence organization in four areas of competence to cover 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. In addition to the areas of competence, PMBO (Project Management Office & Business Operation) consolidates the segment-wide project management processes, schools E/E project leaders, and provides an explicit project management framework for handling small to large-scale projects. The ACT team (Agile Coaching and Transformation) helps with the cross-divisional introduction of agile methods and the further development of the E/E organization.

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 EDAG E/E architecture development process. Starting with the initial feature list, through topology and the vehicle electrical system, to integration in the corresponding vehicle, EDAG provides support and development services for all development phases through to series production, 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 key aspect of Software & Digitalization. Here, EDAG E/E develops innovative services 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. EDAG E/E's 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.

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

## 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 production processes at 11 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 complete factories over all fields, including cross processes, and to provide realization support. The Industry 4.0 methods and tools serve as the basis for the networked engineering between the product development and plant construction processes.

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

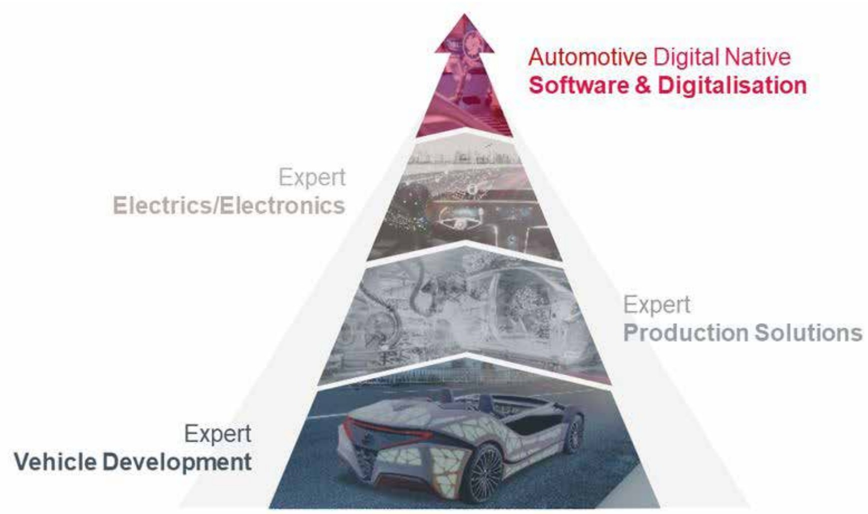
The **Automotive Solutions** division comprises the long-standing business segment of EDAG PS. EDAG PS offers customers in the automotive industry an extensive portfolio which ranges from planning to virtual commissioning. It has the comprehensive production development competence needed to master all 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 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, virtual reality and augmented reality in production, and a wide range of software products and qualification. In this way, EDAG PS aims to achieve improved process reliability for its customers, along with a sustainable factory infrastructure, increased productivity, supply chain excellence, complexity control, and improved decision-making and process validation, and offers software solutions for production. 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 8,500 employees at almost 60 international 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:

- A 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

# 2 Financial Report

## 2.1 Macroeconomic and Industry-Specific Conditions

According to the International Monetary Fund's (IMF) latest outlook on April 11, 2023, the world economy exhibited 3.4 percent growth in 2022 (2021: 6.2 percent). For the current year, the IMF anticipates a growth rate of 2.8 percent.

Compared to the same period in the previous year, the European automotive market (EU-27 + EFTA & UK) recorded a further downturn of some 18 percent in the number of new registrations in the three-month period just ended. The development of the five largest individual markets varied widely: A two-figure growth rate was achieved in Spain (45 percent), Italy (26 percent), the United Kingdom (18 percent), and France (15 percent). By comparison, the market in Germany grew by just 7 percent.

In Germany, a 12.7 percent decline in new registrations of electric passenger cars was recorded in the first three months of 2023, compared to the same period in the previous year. Overall, sales of electric passenger cars, which amounted to 132,281, accounted for a market share of 19.8 percent (same period in the previous year: 24.2 percent). This development is mainly due to the significant two-figure decrease of 44.6 percent in registrations of plug-in hybrid vehicles in the first quarter of 2023. At 37.3 percent, the proportion of gasoline-fueled passenger cars was above the previous year's level (35.3 percent). At 18.9 percent, the proportion of diesel-fueled passenger cars was below the level in the previous year (20.2 percent) in the first three months of 2023.

In the USA, the volume on the light vehicle market (passenger cars and light trucks) in the period January to March 2023 increased by 8 percent compared to the same period in the previous year. Continued growth was also registered on the markets in Japan (17 percent), Brazil (16 percent) and India (11 percent). In China, on the other hand, there was a drop in registrations (7 percent).

## 2.2 Financial Performance, Cash Flows and Financial Position of the EDAG Group in accordance with IFRS

### Financial Performance

#### Development of the EDAG Group

Primarily as a result of increases in our customers' research and development (R&D) budgets, orders on hand as of March 31, 2023 increased significantly to € 507.0 million, compared to € 401.2 million as of December 31, 2022 (3/31/2022: € 428.3 million). Neither potential call-offs relating to general agreements nor call-offs relating to production orders are included in the orders on hand. In the quarter just ended, the EDAG Group generated incoming orders amounting to € 312.0 million, which, compared to the same period in the previous year (€ 266.1 million), represents a significant increase of € 45.8 million.

At € 211.4 million, revenue in the quarter just ended was a significant € 17.8 million or 9.2 percent above the previous year's level (Q1 2022: € 193.5 million). This development is primarily due to continued increases in our customers' R&D budgets and increased contract acquisitions in the quarter just ended. We are pleased to note that revenue in all three segments increased in the reporting period just ended compared to the same period in the previous year.

Compared to the same period in the previous year, other income increased by a significant € 5.0 million to € 9.7 million in the quarter just ended. This increase is largely due to compensation payments in the amount of € 4.3 million.

Materials and services expenses increased by € 5.9 million to € 24.1 million (Q1 2022: € 18.1 million). This development is also reflected in the materials and services expenses ratio which, at 11.4 percent, was above the level of the same period in the previous year (Q1 2022: 9.4 percent). Compared to the same period in the previous year, the materials expenses ratio underwent a slight increase of 0.4 percentage points to 2.7 percent. At 8.7 percent, the ratio of service expenses in relation to the revenues was also above the level of the same period in the previous year (Q1 2022: 7.0 percent).

The EDAG Group's personnel expenses in the reporting period increased by 8.3 percent to € 145.0 million compared to the same period in the previous year. On the other hand, there was a slight decrease in the ratio of personnel expenses down to 68.6 percent, compared with the same period in the previous year (Q1 2022: 69.2 percent). In the quarter just ended, the company had a workforce of 8,520 employees on average, including apprentices (Q1 2022: 7,917 employees).

Depreciation, amortization and impairments totaled € 10.1 million (Q1 2022: € 9.4 million). The net result from the impairment or impairment loss reversal of financial assets amounted to € 0.1 million (Q1 2022: € 0.3 million). The other operating expenses increased by € 4.8 million to € 27.6 million. By contrast, the operating expenses in relation to revenue increased to 13.0 percent (Q1 2022: 11.7 percent).

Compared to the previous year, the EBIT in the reporting period saw a slight increase of € 0.1 million to € 14.4 million (Q1 2022: € 14.3 million). This means that an EBIT margin of 6.8 percent was achieved (Q1 2022: 7.4 percent).

Primarily adjusted for the depreciation, amortization and impairments from the purchase price allocations that were recorded in the reporting period in 2023 (€ 0.1 million) and compensation payments (€ -1.6 million), the adjusted EBIT figure was € 13.0 million (Q1 2022: € 14.7 million), which is equivalent to an adjusted EBIT margin of 6.1 percent (Q1 2022: 7.6 percent).

The financial result for the just-ended first quarter of 2023 was € -1.9 million, (Q1 2022: € -1.8 million), which was a slight reduction of € -0.1 million compared to the same period in the previous year.

To sum up, with a result of € 8.3 million (Q1 2022: a profit of € 8.4 million), business development of the EDAG Group was all in all satisfactory in the reporting period.

**Development of the Vehicle Engineering Segment**

Incoming orders in the first quarter of 2023 just ended amounted to € 176.9 million, which was well above the level of the same period in the previous year (Q1 2022: € 155.4 million). At € 119.7 million, revenues were also above the previous year's level (Q1 2022: 115.6 million). All in all, an EBIT of € 6.6 million was recorded for the Vehicle Engineering segment in the first quarter just ended (Q1 2022: € 9.2 million). The EBIT margin amounted to 5.5 percent, which was below the level of the same period in the previous year (Q1 2022: 8.0 percent). Compared to the same period in the previous year, there was a reduction in the adjusted EBIT margin to 5.4 percent (Q1 2022: 8.3 percent).

**Development of the Electrics/Electronics Segment**

Incoming orders increased by a significant € 17.7 million to € 102.7 million compared to the same period in the previous year (Q1 2022: € 85.0 million). At € 68.8 million, revenue was also well above the level of the same period in the previous year (€ 54.7 million). The EBIT stood at € 5.3 million (Q1 2022: € 4.6 million). This meant that the EBIT margin amounted to 7.7 percent (Q1 2022: 8.3 percent). The adjusted EBIT margin was also 7.7 percent, which was slightly down on the previous year's level (Q1 2022: 8.3 percent).

**Development of the Production Solutions Segment**

In this segment, incoming orders amounted to € 38.9 million, which was also above the level of the same period in the previous year (Q1 2022: € 31.9 million). At € 27.1 million, the revenue in the quarter just ended was € 0.6 million above the previous year's level (Q1 2022: € 26.5 million). Overall, the EBIT for the Production Solutions segment stood at € 2.5 million in the quarter just ended (Q1 2022: € 0.5 million). This meant that the EBIT margin amounted to 9.1 percent (Q1 2022: 1.9 percent). At 4.5 percent, the adjusted EBIT margin in the quarter just ended was above the level of the same period in the previous year (Q1 2022: 2.1 percent).

## Cash Flows and Financial Position

The EDAG Group's statement of financial position total marginally decreased by € 0.6 million to € 721.0 million, and was therefore at the same level as of December 31, 2022 (€ 721.7 million). The non-current assets also decreased slightly by € 0.5 million to € 369.0 million (12/31/2022: € 369.6 million). In the current assets, there was an increase of € 43.9 million in the contract assets. By way of contrast, the accounts receivable fell by € 53.0 million. Though there was a slight decrease in cash and cash-equivalents from € 122.7 million to 121.6 million, these still remain at a very high level.

On the equity, liabilities and provisions side, equity increased to from € 148.9 to € 157.0 million, mainly as a result of the current profits (€ 8.3 million). The equity ratio on the reporting date increased to 21.8 percent (12/31/2022: 20.6 percent).

Non-current liabilities and provisions decreased slightly to € 232.9 million, (12/31/2022: € 233.4 million). Current liabilities and provisions decreased by € 8.2 million to € 331.1 million, mainly as a result of a decline in contractual liabilities and accounts payable.

In the just-ended first quarter of 2023, the operating cash flow was € 14.0 million (Q1 2022: € 10.9 million). The increase was primarily due to improvements in financial performance.

At € 6.7 million, gross investments in the reporting period were higher than in the previous year (Q1 2022: € 5.0 million). The ratio of gross investments in relation to revenues was therefore 3.2 percent (Q1 2022: 2.6 percent).

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

## 2.3 HR Management and Development

The success of the EDAG Group as one of the leading engineering service providers in the automotive sector is inextricably linked to the skills and motivation of its employees. Behind the company's comprehensive service portfolio are people with widely differing occupations and qualifications. In addition, the EDAG Group is also characterized by the special commitment and mentality of its employees. Throughout more than 50 years of history, EDAG has always ensured that both young and experienced employees are offered interesting and challenging activities and projects, and are provided with the prospect of and the necessary space for personal responsibility and decision-making. And this is the primary focus of both our human resources management and development. For a more detailed representation of HR management and development, please see the Group Management Report in the Annual Report for 2022.

On March 31, 2023, the EDAG Group employed a workforce of 8,529 people (12/31/2022: 8,412 people). Personnel expenses in the reporting period amounted to € 145.0 million (Q1 2022: € 133.9 million).

# 3 Forecast, Risk and Reward Report

## 3.1 Risk and Reward Report

There were no changes to the risks and rewards described in the Group Management Report in the Annual Report for 2022.

Considering the measures taken, our position on the market, and our strategic and financial strength, we remain confident of our ability to contain the existing risks and deal successfully with the resulting challenges. For a more detailed representation of the Risk and Reward Report, please see the Group Management Report in the Annual Report for 2022.

## 3.2 Forecast

According to the latest IMF estimate announced on April 11, 2023, a decline of 0.1 percent in economic performance is expected for Germany in 2023; a return to a positive growth rate of 1.1 percent is anticipated in 2024. Within the eurozone, the IMF expects a growth rate of 0.8 percent in 2023 and of 1.4 percent in 2024. Growth of the US economy is expected to reach 1.6 percent in 2023, while a growth rate of 1.1 percent is anticipated in 2024. According to latest estimates, China, with forecasts for a 5.2 percent increase in economic output in 2023 and 4.5 percent in 2024, 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 2023 and 2024. India, with an expected growth rate of 5.9 percent in 2023 and 6.3 percent in 2024, is another major contributor to the projected growth of the global economy.

The outlook in the automotive industry for 2023 continues to be marked by a continuing recovery of the markets.

While the number of registrations in the passenger car/light vehicle market in Europe and the USA contracted in 2022, the VDA, in its forecast of April 26, 2023, anticipates a renewed increase in registrations in Europe (7 percent) and the USA (4 percent) in 2023. This growth does, however, depend on how interest rates and inflation develop in 2023.

At 3 percent, the growth rate forecast by the VDA for the Chinese market in 2023 is below the level of growth in the previous year (10 percent). One of the reasons for the declining momentum is the fact that tax cuts on passenger cars in China expired at the end of 2022.

Taking the above explanations into account, Morgan Stanley, in its forecast of March 17, 2023, anticipates that global sales of vehicles (passenger cars, not including lightweight commercial vehicles) will increase to 71.6 million in 2023, an increase of more than 3 percent compared to 2022. This means while the 2023 forecast is higher than the 69.4 million units sold in the previous year, it is still below that of 2019, the year prior to the crisis, when over 78 million units were sold.

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 new automotive startup companies can see an opportunity to redesign the mobility of the future. The current emission standards are making the further development of classic powertrain types essential, and promoting the integration of alternative powertrains. The BEV/PHEV[1] technologies are also becoming increasingly important. In addition, however, e-fuels and the hydrogen-based fuel cell are providing high-tech engineering service providers with diverse opportunities. Additional challenges for all market participants are being created by the future-oriented fields of software, sensors, and autonomous and connected driving. The development of new digital business fields and mobility services necessitates additional development and capacity requirements, which could 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.

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

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

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 € 220 billion in research and development in the automotive industry in the period 2022 to 2026; to this must be added expenditure in the amount of approx. € 100 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, energy and staffing costs which have already risen and/or are continuing to rise, and the availability of suitable personnel, but do see a risk that its development might be impaired. The dynamic situation in connection with the continuing war in Ukraine and and the possibility of additional geopolitical conflicts harbors uncertainties the development of which cannot be foreseen. These could include possible delays in the awarding of contracts or even project stops and budget cuts on the part of our customers; at the present time, however, there is no way of knowing. 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. What is certain, however, is that cross-sector impairments in exports to Russia and production in Russia and Ukraine already exist and will continue. On the reporting date, unused lines of credit with credit institutions in the amount of € 106.0 million exist in the Group. As a result, we see ourselves as being very well positioned to meet the challenges of the 2023 financial year.

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.

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

For the 2023 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 7 percent.

What is more, we expect a stable adjusted EBIT, with current projections indicating an adjusted EBIT margin in the 4 to 7 percent range.

On account of the sustained growth, we expect investments in the 2023 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 to 5 percent.

To a large extent, however, these estimates remain dependent on the impact of the continuing war in Ukraine, on the possibility of further geopolitical conflicts, and on inflationary developments.

A summary of the outlook for 2023 is included in the following table:

| in € million | 2022 | Forecast 2023 |
|---|---|---|
| **Group** | | |
| Revenues | 796.1 | Growth in a range of around 4 to 7 percent |
| Adjusted EBIT-margin | 6.3% | Range of around 4 to 7 percent |
| Investment rate | 3.8% | Range of around 4 to 5 percent |

# 4 Disclaimer

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

# ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS

## 1 Consolidated Statement of Comprehensive Income

| in € thousand | 1/1/2023 – 3/31/2023 | 1/1/2022 – 3/31/2022 |
|---|---|---|
| **Profit or loss** | | |
| Sales revenues and changes in inventories[1] | 211,360 | 193,519 |
| Sales revenues | 210,313 | 192,125 |
| Changes in inventories | 1,047 | 1,394 |
| Other income | 9,717 | 4,723 |
| Material expenses | - 24,056 | - 18,148 |
| **Gross Profit** | **197,021** | **180,094** |
| Personnel expenses | - 144,954 | - 133,884 |
| Depreciation, amortization and impairment | - 10,129 | - 9,441 |
| Net result from impairment losses or impairment loss reversals of financial assets | 73 | 252 |
| Other expenses | - 27,578 | - 22,738 |
| **Earnings before interest and taxes (EBIT)** | **14,433** | **14,283** |
| Result from investments accounted for using the equity method | 270 | 314 |
| Financial income | 662 | 82 |
| Financing expenses | - 2,864 | - 2,159 |
| **Financial result** | **- 1,932** | **- 1,763** |
| **Earnings before taxes** | **12,501** | **12,520** |
| Income taxes | - 4,162 | - 4,169 |
| **Profit or loss** | **8,339** | **8,351** |

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

| in € thousand | 1/1/2023 – 3/31/2023 | 1/1/2022 – 3/31/2022 |
|---|---|---|
| **Profit or loss** | **8,339** | **8,351** |
| **Other comprehensive income** | | |
| **Under certain conditions reclassifiable profits/losses** | | |
| Currency conversion difference | | |
| Profits/losses included in equity from currency conversion difference | - 29 | 789 |
| **Total under certain conditions reclassifiable profits/losses** | **- 29** | **789** |
| **Not reclassifiable profits/losses** | | |
| Revaluation of net obligation from defined benefit plans | | |
| Revaluation of net obligation from defined benefit plans before taxes | - 417 | 5,331 |
| Deferred taxes on defined benefit plans | 126 | - 1,600 |
| Share of other comprehensive income of at-equity accounted investments, net of tax | 53 | 73 |
| **Total not reclassifiable profits/losses** | **- 238** | **3,804** |
| Total other comprehensive income before taxes | - 393 | 6,193 |
| Total deferred taxes on the other comprehensive income | 126 | - 1,600 |
| **Total other comprehensive income** | **- 267** | **4,593** |
| **Total comprehensive income** | **8,072** | **12,944** |
| **Earnings per share of shareholders of EDAG Group AG [diluted and basic in €]** | | |
| Earnings per share | 0.33 | 0.33 |

# 2 Consolidated Statement of Financial Position

| in € thousand | 3/31/2023 | 12/31/2022 |
|---|---|---|
| **Assets** | | |
| Goodwill | 74,164 | 74,387 |
| Other intangible assets | 10,902 | 11,421 |
| Property, plant and equipment | 80,963 | 78,645 |
| Rights of use from leasing | 166,039 | 167,710 |
| Financial assets | 140 | 123 |
| Investments accounted for using the equity method | 18,809 | 18,487 |
| Non-current other financial assets | 573 | 557 |
| Non-current other non-financial assets | 2,277 | 2,610 |
| Deferred tax assets | 15,177 | 15,642 |
| **Non-current assets** | **369,044** | **369,582** |
| Inventories | 6,006 | 4,348 |
| Current contract assets | 113,269 | 69,382 |
| Current accounts receivables | 82,484 | 135,453 |
| Current other financial assets | 7,673 | 1,795 |
| Current securities, loans and financial instruments | 964 | 151 |
| Current other non-financial assets | 18,662 | 17,255 |
| Income tax assets | 1,346 | 1,005 |
| Cash and cash-equivalents | 121,585 | 122,688 |
| **Current assets** | **351,989** | **352,077** |
| **Assets** | **721,033** | **721,659** |

| in € thousand | 3/31/2023 | 12/31/2022 |
|---|---|---|
| **Equity, liabilities and provisions** | | |
| Subscribed capital | 920 | 920 |
| Capital reserves | 40,000 | 40,000 |
| Retained earnings | 123,718 | 115,378 |
| Reserves from profits and losses recognized directly in equity | - 3,180 | - 2,941 |
| Currency conversion differences | - 4,468 | - 4,439 |
| **Equity** | **156,990** | **148,918** |
| Provisions for pensions and similar obligations | 26,547 | 25,741 |
| Other non-current provisions | 3,537 | 3,536 |
| Non-current financial liabilities | 39,526 | 39,528 |
| Non-current lease liabilities | 163,047 | 164,379 |
| Non-current other non-financial liabilities | 242 | 199 |
| Deferred tax liabilities | 34 | 4 |
| **Non-current liabilities and provisions** | **232,933** | **233,387** |
| Current provisions | 35,722 | 35,425 |
| Current financial liabilities | 98,795 | 98,838 |
| Current lease liabilities | 18,443 | 18,702 |
| Current contract liabilities | 70,312 | 76,531 |
| Current accounts payable | 23,283 | 31,228 |
| Current other financial liabilities | 4,267 | 4,169 |
| Current other non-financial liabilities | 63,237 | 58,692 |
| Income tax liabilities | 17,051 | 15,769 |
| **Current liabilities and provisions** | **331,110** | **339,354** |
| **Equity, liabilities and provisions** | **721,033** | **721,659** |

# 3 Consolidated Cash Flow Statement

| in € thousand | | 1/1/2023 – 3/31/2023 | 1/1/2022 – 3/31/2022 |
|---|---|---|---|
| | **Profit or loss** | **8,339** | **8,351** |
| +/- | Income tax expenses/income | 4,162 | 4,169 |
| - | Income taxes paid | - 2,569 | - 195 |
| + | Financial result | 1,932 | 1,763 |
| + | Interest received | 662 | 82 |
| +/- | Depreciation and amortization/write-ups on tangible and intangible assets | 10,129 | 9,441 |
| +/- | Other non-cash item expenses/income | - 833 | 5,445 |
| +/- | Increase/decrease in non-current provisions | 812 | - 5,000 |
| -/+ | Profit/loss on the disposal of fixed assets | - 77 | - 12 |
| -/+ | Increase/decrease in inventories | - 1,722 | - 1,549 |
| -/+ | Increase/decrease in contract assets, receivables and other assets that are not attributable to investing or financing activities | 2,340 | 21,883 |
| +/- | Increase/decrease in current provisions | 282 | - 2,587 |
| +/- | Increase/decrease in accounts payables and other liabilities and provisions that are not attributable to investing or financing activities | - 9,507 | - 30,879 |
| = | **Cash inflow/outflow from operating activities/ operating cash flow** | **13,950** | **10,912** |
| + | Deposits from disposals of tangible fixed assets | 122 | 66 |
| - | Payments for investments in tangible fixed assets | - 6,205 | - 3,614 |
| - | Payments for investments in intangible fixed assets | - 530 | - 1,359 |
| + | Deposits from disposals of financial assets | 1 | 2 |
| - | Payments for investments in financial assets | - 15 | - 6 |
| = | **Cash inflow/outflow from investing activities/ investing cash flow** | **- 6,627** | **- 4,911** |

| | in € thousand | 1/1/2023 – 3/31/2023 | 1/1/2022 – 3/31/2022 |
|---|---|---|---|
| - | Interest paid | - 2,085 | - 1,799 |
| - | Repayment of financial liabilities | - 523 | - 370 |
| - | Repayment of lease liabilities | - 4,913 | - 4,416 |
| +/- | Repayment/Investment in current financial receivables | - 849 | - |
| = | **Cash inflow/outflow from financing activities/ financing cash flow** | **- 8,370** | **- 6,585** |
| | **Net cash changes in financial funds** | **- 1,047** | **- 584** |
| -/+ | Effect of changes in currency exchange rate and other effects from changes of financial funds | - 56 | 589 |
| + | Financial funds at the start of the period | 122,688 | 151,091 |
| = | **Financial funds at the end of the period [cash & cash equivalents]** | **121,585** | **151,096** |
| = | **Free cash flow (FCF) – equity approach** | **7,323** | **6,001** |

# 4 Consolidated Statement of Changes in Equity

| in € thousand | Subscribed capital | Capital reserves | Retained earnings | Currency conversion | Revaluation from pension plans | Shares in investments accounted for using the equity method | Total equity |
|---|---|---|---|---|---|---|---|
| **As per 1/1/2023** | **920** | **40,000** | **115,379** | **- 4,439** | **- 2,943** | **1** | **148,918** |
| Profit or loss | - | - | 8,339 | - | - | - | 8,339 |
| Other comprehensive income | - | - | - | - 29 | - 291 | 53 | - 267 |
| **Total comprehensive income** | **-** | **-** | **8,339** | **- 29** | **- 291** | **53** | **8,072** |
| **As per 3/31/2023** | **920** | **40,000** | **123,718** | **- 4,468** | **- 3,234** | **54** | **156,990** |

| in € thousand | Subscribed capital | Capital reserves | Retained earnings | Currency conversion | Revaluation from pension plans | Shares in investments accounted for using the equity method | Total equity |
|---|---|---|---|---|---|---|---|
| **As per 1/1/2022** | **920** | **40,000** | **91,521** | **- 4,548** | **- 12,359** | **- 112** | **115,422** |
| Profit or loss | - | - | 8,351 | - | - | - | 8,351 |
| Other comprehensive income | - | - | - | 788 | 3,731 | 74 | 4,593 |
| **Total comprehensive income** | **-** | **-** | **8,351** | **788** | **3,731** | **74** | **12,944** |
| **As per 3/31/2022** | **920** | **40,000** | **99,871** | **- 3,759** | **- 8,628** | **- 38** | **128,366** |

# 5 Selected Explanatory Notes

## 5.1 General Information

The EDAG Group are experts in the development of vehicles, derivatives, modules and production facilities, specializing in complete vehicle development. As one of the largest independent engineering partners for the automotive industry, we regard mobility not simply as a product characteristic, but rather as a fully integrated purpose.

The parent company of the EDAG Group is EDAG Engineering Group AG ("EDAG Group AG"). EDAG Group AG was founded on November 2, 2015, and entered in the commercial register of the Swiss canton Thurgau on November 3, 2015. The registered office of the company is: Schlossgasse 2, 9320 Arbon, Switzerland.

Since December 2, 2015, the company has been listed for trading on the regulated market of the Frankfurt Stock Exchange with concurrent admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard):

| | |
|---|---|
| International Securities Identification Number (ISIN): | CH0303692047 |
| Securities identification number (WKN): | A143NB |
| Trading symbol: | ED4 |

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

The unaudited Consolidated Interim Report has been prepared using the euro as the reporting currency. Unless otherwise stated, all amounts are given in thousands of euros. Where percentage values and figures are given, differences may occur due to rounding.

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

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

## 5.2 Basic Principles and Methods

### Basic Accounting Principles

The consolidated interim report of the EDAG Group AG for the period ending March 31, 2023 has been prepared in accordance with IAS 34 "Interim financial reporting". As the scope of the Consolidated Interim Report has been reduced, making it shorter than the Consolidated Financial Statement, it should be read in conjunction with the Consolidated Financial Statement for December 31, 2022. The Consolidated Financial Statement of EDAG Group AG and its subsidiaries for December 31, 2022 has been prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), as they are to be applied pursuant to Directive No. 1606/2002 of the European Parliament and Council regarding the application of international accounting standards in the EU. In addition to the International Financial Reporting Standards, the term IFRS also includes the still valid International Accounting Standards (IAS), the Interpretations of the IFRS Interpretations Committee (IFRS IC) and those of the former Standing Interpretations Committee (SIC). The requirements of all accounting standards and interpretations resolved as of March 31, 2023 and adopted in national law by the European Commission have been fulfilled.

In addition to the statement of financial position and the statement of comprehensive income, the IFRS consolidated financial statement also includes additional components, namely the statement of changes in equity, the cash flow statement and the notes. The separate report on the risks of future development is included in the Interim Group Management Report.

All estimates and assessments required for accounting and valuation in accordance with the IFRS standards are in conformity with the respective standards, are regularly reassessed, and are based on past experience and other factors including expectations as to future events that appear reasonable under the given circumstances. Wherever large-scale estimates were necessary, the assumptions made are set out in the note relating to the relevant item in the following.

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

## New, Changed or Revised Accounting Standards

EDAG 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 Interim Report:

- **IFRS 17 – Insurance Contracts** (IASB publication: June 25, 2020; EU endorsement: November 19, 2021)
- **IFRS 17 – Insurance Contracts – Initial Application of IFRS 17 and IFRS 9 Comparative Information** (IASB publication: December 9, 2021; EU endorsement: September 8, 2022)
- **IAS 12 – Income Taxes – Deferred Taxes related to Assets and Liabilities arising from a Single Transaction** (IASB publication: May 7, 2021; EU endorsement: August 11, 2022)
- **IAS 1 – Presentation of Financial Statements – Practice Statement 2: Disclosure of 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)

At the present time, we assume that the use of the other accounting standards and interpretations that have been published but are not yet in use will not have any material effect on the presentation of the financial position, financial performance and cash flow of the EDAG Group.

## Accounting and Valuation Principles

For this Consolidated Interim Report, a discount rate of 4.03 percent has been used for pension provisions in Germany (12/31/2022: 4.14 percent). An unchanged discount rate of 2.25 percent has been used for pension provisions in Switzerland (12/31/2022: 2.25 percent).

In accordance with the objective of financial statements set out in F.12 et seq., IAS 1.9 and IAS 8.10 et seq., IAS 34.30(c) was applied when determining income tax expense for the interim reporting period. Accordingly, the weighted average expected annual tax rate in the amount of 33.33 percent (12/31/2022: 32.22 percent effective reported tax ratio) was used.

Otherwise, the same accounting and valuation methods and consolidation principles as were used in the 2022 consolidated financial statements for EDAG Group AG were applied when preparing the Consolidated Interim Report and determining comparative figures. A detailed description of these methods has been published in the Notes to the Consolidated Financial Statement in the Annual Report for 2022. This Consolidated Interim Report should therefore be read in conjunction with the Consolidated Financial Statement of EDAG Group AG for December 31, 2022.

Irregular expenses incurred during the financial year are reported in cases where reporting would also be effected at the end of the financial year.

The EDAG Group's operating activities are not subject to any significant seasonal influences.

**Estimates and Discretionary Decisions**

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

Due to the continuing war in Ukraine, these estimates and discretionary decisions are subject to increased uncertainty. The amounts actually realized may deviate from these estimates and discretionary decisions; changes may have a material impact on the Consolidated Interim Report.

## 5.3 Changes in the Scope of Consolidation

On March 31, 2023, the group of combined or consolidated companies is composed as follows:

| | Switzerland | Germany | Other Countries | Total |
|---|---|---|---|---|
| Fully consolidated companies | 2 | 5 | 20 | 27 |
| Companies accounted for using the equity method | - | 1 | - | 1 |
| Companies included at acquisition cost [not included in the scope of consolidation] | - | 3 | - | 3 |

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

## 5.4 Currency Conversion

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

| Country | Currency | 3/31/2023 | 1Q 2023 | 12/31/2022 | 1Q 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 | 0.8792 | 0.8832 | 0.8869 | 0.8364 |
| Brazil | BRL | 5.5158 | 5.5739 | 5.6386 | 5.8820 |
| USA | USD | 1.0875 | 1.0730 | 1.0666 | 1.1225 |
| Malaysia | MYR | 4.7986 | 4.7067 | 4.6984 | 4.7058 |
| Hungary | HUF | 379.5000 | 388.6531 | 400.8700 | 364.0968 |
| India | INR | 89.3995 | 88.2535 | 88.1710 | 84.4173 |
| China | CNY | 7.4763 | 7.3408 | 7.3582 | 7.1265 |
| Mexico | MXN | 19.6392 | 20.0453 | 20.8560 | 23.0058 |
| Czech Republic | CZK | 23.4920 | 23.7846 | 24.1160 | 24.6379 |
| Switzerland | CHF | 0.9968 | 0.9925 | 0.9847 | 1.0369 |
| Poland | PLN | 4.6700 | 4.7094 | 4.6808 | 4.6177 |
| Sweden | SEK | 11.2805 | 11.2017 | 11.1218 | 10.4794 |
| Japan | JPY | 144.8300 | 141.9770 | 140.6600 | 130.4588 |
| Turkey | TRY | 20.8632 | 20.8632 | 19.9649 | 15.6553 |

**Hyperinflation**

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 IMF (International Monetary Fund) price index for consumer goods is used here (inflation in Turkey in 2023: 45.0 %). 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.

## 5.5 Reconciliation of the Adjusted Operating Profit (Adjusted EBIT)

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

| in € thousand | 1/1/2023 – 3/31/2023 | 1/1/2022 – 3/31/2022 |
|---|---|---|
| **Earnings before interest and taxes (EBIT)** | **14,433** | **14,283** |
| Adjustments: | | |
| Expenses (+) from purchase price allocation | 90 | 639 |
| Other adjustmens | - 1,557 | - 200 |
| **Total adjustments** | **- 1,467** | **439** |
| **Adjusted earnings before interest and taxes (adjusted EBIT)** | **12,966** | **14,722** |

## 5.6 Segment Reporting

The segment reporting is prepared in accordance with IFRS 8 "Operating segments". Individual consolidated results are reported by company divisions in conformity with the internal reporting and organizational structure of the group. The key performance indicator for the Group Executive Management at segment level is the EBIT/adjusted EBIT. The segment presentation is designed to show the profitability as well as the assets and financial situation of the individual business activities. Intercompany sales are accounted for at customary market prices and are equivalent to sales towards third parties (arm's length principle).

As at March 31, 2023, the non-current assets amounted to € 369.0 million (12/31/2022: € 369.6 million). Of these, € 2.4 million are domestic, € 322.5 million are German, and € 44.1 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 Interim 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 which are described in greater detail in the chapter "Business Model" in the Interim Group Management Report.

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

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

| in € thousand | 1/1/2023 – 3/31/2023 | | | | | |
|---|---|---|---|---|---|---|
| | Vehicle Engineering | Electrics/ Electronics | Production Solutions | Total segments | Consolidation | Total Group |
| Sales revenues with third parties | 116,751 | 67,464 | 26,098 | 210,313 | - | 210,313 |
| Sales revenues with other segments | 2,114 | 1,274 | 859 | 4,247 | - 4,247 | - |
| Changes in inventories | 856 | 16 | 175 | 1,047 | - | 1,047 |
| **Total revenues[1]** | **119,721** | **68,754** | **27,132** | **215,607** | **- 4,247** | **211,360** |
| **EBIT** | **6,630** | **5,324** | **2,479** | **14,433** | **-** | **14,433** |
| EBIT margin [%] | 5.5% | 7.7% | 9.1% | 6.7% | n/a | 6.8% |
| Purchase price allocation (PPA) | 35 | - | 55 | 90 | - | 90 |
| Other adjustments | - 255 | - | - 1,302 | - 1,557 | - | - 1,557 |
| **Adjusted EBIT** | **6,410** | **5,324** | **1,232** | **12,966** | **-** | **12,966** |
| Adjusted EBIT margin [%] | 5.4% | 7.7% | 4.5% | 6.0% | n/a | 6.1% |
| Depreciation, amortization and impairment | - 9,172 | - 562 | - 395 | - 10,129 | - | - 10,129 |
| Ø Employees per segment | 4,589 | 2,784 | 1,147 | 8,520 | | 8,520 |

| in € thousand | 1/1/2022 – 3/31/2022 | | | | | |
|---|---|---|---|---|---|---|
| | Vehicle Engineering | Electrics/ Electronics | Production Solutions | Total segments | Consolidation | Total Group |
| Sales revenues with third parties | 113,093 | 53,218 | 25,814 | 192,125 | - | 192,125 |
| Sales revenues with other segments | 1,445 | 1,350 | 521 | 3,316 | - 3,316 | - |
| Changes in inventories | 1,054 | 173 | 167 | 1,394 | - | 1,394 |
| **Total revenues[1]** | **115,592** | **54,741** | **26,502** | **196,835** | **- 3,316** | **193,519** |
| **EBIT** | **9,225** | **4,556** | **502** | **14,283** | **-** | **14,283** |
| EBIT margin [%] | 8.0% | 8.3% | 1.9% | 7.3% | n/a | 7.4% |
| Purchase price allocation (PPA) | 586 | - | 53 | 639 | - | 639 |
| Other adjustments | - 190 | - | - 10 | - 200 | - | - 200 |
| **Adjusted EBIT** | **9,621** | **4,556** | **545** | **14,722** | **-** | **14,722** |
| Adjusted EBIT margin [%] | 8.3% | 8.3% | 2.1% | 7.5% | n/a | 7.6% |
| Depreciation, amortization and impairment | - 7,379 | - 1,222 | - 840 | - 9,441 | - | - 9,441 |
| Ø Employees per segment | 4,479 | 2,325 | 1,113 | 7,917 | | 7,917 |

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

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

| in € thousand | 1/1/2023 – 3/31/2023 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Vehicle Engineering | | Electrics/ Electronics | | Production Solutions | | Total | |
| Customer sales division A | 19,256 | 16% | 24,099 | 36% | 3,358 | 13% | 46,713 | 22% |
| Customer sales division B | 16,915 | 14% | 19,679 | 29% | 1,771 | 7% | 38,365 | 18% |
| Customer sales division C | 18,312 | 16% | 5,918 | 9% | 2,014 | 8% | 26,244 | 12% |
| Customer sales division D | 13,961 | 12% | 1,727 | 3% | 1,849 | 7% | 17,537 | 8% |
| Customer sales division E | 17,851 | 15% | 4,420 | 7% | 2,472 | 9% | 24,743 | 12% |
| Customer sales division F | 10,973 | 9% | 845 | 1% | 478 | 2% | 12,296 | 6% |
| Customer sales division G | 19,483 | 17% | 10,776 | 16% | 14,156 | 54% | 44,415 | 21% |
| **Sales revenue with third parties** | **116,751** | **100%** | **67,464** | **100%** | **26,098** | **100%** | **210,313** | **100%** |

| in € thousand | 1/1/2022 – 3/31/2022 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Vehicle Engineering | | Electrics/ Electronics | | Production Solutions | | Total | |
| Customer sales division A | 17,059 | 15% | 18,429 | 35% | 3,198 | 12% | 38,686 | 20% |
| Customer sales division B | 14,578 | 13% | 15,792 | 30% | 705 | 3% | 31,075 | 16% |
| Customer sales division C | 13,007 | 12% | 5,563 | 10% | 2,933 | 11% | 21,503 | 11% |
| Customer sales division D | 6,810 | 6% | 783 | 1% | 1,403 | 5% | 8,996 | 5% |
| Customer sales division E | 15,590 | 14% | 4,535 | 9% | 2,765 | 11% | 22,890 | 12% |
| Customer sales division F | 27,638 | 24% | 953 | 2% | 5,856 | 23% | 34,447 | 18% |
| Customer sales division G | 18,411 | 16% | 7,163 | 13% | 8,954 | 35% | 34,528 | 18% |
| **Sales revenue with third parties** | **113,093** | **100%** | **53,218** | **100%** | **25,814** | **100%** | **192,125** | **100%** |

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

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

| in € thousand | 1/1/2023 – 3/31/2023 | | | | | |
|---|---|---|---|---|---|---|
| | Vehicle Engineering | Electrics/ Electronics | Production Solutions | Total segments | Consolidation | Total Group |
| Period-related revenue recognition | 113,973 | 68,710 | 26,591 | 209,274 | - | 209,274 |
| Point in time revenue recognition | 4,892 | 28 | 366 | 5,286 | - | 5,286 |
| Sales revenue with other segments | - 2,114 | - 1,274 | - 859 | - 4,247 | - | - 4,247 |
| **Sales revenue with third parties** | **116,751** | **67,464** | **26,098** | **210,313** | **-** | **210,313** |
| Sales revenue with other segments | 2,114 | 1,274 | 859 | 4,247 | - 4,247 | - |
| Changes in inventories | 856 | 16 | 175 | 1,047 | - | 1,047 |
| **Total revenues** | **119,721** | **68,754** | **27,132** | **215,607** | **- 4,247** | **211,360** |

| in € thousand | 1/1/2022 – 3/31/2022 | | | | | |
|---|---|---|---|---|---|---|
| | Vehicle Engineering | Electrics/ Electronics | Production Solutions | Total segments | Consolidation | Total Group |
| Period-related revenue recognition | 109,839 | 54,417 | 26,077 | 190,333 | - | 190,333 |
| Point in time revenue recognition | 4,699 | 151 | 258 | 5,108 | - | 5,108 |
| Sales revenue with other segments | - 1,445 | - 1,350 | - 521 | - 3,316 | - | - 3,316 |
| **Sales revenue with third parties** | **113,093** | **53,218** | **25,814** | **192,125** | **-** | **192,125** |
| Sales revenue with other segments | 1,445 | 1,350 | 521 | 3,316 | - 3,316 | - |
| Changes in inventories | 1,054 | 173 | 167 | 1,394 | - | 1,394 |
| **Total revenues** | **115,592** | **54,741** | **26,502** | **196,835** | **- 3,316** | **193,519** |

## 5.7 Contingent Liabilities/Receivables and Other Financial Obligations

### Contingent Liabilities

As at the end of the 2022 financial year, there were no material contingent liabilities on the reporting date.

### Other Financial Obligations

In addition to the provisions and liabilities, there are also other financial obligations, and these are composed as follows:

| in € thousand | 3/31/2023 | 12/31/2022 |
|---|---:|---:|
| Open purchase orders | 15,141 | 16,476 |
| Total renting and leasing contracts | 6,486 | 6,232 |
| Other miscellaneous financial obligations | 152 | 200 |
| **Total** | **21,779** | **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 liabilities from open purchase orders are primarily associated with the company's EMV competence center, which is being built at the Fulda site.

### Contingent Receivables

As at the end of the 2022 financial year, there were no material contingent receivables on the reporting date.

## 5.8 Financial Instruments

### Net Financial Debt/Credit

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

| **in € thousand** | **3/31/2023** | **12/31/2022** |
|---|---|---|
| Non-current financial liabilities | - 39,526 | - 39,528 |
| Non-current lease liabilities | - 163,047 | - 164,379 |
| Current financial liabilities | - 98,795 | - 98,838 |
| Current lease liabilities | - 18,443 | - 18,702 |
| Current securities, loans and financial instruments | 964 | 151 |
| Cash and cash equivalents | 121,585 | 122,688 |
| **Net financial debt/-credit [-/+]** | **- 197,262** | **- 198,608** |
| **Net financial debt/-credit wo lease liabilities [-/+]** | **- 15,772** | **- 15,527** |
| Equity | 156,990 | 148,918 |
| **Net Gearing [%] incl. Lease liabilities** | **125.7%** | **133.4%** |

At € 197.3 million, the net financial debt on March 31, 2023 is € 1.3 million below the value on December 31, 2022 (€ 198.6 million). Without taking lease liabilities into account, the net financial debt on March 31, 2023 amounts to € 15.8 million (12/31/2022: net financial debt € 15.5 million).

The major creditor is a well-known credit institution in the form of a promissory note loan (Schuldscheindarlehen) with a total volume of € 120 million. The promissory note loan is composed of several tranches with various interest rates and terms to maturity of one to six years.

As of March 31, 2023, there is a current loan, including interest, in the amount of € 17.2 million from VKE-Versorgungskasse EDAG-Firmengruppe e.V., the other major creditor, (12/31/2022: € 17.6 million).

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

The EDAG Group has unused lines of credit in the amount of € 106.0 million on the reporting date (12/31/2022: € 106.0 million).

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

| in € thousand | | 3/31/2023 | 12/31/2022 |
|---|---|---|---|
| | Inventories | 6,006 | 4,348 |
| + | Current contract assets | 113,269 | 69,382 |
| + | Current accounts receivable | 82,484 | 135,453 |
| - | Current contract liabilities | - 70,312 | - 76,531 |
| - | Current accounts payable | - 23,283 | - 31,228 |
| **=** | **Trade Working Capital (TWC)** | **108,164** | **101,424** |
| + | Non-current other financial assets | 573 | 557 |
| + | Non-current other non-financial assets | 2,277 | 2,609 |
| + | Deferred tax assets | 15,177 | 15,641 |
| + | Current other financial assets excl. Interest-bearing receivables | 7,673 | 1,795 |
| + | Current other non-financial assets | 18,662 | 17,254 |
| + | Income tax assets | 1,346 | 1,005 |
| - | Non-current other non-financial liabilities | - 242 | - 199 |
| - | Deferred tax liabilities | - 34 | - 4 |
| - | Current other financial liabilities | - 4,267 | - 4,169 |
| - | Current other non-financial liabilities | - 63,237 | - 58,692 |
| - | Income tax liabilities | - 17,051 | - 15,769 |
| **=** | **Other working capital (OWC)** | **- 39,123** | **- 39,972** |
| | **Net working capital (NWC)** | **69,041** | **61,452** |

The trade working capital increased by € 6,740 thousand to € 108,164 thousand, compared to December 31, 2022. The increase mainly results from a higher capital commitment in contract assets and contract liabilities. By way of contrast, accounts receivable decreased.

The other working capital decreased by € 849 thousand to € -39,123 thousand, compared to € -39,972 thousand on December 31, 2022. This decrease was influenced mainly by an increase in current other non-financial liabilities from employee benefits and, on the other hand, an increase in current other financial assets.

## Book Values, Valuation Rates and Fair Values of the Financial Instruments as per Measurement Category

The principles and methods for assessing at fair value have not changed compared to last year. Detailed explanations of the valuation principles and methods can be found in the Notes to the Consolidated Financial Statement in the Annual Report of EDAG Group AG for 2022.

For the most part, cash and cash-equivalents, accounts receivable and other receivables have only a short time to maturity. For this reason, their book values on the reporting date are close approximations of the fair values.

The fair values of other receivables with a remaining term of more than a year correspond to the net present values of the payments associated with the assets, taking into account the relevant interest parameters, which reflect the market and counterparty-related changes in conditions and expectations.

The investments and securities are valued at fair value. In the case of equity interests for which no market price is available, the acquisition costs are applied as a reasonable estimate of the fair value. In the financial assets, shares in non-consolidated subsidiaries and other investments are recognized at acquisition cost, taking impairments into account, as no observable fair values are available and other admissible methods of evaluation do not produce reliable results. There are currently no plans to sell these financial instruments.

Accounts payable and other financial liabilities regularly have short terms to maturity, and the values posted are close approximations of the fair values.

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

| in € thousand | Measured at Fair Value through Profit and Loss [FVtPL] | Measured at Amortized Cost [AC] | | Not allocated to a measurement category [n.a.] | Balance sheet item as per 3/31/2023 |
|---|---|---|---|---|---|
| | | Carrying amount | Fair Value | | |
| **Financial Assets** | | | | | |
| Financial assets[1] | 80 | 60 | 60 | - | 140 |
| Non-current other financial assets | - | 573 | 573 | - | 573 |
| Current contract assets | - | - | - | 113,269 | 113,269 |
| Current accounts receivables | - | 82,484 | 82,484 | - | 82,484 |
| Current other financial assets | - | 7,673 | 7,673 | - | 7,673 |
| Current securities, loans and financial instruments | 964 | - | - | - | 964 |
| Cash and cash-equivalents | - | 121,585 | 121,585 | - | 121,585 |
| **Financial Assets** | **1,044** | **212,375** | **212,375** | **113,269** | **326,688** |
| **Financial liabilitites** | | | | | |
| Non-current financial liabilities | - | 39,526 | 37,493 | - | 39,526 |
| Non-current lease liabilities | - | - | - | 163,047 | 163,047 |
| Current financial liabilities | - | 98,795 | 98,795 | - | 98,795 |
| Current lease liabilities | - | - | - | 18,443 | 18,443 |
| Current contract liabilities | - | - | - | 70,312 | 70,312 |
| Current accounts payable | - | 23,283 | 23,283 | - | 23,283 |
| Current other financial liabilities | - | 4,267 | 4,267 | - | 4,267 |
| **Financial liabilitites** | **-** | **165,871** | **163,838** | **251,802** | **417,673** |

[1] For financial assets classified as at fair value through profit or loss [FVtPL], use is made of the exemption in accordance with IFRS 9.B5.2.3 for shares in non-consolidated subsidiaries.

| 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** | | | | | |
| 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** | **231** | **260,476** | **260,476** | **69,442** | **330,149** |
| **Financial liabilitites** | | | | | |
| 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 liabilitites** | **-** | **173,763** | **171,713** | **259,612** | **433,375** |

The fair values of securities correspond to the nominal value multiplied by the exchange quotation on the reporting date.

The attributable fair values of liabilities due to credit institutions, loans, other financial liabilities and other interest-bearing liabilities are calculated as present values of the debt-related payments, based on the EDAG current yield curve valid at the time. The valuation of the fair value took place according to the "Level 2" measurement category on the basis of a discounted cash flow model. In this context, the current market rates of interest and the contractually agreed parameters were taken as the basis.

The information for the determination of attributable fair value is given in tabular form, based on a three-level fair value hierarchy for each class of financial instrument. There are three measurement categories:

***Level 1***: At level 1 of the fair value hierarchy, the attributable fair values are measured using listed market prices, as the best possible fair values for financial assets or liabilities can be observed in active markets.

***Level 2***: If there is no active market for a financial instrument, a company uses valuation models to determine the attributable fair value. Valuation models include the use of current business transactions between competent, independent business partners willing to enter into a contract; comparison with the current attributable fair value of another, essentially identical financial instrument; use of the discounted cash flow method; or of option pricing models. The attributable fair value is estimated on the basis of the results achieved using one of the valuation methods, making the greatest possible use of market data and relying as little as possible on company-specific data.

***Level 3***: The valuation models used at this level are not based on observable market data.

| in € thousand | Assessed at fair value 3/31/2023 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets** | | | | |
| Current securities, loans and financial instruments | 28 | 79 | - | 107 |

| in € thousand | Assessed at fair value 12/31/2022 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets** | | | | |
| Current securities, loans and financial instruments | 30 | 121 | - | 151 |

## 5.9 Related Parties

In the course of its regular business activities, the EDAG Group correlates either directly or indirectly not only with the subsidiaries included in the abridged Consolidated Financial Statements, but also with EDAG subsidiaries which are affiliated but not consolidated, with affiliated companies of the ATON Group, and with other related companies and persons.

For a more detailed account of the type and extent of the business relations, please see the Notes to the Consolidated Financial Statement in the annual report of EDAG Group AG for 2022.

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

| in € thousand | 1/1/2023 – 3/31/2023 | 1/1/2022 – 3/31/2022 |
|---|---|---|
| **EDAG Group with boards of directors[1] (EDAG Group AG)** | | |
| Work-related expenses | 240 | 240 |
| Travel and other expenses | 7 | 2 |
| Consulting expenses | 1 | 1 |
| **EDAG Group with supervisory boards[1] (EDAG Engineering GmbH & EDAG Engineering Holding GmbH)** | | |
| Work-related expenses | 28 | 11 |
| Travel and other expenses | 7 | - |
| Compensation costs | 138 | 143 |
| **EDAG Group with ATON companies (parent company and its affiliated companies)** | | |
| Goods and services rendered | 48 | 35 |
| Other operating expenses | 5 | - |
| **EDAG Group with unconsolidated subsidiaries** | | |
| Other operating expenses | 2 | 1 |
| **EDAG Group with associated companies** | | |
| Goods and services rendered | - | 2 |
| Goods and services received | 794 | 161 |
| Other operating income | 16 | 115 |
| Other operating expenses | 16 | 16 |
| Income from investments | 270 | 314 |
| **EDAG Group with other related companies and persons** | | |
| Goods and services rendered | - | 3 |
| Interest expense | 129 | 68 |
| Paid leases for rights of use | 1,911 | 1,527 |

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

## 5.10 Subsequent Events

No important events took place after the reporting period.

Arbon, May 4, 2023
EDAG Engineering Group AG

Georg Denoke, Chairman of the Board of Directors

Sylvia Schorr, Member of the Board of Directors
and Chair of the Examination Board

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

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

# LEGAL NOTICE

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The English version of the Interim Report is a translation of the German version. The German version is legally binding.

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

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