FINANCIAL YEAR 2023

HALF-YEARLY FINANCIAL REPORT 2023

EDAG

CONTENT

SUMMARY OF THE FIRST HALF OF THE 2023 FINANCIAL YEAR

JEC WORLD PARIS

EDAG Group, Mitsubishi Chemical and Kreisel Electric present innovative lightweight battery housing

The transition to electric vehicles has set high safety requirements for battery technology, and this also includes the housing that protects the batteries. Conventional battery housings are frequently made of heavy metallic profiles and molded parts, which can, however, have a negative effect on overall weight and vehicle performance. Interest in lightweight battery housings made of functional composite materials which offer both high safety levels and durability is therefore growing. EDAG – engineering service provider to the mobility industry and technology developer for industrial solutions – and material suppliers Mitsubishi Chemical Group have joined forces with the battery system manufacturer Kreisel Electric to design a new concept.

The result is an extremely lightweight battery concept capable of meeting all the requirements for a battery housing for electric vehicles. Dr. Stefan Caba, Head of the Innovations Field Safe Mobility at the EDAG Group, describes the vehicle categories for which the innovative lightweight battery housing is suitable: "With our lightweight but powerful battery storage, we are in particular addressing customers who produce medium quantities. From high-performance vehicles such as electrified sport cars to people movers – the weight reduction coupled with the possibility of manufacturing the battery box in a single process create a great competitive edge in the market."

The concept was first presented to the international public at the the world's leading trade fair for composite materials, the JEC World Expo (April 25 – 27) in Paris. Functional composite materials made by the Mitsubishi Chemical Group are used to achieve the required range of properties. Using these materials in battery housings enables lightweight structures to be created that provide the strength and stiffness necessary to meet crash requirements for automobile applications. Fire protection and electromagnetic shielding are also taken care of. To this end, use is made of MAFTECTM, a material predestined for insulation, which, with the help of ceramic fibers, creates a fireproof barrier. A forged molding compound (FMC) was selected for the complex areas.

"When we were developing the high-voltage storage system, care was also taken to ensure that all components can be returned to the material cycle; recycling fiber-reinforced plastics and reusing the raw materials recovered for new semi-finished products is one of the cornerstones of our global growth strategy," explains John Conn, Engineering Project Manager Advanced Materials.

Special mention should be made of the cell technology provided by Kreisel Electric. The cells here are tempered in a patented KREISEL hollow block, by means of immersion cooling, in which a dielectric fluid comes into direct contact with the cells. This is an extremely effective means of heat dissipation and of guaranteeing an exceptionally small temperature spread. At the same time, cell technology which is particularly suitable for high-performance applications is also available.

APRIL MAY JUNE

SUMMARY OF THE FIRST HALF OF THE 2023 FINANCIAL YEAR

EUROBIKE 2023: A HOLISTIC TAKE ON MOBILITY

The EDAG Group presents its development expertise to the who's who of the bike industry with the EDAG "Fast Track" bike and an electric gravel bike made of natural fibers

Premiere at the Eurobike in Frankfurt from June 21 to 25, 2023: The EDAG Group, with its specialized team of bicycle & pedelec experts, took part in the Eurobike for the first time ever this year. Two of the company's own bicycle concepts were presented: The case study EDAG "Fast Track", focusing on a consistent and highly iterative prototype development process, and the EDAG NFRP electric gravel bike, with its focus on sustainability.

As a development partner for the mobility industry and technology developer for industrial solutions, the EDAG Group offers an all-round engineering approach for vehicles, production plants, and also in the field of software and digitalization. From the initial idea, through design, conception, development and prototyping, to validation and testing, more than 8400 experts worldwide work on innovative solutions and technologies across all industries. Two examples from the "Bicycle & Pedelec" segment were shown to the public for the first time at the Eurobike. To create the electric gravel bike, the EDAG Group collaborated with UBC Composites GmbH, a manufacturer specializing in fiber composites and lightweight construction, and with ANYMA Design.

"Gravel bikes are in trend. But that's not all that matters. Cyclists have a special relationship with nature," explains Niko Lehtonen, Team Leader Bicycle & Pedelec in the EDAG Group. "For them, the carbon footprint of their means of transport plays an increasingly important role." The frame of EDAG's natural fiber electric gravel bike, which is made from flax fibers, meets the highest possible standards of design and sustainability. Due to the carbon sequestration of the plant in its growth phase, the carbon footprint of the regionally manufactured frame is reduced, compared to equivalent carbon or aluminum frames.

Alongside sustainability, the design and components, material selection and processing in particular also play a key role in the purchase decision where quality bicycles are concerned. "The design and manufacturing processes must meet extremely high standards in order to be able to work with sustainable products here," says Lehtonen. To this end, the EDAG Group offers comprehensive development and production expertise in the bike segment. "We make use of state-of-the-art simulation and calculation methods from the automotive sector – whether for complex developments such as the EDAG natural fiber electric gravel bike or for faster development cycles like the Fast Track. This enables us to realize innovations for and with bicycle manufacturers, while at the same time achieving a greater real net output ratio and a far more climate-friendly use of resources, meaning genuine added value, especially for smaller bicycle manufacturers which don't have this kind of development and production background."

In response to the increase in requests as a result of the energy and mobility revolution, committed bikers at the EDAG Group initiated the establishment of a department dedicated to this purpose. "Our electric gravel bike and Fast Track Bike show that we apply stringent quality standards when developing bicycles. That is due to the fact that, as our team itself consists of enthusiastic bikers, we have built up a very high level of knowledge of the bicycle and pedelec industry over the past few years. Our slogan: "from bikers - for bikers," says Lehtonen. In the EDAG Group's Bicycle & Pedelec team, the bicycle and development experts can draw on not just their own know-how but also on the entire tool and methods portfolio of the EDAG Group. As a result, the EDAG Group can offer a complete all-round service also for bicycle manufacturers and suppliers.

APRIL *MAY* *JUNE*

KEY FIGURES OF AND EXPLANATIONS BY THE EDAG GROUP AS PER JUNE 30, 2023

(in € million or %)	1/1/2023 – 6/30/2023	1/1/2022 – 6/30/2022	4/1/2023 – 6/30/2023	4/1/2022 – 6/30/2022
Vehicle Engineering	244.8	227.6	125.0	112.0
Electrics/Electronics	130.8	107.8	62.0	53.1
Production Solutions	53.7	54.1	26.6	27.6
Consolidation	- 7.7	- 7.3	- 3.5	- 4.0
Total revenues[1]	**421.6**	**382.2**	**210.2**	**188.6**
Growth:				
Vehicle Engineering	*7.5%*	*6.8%*	*11.6%*	*-0.6%*
Electrics/Electronics	*21.3%*	*17.1%*	*16.8%*	*13.9%*
Production Solutions	*-0.6%*	*14.2%*	*-3.5%*	*0.8%*
Change of revenues[1]	***10.3%***	***14.7%***	***11.4%***	***6.9%***
Vehicle Engineering	14.1	16.6	7.6	7.0
Electrics/Electronics	7.9	6.8	2.6	2.3
Production Solutions	1.6	0.6	0.4	0.1
Adjusted EBIT	**23.5**	**24.1**	**10.6**	**9.3**
EBIT	**24.9**	**25.0**	**10.5**	**10.8**
Vehicle Engineering	*5.7%*	*7.3%*	*6.1%*	*6.2%*
Electrics/Electronics	*6.0%*	*6.3%*	*4.2%*	*4.3%*
Production Solutions	*3.0%*	*1.1%*	*1.3%*	*0.3%*
Adjusted EBIT margin	***5.6%***	***6.3%***	***5.0%***	***4.9%***
EBIT margin	***5.9%***	***6.6%***	***5.0%***	***5.7%***
Profit or loss	***14.0***	***13.9***	***5.6***	***5.5***
Earnings per share (€)	0.56	0.56	0.23	0.22

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

(in € million or %)	6/30/2023	12/31/2022
Fixed assets	357.0	350.8
Net working capital	96.8	61.5
Net financial debt (incl. lease liabilities)	- 244.3	- 198.7
Provisions	- 61.2	- 64.7
Equity	**148.3**	**148.9**
Balance sheet total	**701.8**	**721.7**
Net financial debt/credit [-/+] w/o lease liabilities	- 57.3	- 15.5
Equity/BS total	*21.1%*	*20.6%*
Net gearing [%] incl. lease liabilities	*164.7%*	*133.4%*

(in € million or %)	1/1/2023 – 6/30/2023	1/1/2022 – 6/30/2022	4/1/2023 – 6/30/2023	4/1/2022 – 6/30/2022
Operating cash flow	- 14.1	- 7.0	- 28.1	- 17.9
Investing cash flow	- 12.3	- 11.4	- 5.7	- 6.5
Free cash flow	- 26.4	- 18.4	- 33.7	- 24.4
Adjusted cash conversion rate[1]	71.6%	72.5%	72.4%	64.4%
CapEx	12.5	11.5	5.8	6.5
CapEx/revenues	*3.0%*	*3.0%*	*2.7%*	*3.4%*

[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.

	6/30/2023	12/31/2022
Headcount end of period incl. apprentices	8,596	8,412
Apprentices as %	2.9%	3.3%

At € 421.6 million, the revenue in the first half of the year was a significant € 39.4 million or 10.3 percent above the previous year's level (first half of 2022: € 382.2 million). While the Production Solutions segment remained slightly below the previous year's level, revenue in the Vehicle Engineering and Electrics/Electronics segments increased in the reporting period, in some cases significantly, compared to the same period in the previous year.

At € 24.9 million, the EBIT in the reporting period remained at the same level as in the previous year (first half of 2022: € 25.0 million). An EBIT margin of 5.9 percent was achieved as a result (first half of 2022: 6.6 percent).

Primarily adjusted for the depreciation, amortization and impairments from the purchase price allocations (€ 0.2 million) and proportionate compensation payments (€ -1.6 million) that were recorded in the reporting period in 2023, the adjusted EBIT figure was € 23.5 million (first half of 2022: € 24.1 million), which is equivalent to an adjusted EBIT margin of 5.6 percent (first half of 2022: 6.3 percent).

The headcount, including apprentices, on June 30, 2023 was 8,596 employees (12/31/2022: 8,412 employees). 6,051 of these employees were employed in Germany, and 2,545 in the rest of the world (RoW) (12/31/2022: [Germany: 5,962; RoW: 2,450]).

Gross investments in fixed assets amounted to € 12.5 million in the reporting period, which was above the level of the same period in the previous year (first half of 2022: € 11.5 million). The equity ratio on the reporting date increased to 21.1 percent (12/31/2022: 20.6 percent).

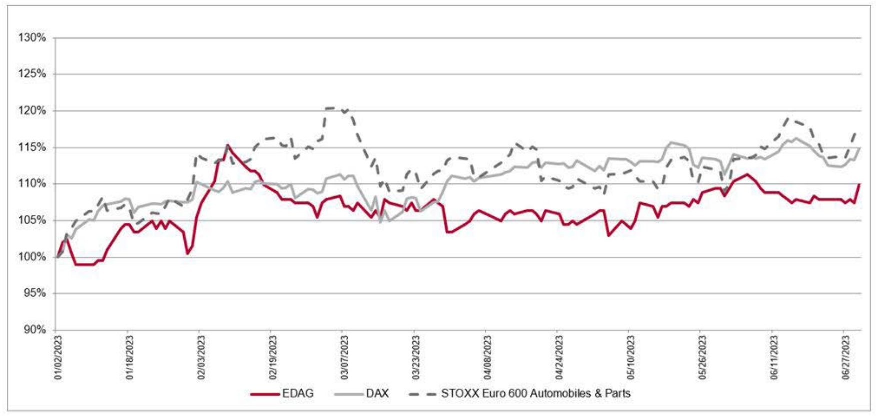
At € 244.3 million, the net financial debt (including lease liabilities) increased significantly compared to the level recorded on December 31, 2022 (€ 198.7 million), due to a build-up of working capital in the first half of the year. Without taking lease liabilities into account, the net financial debt on June 30, 2023 amounted to € 57.3 million (12/31/2022: € 15.5 million).

THE EDAG SHARE

On January 2, 2023, the DAX started the first half of the financial year with 13,992.71 points. On the same day, the index marked its lowest closing level for the period, 14,069.26 points. Following this, the index made steady gains, closing at 16,357.63 points on June 16, a new all-time high. On June 30, the DAX closed the reporting period at 16,147.90 points. During the first half of 2023, the STOXX Automobiles & Parts Index fluctuated between its lowest closing level of 544.07 points on January 2 and its highest closing level of 655.33 points on March 6.

1 Price Development

On January 2, 2023, the opening price of the EDAG share in XETRA trading was € 10.05. 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. At the Annual General Meeting on June 28, the decision was taken to pay a dividend of € 0.55 per share. The ex dividend price of the EDAG share was negotiated on June 29. On June 30, the share closed the reporting period with a closing price of € 11.15. During the first half of 2023, the average XETRA trade volume was 5,515 shares a day.



Source: Comdirect

2 Key Share Data

	1/1/2023 – 6/30/2023
Prices and trading volume:	
Share price on June 30 (€)[1]	11.15
Share price, high (€)[1]	11.70
Share price, low (€)[1]	10.05
Average daily trading volume (number of shares)[2]	5,515
Market capitalisation on June 30 (€ million)	278.75

[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** division brings together all of our services such as package & ergonomics, body assembly, surface design and interior & exterior. This also includes the development of door, cover and lid systems. Further, the Body Engineering division is involved in new technologies and lightweight design, commercial vehicle development and the development of glazing through to the optical design of car lights such as headlamps, rear and small lamps. In addition to dealing with computation and simulation, the Dimensional Management team works on the reproducibility and geometrical quality of the products. Interface management and the management of complex module developments are taking on an increasingly significant role in the projects. As an engineering service provider, we already have a major impact on the future carbon footprint of our customers' products during the design and development phases of products and production plants. A team of specialists will in the future be offering a growing range of sustainable solutions. These will include a life cycle assessment to evaluate the carbon footprint and environmental impact, and also advice as to the choice of materials, drive technologies, lightweight design solutions and decarbonization in production and the entire supply chains.

The services offered by the **Vehicle Integration** division range from engineering and simulation to component, system and complete vehicle validation for automobiles, motorcycles and commercial vehicles. The division covers the entire spectrum of energy system and powertrain development through to integration with the corresponding energy storage systems (e.g. battery and hydrogen), and is developing the CO2-saving, intelligent chassis of the future. Using computer-aided development, the CAE team provides product development support in the functional design of components and systems through to complete vehicles, which then pass through our test laboratories, where all aspects of functionality are validated and durability analyzed in readiness for start of production.

In the **Models & Vehicle Solutions** division, 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 low-volume production of individual vehicle conversions round off the portfolio of this division. This also includes the construction of classic cars, including custom-made spare parts. The Bremen site deals with the development, filling and commissioning of hydrogen tank systems.

Complete vehicle development and interdisciplinary module packages, some of them calling for the involvement of our international subsidiaries, are managed by the **Project Management** department. where we provide support in areas ranging from the definition of the product strategy through concept development to series development and production. Project Management networks and directs all the development departments - internal and external - involved, in this way ensuring continuous design status progress throughout the development.

The **Product Quality & Care** department offers advisory and operational product support assistance with a focus on aftersales. Key areas handled by the department are preventive and corrective quality assurance, technical support, technical communication and digitalization in the field of processes, tools and data. Perceived quality and customer satisfaction are the key factors in the success of after sales. The interdisciplinary teams ensure sustained improvements in function, efficiency and serviceability.

Presentation of the Electrics/Electronics Segment

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

With a constantly evolving organization of excellence in four areas of competence, the structure of the delivery organization of the E/E segment covers all development services necessary for a complete vehicle development or mobility solution. Increasingly, projects are handled in cooperations across various segments and sites, in global delivery models. 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 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, 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. The E/E service portfolio also includes agile development processes and distinctive technological expertise in classic software development in the frontend and backend and in special applications in the field of AI and data science.

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

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 eleven sites in Germany and at international sites particularly in the USA, India, Hungary and China. In addition to handling the individual stages in the product creation process and all factory and production systems-related services, EDAG PS is also able to optimally plan 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.

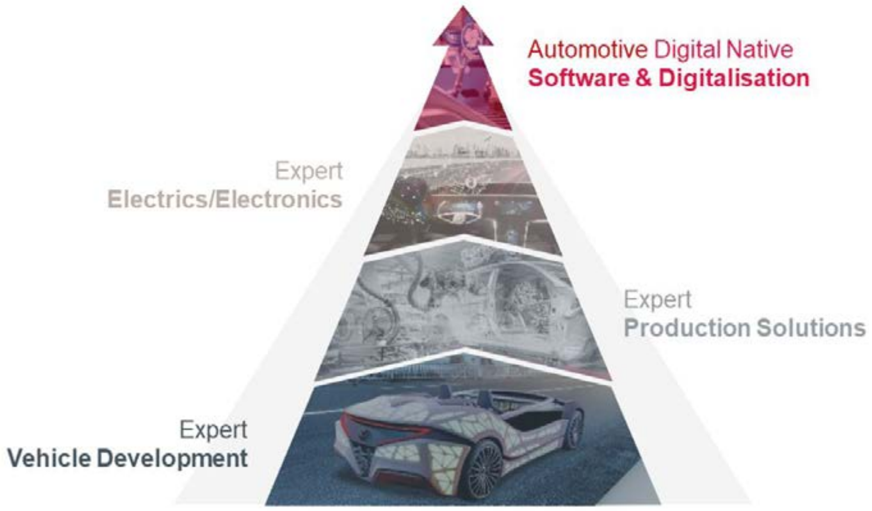
The **Automotive Solutions** division comprises the long-standing business segment of EDAG PS. EDAG PS offers customers in the automotive industry an extensive portfolio which ranges from planning to virtual commissioning. It has the comprehensive production development competence needed to master all 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 July 25, 2023, the world economy exhibited 3.5 percent growth in 2022 (2021: 6.3 percent). For the current year, the IMF anticipates a growth rate of 3.0 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 six-month period just ended. The development of the five largest individual markets was without exception positive: Two-figure growth rates were achieved in Spain (24 percent), Italy (23 percent), the United Kingdom (18 percent), France (15 percent) and Germany (13 percent).

In Germany, a slight decline of 2.2 percent in new registrations of electric passenger cars was recorded in the first six months of 2023, compared to the same period in the previous year. Overall, sales of electric passenger cars, which amounted to 299,309, accounted for a market share of 21.4 percent (same period in the previous year: 24.7 percent). At 36.7 percent, the proportion of gasoline-fueled passenger cars was above the previous year's level (35.8 percent). At 18.1 percent, the proportion of diesel-fueled passenger cars was below the level in the previous year (19.9 percent) in the first six months of 2023.

In the USA, the volume on the light vehicle market (passenger cars and light trucks) in the period January to June 2023 increased by 13 percent compared to the same period in the previous year. Continued growth was also registered on the markets in Japan (20 percent), India (10 percent), Brazil (10 percent) and China (9 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

Building on the development in the first quarter of 2023, as of June 30, 2023, orders on hand increased significantly to € 484.0 million, compared to € 401.2 million as of December 31, 2022 (6/30/2022: € 405.4 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 six months just ended, the EDAG Group generated incoming orders amounting to € 502.3 million, which, compared to the same period in the previous year (€ 432.8 million), represents a significant increase of € 69.5 million or 16.1 percent.

At € 421.6 million, revenue in the first half of the year was a significant € 39.4 million or 10.3 percent above the previous year's level (first half of 2022: € 382.2 million). This development is primarily due to increased contract acquisitions in the half-year just ended. While the Production Solutions segment remained slightly below the previous year's level, revenue in both the Vehicle Engineering and the Electrics/Electronics segments increased in the reporting period, compared to the same period in the previous year, in some cases significantly.

Compared to the same period in the previous year, other income increased by a significant € 4.2 million to € 17.7 million in the half-year just ended. This increase is largely due to compensation payments in the amount of € 4.3 million.

At € 44.5 million, materials and services expenses remained at the same level as in the previous year (first half of 2022: € 44.5 million). Taking into account the increase in revenues, the materials and services expenses ratio consequently decreased by one percentage point to 10.6 percent compared to the same period in the previous year (first half of 2022: 11.6 percent). At the same time, the materials expenses ratio fell to 2.6 percent (first half of 2022: 3.6 percent). On the other hand, at 8.0 percent, the ratio of service expenses in relation to the revenues remained at the same level as in the previous year (first half of 2022: 8.0 percent).

The EDAG Group's personnel expenses in the reporting period increased by 12.8 percent to € 295.4 million compared to the same period in the previous year. On the other hand, there was only a slight increase in the ratio of personnel expenses to 70.1 percent, compared with the same period in the previous year (first half of 2022: 68.5 percent). In the half-year just ended, the company had a workforce of 8,549 employees on average, including apprentices (first half of 2022: 7,956 employees): an increase of 7.5 percent.

Depreciation, amortization and impairments totaled € 20.5 million (first half of 2022: € 19.0 million). The net result from the impairment or impairment loss reversal of financial assets amounted to € 0.6 million (first half of 2022: € 0.3 million). The other operating expenses increased by € 9.0 million to € 54.5 million, primarily due to the growth in travel activities and the general rise in price levels.

At € 24.9 million, the EBIT in the reporting period remained at the same level as in the previous year (first half of 2022: € 25.0 million). An EBIT margin of 5.9 percent was achieved as a result (first half of 2022: 6.6 percent).

Primarily adjusted for the depreciation, amortization and impairments from the purchase price allocations that were recorded in the reporting period in 2023 (€ 0.2 million) and income from compensation payments (€ -1.6 million), the adjusted EBIT figure was € 23.5 million (first half of 2022: € 24.1 million), which is equivalent to an adjusted EBIT margin of 5.6 percent (first half of 2022: 6.3 percent).

The financial result for the first half of 2023 was € -4.0 million, (first half of 2022: € -4.2 million), which was a slight increase of € 0.2 million compared to the same period in the previous year.

To sum up, with a profit of € 14.0 million (first half of 2022: € 13.9 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 half of 2023 just ended amounted to € 276.3 million, which was well above the level of the same period in the previous year (first half of 2022: € 243.5 million). At € 244.8 million, revenues were also above the previous year's level (first half of 2022: 227.6 million). All in all, an EBIT of € 14.3 million was reported for the Vehicle Engineering segment in the half year just ended (first half of 2022: € 17.7 million). The EBIT margin amounted to 5.8 percent, which was below the level of the same period in the previous year (first half of 2022: 7.8 percent). Compared to the same period in the previous year, there was a reduction in the adjusted EBIT margin to 5.7 percent (fist half of 2022: 7.3 percent).

Development of the Electrics/Electronics Segment

Incoming orders increased by a significant € 17.7 million to € 158.4 million compared to the same period in the previous year (first half of 2022: € 136.6 million). At € 130.8 million, revenue was also well above the level of the same period in the previous year (€ 107.8 million). The EBIT stood at € 7.9 million (first half of 2022: € 6.8 million). This meant that the EBIT margin amounted to 6.0 percent (first half of 2022: 6.3 percent). The adjusted EBIT margin was also 6.0 percent, which was slightly down on the previous year's level (first half of 2022: 6.3 percent).

Development of the Production Solutions Segment

In this segment, incoming orders amounted to € 76.7 million, which was significantly above the level of the same period in the previous year (first half of 2022: € 60.5 million). At € 53.7 million, the revenue in the half-year just ended was slightly (€ 0.4 million) down on the previous year's level (first half of 2022: € 54.1 million). Overall, the EBIT for the Production Solutions segment stood at € 2.8 million in the half year just ended (first half of 2022: € 0.5 million). This meant that the EBIT margin amounted to 5.2 percent (first half of 2022: 1.0 percent). At 3.0 percent, the adjusted EBIT margin in the first half of the year was well above the level of the same period in the previous year (first half of 2022: 1.1 percent).

Cash Flows and Financial Position

The EDAG Group's statement of financial position total marginally decreased by € 19.9 million to € 701.8 million, and was therefore below the level of December 31, 2022 (€ 721.7 million). The non-current assets increased slightly, by € 2.6 million, to € 372.2 million (12/31/2022: € 369.6 million). In the current assets, there was a significant increase of € 65.3 million in the contract assets. By way of contrast, the accounts receivable fell by € 53.1 million. Cash and cash-equivalents decreased from € 122.7 million to 81.5 million.

On the equity, liabilities and provisions side, equity decreased slightly from € 148.9 million to € 148.3 million, mainly as a result of the current profit (€ 14.0 million) and the dividend payout which was decided upon (€ -13.8 million). The equity ratio on the reporting date increased to 21.1 percent (12/31/2022: 20.6 percent).

Non-current liabilities and provisions increased to € 237.7 million, (12/31/2022: € 233.4 million), primarily as a result of index adjustments and new long-term leases for buildings, and owing to the increase in pension provisions. Current liabilities and provisions decreased by € 23.7 million to € 315.7 million, (12/31/2022: € 339.4 million). This was essentially the result of a decline in contractual liabilities, reduced accounts payable and lower income tax liabilities. By way of contrast, other financial liabilities increased to a lesser degree as a result of the dividend decided upon, as did other non-financial liabilities.

In the first half of 2023, the operating cash flow was € -14.1 million (first half of 2022: € -7.0 million). The reduction is primarily due to a build-up of working capital and the payment of income taxes in the first half of 2023.

At € 12.5 million, gross investments in the reporting period were higher than in the previous year (first half of 2022: € 11.5 million). As in the same period in the previous year, the ratio of gross investments in relation to revenues was therefore 3.0 percent (first half of 2022: 3.0 percent).

On the reporting date, unused lines of credit in the amount of € 105.9 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 June 30, 2023, the EDAG Group employed a workforce of 8,596 people (12/31/2022 : 8,412 people). Personnel expenses amounted to € 295.4 million in the reporting period (first half of 2022: € 261.8 million).

3 Forecast, Risk and Reward Report

3.1 Risk and Reward Report

The following significant change to the risks and rewards described in the Group Management Report in the Annual Report for 2022 occurred during the reporting period.

Due to a decrease in expected value, operative rewards in the second quarter are in risk category B (2022 and Q1 2023: risk category A), with an unchanged medium probability of occurrence.

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 July 25, 2023, a decline of 0.3 percent in economic performance is expected for Germany in 2023; a return to a positive growth rate of 1.3 percent is anticipated in 2024. Within the eurozone, the IMF expects a growth rate of 0.9 percent in 2023 and of 1.5 percent in 2024. Growth of the US economy is expected to reach 1.8 percent in 2023, while a growth rate of 1.0 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 6.1 percent in 2023 and 6.3 percent in 2024, is another major contributor to the projected growth of the global economy of 3.0 percent for both 2023 and 2024.

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 July 25, 2023, anticipates a renewed increase in registrations in Europe (9 percent) and the USA (7 percent) 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., and sales volumes are at an all-time high.

Taking the above explanations into account, Morgan Stanley, in its forecast of July 18, 2023, anticipates that global sales of vehicles (passenger cars, not including light-weight commercial vehicles) will increase to 71.8 million in 2023, an increase of more than 4 percent compared to 2022. This means while the 2023 forecast is higher than the 68.9 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.

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

The market for engineering services remains highly dynamic. With a growing focus on CO2 reduction, the development of alternative drive concepts is being massively accelerated. 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 € 250 billion worldwide in research and development in the German automotive industry in the period 2023 to 2027; to this must be added expenditure in the amount of approx. € 130 billion on the conversion of existing and the construction of new plants.

At present, we do not see any risk to the continued existence of the company in geopolitical conflicts, in energy and staffing costs which have already risen and/or are continuing to rise compared to 2021, or in the availability of suitable personnel, but do see a risk that these factors might impair our development. 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 € 105.9 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 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 – 6/30/2023	1/1/2022 – 6/30/2022	4/1/2023 – 6/30/2023	4/1/2022 – 6/30/2022
Profit or loss				
Sales revenues and changes in inventories[1]	421,554	382,150	210,194	188,631
Sales revenues	420,913	381,247	210,600	189,122
Changes in inventories	641	903	- 406	- 491
Other income	17,676	13,483	7,959	8,760
Material expenses	- 44,540	- 44,494	- 20,484	- 26,346
Gross profit	**394,690**	**351,139**	**197,669**	**171,045**
Personnel expenses	- 295,376	- 261,798	- 150,422	- 127,914
Depreciation, amortization and impairment	- 20,475	- 19,004	- 10,346	- 9,563
Net result from impairment losses or impairment loss reversals of financial assets	622	264	549	12
Other expenses	- 54,523	- 45,563	- 26,945	- 22,825
Earnings before interest and taxes (EBIT)	**24,938**	**25,038**	**10,505**	**10,755**
Result from investments accounted for using the equity method	609	514	339	200
Financial income	1,337	176	675	94
Financing expenses	- 5,930	- 4,890	- 3,066	- 2,731
Financial result	**- 3,984**	**- 4,200**	**- 2,052**	**- 2,437**
Earnings before taxes	**20,954**	**20,838**	**8,453**	**8,318**
Income taxes	- 6,984	- 6,939	- 2,822	- 2,770
Profit or loss	**13,970**	**13,899**	**5,631**	**5,548**

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

in € thousand	1/1/2023 – 6/30/2023	1/1/2022 – 6/30/2022	4/1/2023 – 6/30/2023	4/1/2022 – 6/30/2022
Profit or loss	**13,970**	**13,899**	**5,631**	**5,548**
Other comprehensive income				
Under certain conditions reclassifiable profits/losses				
Currency conversion difference				
Profits/losses included in equity from currency conversion difference	- 538	1,335	- 509	546
Total under certain conditions reclassifiable profits/losses	**- 538**	**1,335**	**- 509**	**546**
Not reclassifiable profits/losses				
Revaluation of net obligation from defined benefit plans				
Revaluation of net obligation from defined benefit plans before taxes	- 534	14,198	- 117	8,867
Deferred taxes on defined benefit plans	167	- 4,258	41	- 2,658
Share of other comprehensive income of at-equity accounted investments, net of tax	56	162	3	89
Total not reclassifiable profits/losses	**- 311**	**10,102**	**- 73**	**6,298**
Total other comprehensive income before taxes	- 1,016	15,695	- 623	9,502
Total deferred taxes on the other comprehensive income	167	- 4,258	41	- 2,658
Total other comprehensive income	**- 849**	**11,437**	**- 582**	**6,844**
Total comprehensive income	**13,121**	**25,336**	**5,049**	**12,392**
Earnings per share of shareholders of EDAG Group AG [diluted and basic in €]				
Earnings per share	0.56	0.56	0.23	0.22

2 Consolidated Statement of Financial Position

in € thousand	6/30/2023	12/31/2022
Assets		
Goodwill	73,907	74,387
Other intangible assets	10,223	11,421
Property, plant and equipment	82,213	78,645
Rights of use from leasing	171,319	167,710
Financial assets	145	123
Investments accounted for using the equity method	19,151	18,487
Non-current other financial assets	577	557
Non-current other non-financial assets	2,114	2,610
Deferred tax assets	12,545	15,642
Non-current assets	**372,194**	**369,582**
Inventories	6,353	4,348
Current contract assets	134,716	69,382
Current accounts receivables	82,347	135,453
Current other financial assets	5,316	1,795
Current securities, loans and financial instruments	62	151
Current other non-financial assets	16,698	17,255
Income tax assets	2,604	1,005
Cash and cash-equivalents	81,465	122,688
Current assets	**329,561**	**352,077**
Assets	**701,755**	**721,659**

in € thousand	6/30/2023	12/31/2022
Equity, liabilities and provisions		
Subscribed capital	920	920
Capital reserves	40,000	40,000
Retained earnings	115,599	115,378
Reserves from profits and losses recognized directly in equity	- 3,254	- 2,941
Currency conversion differences	- 4,977	- 4,439
Equity	**148,288**	**148,918**
Provisions for pensions and similar obligations	27,120	25,741
Other non-current provisions	3,563	3,536
Non-current financial liabilities	39,523	39,528
Non-current lease liabilities	167,268	164,379
Non-current other non-financial liabilities	224	199
Deferred tax liabilities	39	4
Non-current liabilities and provisions	**237,737**	**233,387**
Current provisions	30,518	35,425
Current financial liabilities	99,265	98,838
Current lease liabilities	19,750	18,702
Current contract liabilities	52,919	76,531
Current accounts payable	23,974	31,228
Current other financial liabilities	17,284	4,169
Current other non-financial liabilities	71,036	58,692
Income tax liabilities	984	15,769
Current liabilities and provisions	**315,730**	**339,354**
Equity, liabilities and provisions	**701,755**	**721,659**

3 Consolidated Cash Flow Statement

	in € thousand	1/1/2023 – 6/30/2023	1/1/2022 – 6/30/2022
	Profit or loss	**13,970**	**13,899**
+/-	Income tax expenses/income	6,984	6,939
-	Income taxes paid	- 19,978	- 1,169
+	Financial result	3,984	4,200
+	Interest received	1,334	176
+/-	Depreciation and amortization/write-ups on tangible and intangible assets	20,475	19,004
+/-	Other non-cash item expenses/income and changes recognized directly in equity	- 15,416	12,960
+/-	Increase/decrease in non-current provisions	1,364	- 13,499
-/+	Profit/loss on the disposal of fixed assets	- 129	- 37
-/+	Increase/decrease in inventories	- 1,317	- 1,773
-/+	Increase/decrease in contract assets, receivables and other assets that are not attributable to investing or financing activities	- 15,342	- 3,250
+/-	Increase/decrease in current provisions	- 4,906	- 7,732
+/-	Increase/decrease in accounts payables and other liabilities and provisions that are not attributable to investing or financing activities	- 5,147	- 36,741
=	**Cash inflow/outflow from operating activities/operating cash flow**	**- 14,124**	**- 7,023**
+	Deposits from disposals of tangible fixed assets	218	119
-	Payments for investments in tangible fixed assets	- 11,547	- 8,410
-	Payments for investments in intangible fixed assets	- 954	- 3,070
+	Deposits from disposals of financial assets	7	3
-	Payments for investments in financial assets	- 26	- 10
=	**Cash inflow/outflow from investing activities/investing cash flow**	**- 12,302**	**- 11,368**

	in € thousand	1/1/2023 – 6/30/2023	1/1/2022 – 6/30/2022
-	Payments to shareholders/partners (dividend for prior years, capital repayments, other distributions)	-	- 5,000
-	Interest paid	- 4,114	- 3,538
+	Borrowing of financial liabilities	-	1,406
-	Repayment of financial liabilities	- 787	- 751
-	Repayment of lease liabilities	- 9,792	- 8,911
=	**Cash inflow/outflow from financing activities/financing cash flow**	**- 14,693**	**- 16,794**
	Net cash changes in financial funds	**- 41,119**	**- 35,185**
-/+	Effect of changes in currency exchange rate and other effects from changes of financial funds	- 104	733
+	Financial funds at the start of the period	122,688	151,091
=	**Financial funds at the end of the period [cash & cash equivalents]**	**81,465**	**116,639**
=	**Free cash flow (FCF) – equity approach**	**- 26,426**	**- 18,391**

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	-	-	13,970	-	-	-	13,970
Other comprehensive income	-	-	-	- 538	- 368	56	- 850
Total comprehensive income	**-**	**-**	**13,970**	**- 538**	**- 368**	**56**	**13,120**
Dividends	-	-	- 13,750	-	-	-	- 13,750
As per 6/30/2023	**920**	**40,000**	**115,599**	**- 4,977**	**- 3,311**	**57**	**148,288**

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	-	-	13,899	-	-	-	13,899
Other comprehensive income	-	-	-	1,335	9,940	162	11,437
Total comprehensive income	**-**	**-**	**13,899**	**1,335**	**9,940**	**162**	**25,336**
Dividends	-	-	- 5,000	-	-	-	- 5,000
As per 6/30/2022	**920**	**40,000**	**100,420**	**- 3,213**	**- 2,419**	**50**	**135,758**

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 (June 30).

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

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

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

5.2 Basic Principles and Methods

Basic Accounting Principles

The consolidated half-year financial report of the EDAG Group AG for the period ending June 30, 2023 has been prepared in accordance with IAS 34 "Interim financial reporting". As the scope of the consolidated half-year financial report has been reduced, making it shorter than the consolidated financial statement, it should be read in conjunction with the consolidated financial statement for December 31, 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 June 30, 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 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 risks to the EDAG Group arising from the global crises (Covid-19, Ukraine war, climate crisis) are subject to continual analysis and evaluation, also with regard to their impact on the net assets, financial position and financial performance of the Group. Climate-related risks and opportunities for the EDAG Group are regularly assessed in our sustainability and CSR report, and have also been taken into due account within the scope of the financial reporting, including forecasts of expected business development. At the present time, we do not anticipate any material changes to our expectations with regard to the net assets, financial position and financial performance as a result of the climate crisis.

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

New, Changed or Revised Accounting Standards

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

- **IFRS 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 half-year financial report, a discount rate of 4.02 percent has been used for pension provisions in Germany (12/31/2022: 4.14 percent). A discount rate of 1.87 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 half-year 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 half-year financial report for EDAG Group AG were applied when preparing the consolidated interim report and determining comparative figures. A detailed description of these methods has been published in the Notes to the Consolidated Financial Statement in the Annual Report for 2022. This consolidated half-year financial 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 half-year financial report in accordance with IFRS requires management to make estimates and discretionary decisions that may affect the recognition and measurement of assets and liabilities in the balance sheet, the disclosure of contingent receivables and liabilities on the balance sheet date, and the reported income and expenses for the reporting period.

Due to the 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

There were no amendments to the group of combined or consolidated companies in the second quarter of the 2023 financial year, which as of June 30, 2023 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 half-year financial report was based on the following exchange rates:

Country	Currency	6/30/2023	1st half year 2023	12/31/2022	1st half year 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	0.8583	0.8767	0.8869	0.8422
Brazil	BRL	5.2788	5.4840	5.6386	5.5578
USA	USD	1.0866	1.0811	1.0666	1.0940
Malaysia	MYR	5.0717	4.8186	4.6984	4.6704
Hungary	HUF	371.9300	380.7122	400.8700	374.7122
India	INR	89.2065	88.8810	88.1710	83.3248
China	CNY	7.8983	7.4904	7.3582	7.0827
Mexico	MXN	18.5614	19.6549	20.8560	22.1747
Czech Republic	CZK	23.7420	23.6804	24.1160	24.6364
Switzerland	CHF	0.9788	0.9855	0.9847	1.0320
Poland	PLN	4.4388	4.6256	4.6808	4.6329
Sweden	SEK	11.8055	11.3311	11.1218	10.4753
Japan	JPY	157.1600	145.7650	140.6600	134.2987
Turkey	TRY	28.3193	28.3193	19.9649	17.3320

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 – 6/30/2023	1/1/2022 – 6/30/2022	4/1/2023 – 6/30/2023	4/1/2022 – 6/30/2022
Earnings before interest and taxes (EBIT)	**24,938**	**25,038**	**10,505**	**10,755**
Adjustments:				
Expenses (+) from purchase price allocation	172	1,278	82	639
Other adjustmens	- 1,568	- 2,264	- 11	- 2,064
Total adjustments	**- 1,396**	**- 986**	**71**	**- 1,425**
Adjusted earnings before interest and taxes (adjusted EBIT)	**23,542**	**24,052**	**10,576**	**9,330**

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 EDAG Group. The key performance indicator for the Group Executive Management at segment level is the

EBIT/adjusted EBIT. The segment presentation is designed to show the profitability as well as the assets and financial situation of the individual business activities. Intercompany sales are accounted for at customary market prices and are equivalent to sales towards third parties (arm's length principle).

As at June 30, 2023, the non-current assets amounted to € 372.2 million (12/31/2022: € 369.6 million). Of these, € 2.5 million are domestic, € 325.8 million are German, and € 43.9 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 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 Management Report.

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

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

in € thousand	**1/1/2023 – 6/30/2023**					
	Vehicle Engineering	**Electrics/ Electronics**	**Production Solutions**	**Total segments**	**Consolidation**	**Total Group**
Sales revenues with third parties	239,920	129,219	51,774	420,913	-	420,913
Sales revenues with other segments	4,028	2,035	1,651	7,714	- 7,714	-
Changes in inventories	815	- 470	296	641	-	641
Total revenues[1]	**244,763**	**130,784**	**53,721**	**429,268**	**- 7,714**	**421,554**
EBIT	**14,255**	**7,900**	**2,783**	**24,938**	**-**	**24,938**
EBIT margin [%]	5.8%	6.0%	5.2%	5.8%	n/a	5.9%
Purchase price allocation (PPA)	62	-	110	172	-	172
Other adjustments	- 264	-	- 1,304	- 1,568	-	- 1,568
Adjusted EBIT	**14,053**	**7,900**	**1,589**	**23,542**	**-**	**23,542**
Adjusted EBIT margin [%]	5.7%	6.0%	3.0%	5.5%	n/a	5.6%
Depreciation, amortization and impairment	- 18,593	- 801	- 1,081	- 20,475	-	- 20,475
Ø Employees per segment	4,594	2,819	1,136	8,549		8,549

in € thousand	**1/1/2022 – 6/30/2022**					
	Vehicle Engineering	**Electrics/ Electronics**	**Production Solutions**	**Total segments**	**Consolidation**	**Total Group**
Sales revenues with third parties	223,996	105,249	52,002	381,247	-	381,247
Sales revenues with other segments	3,088	2,373	1,886	7,347	- 7,347	-
Changes in inventories	504	222	177	903	-	903
Total revenues[1]	**227,588**	**107,844**	**54,065**	**389,497**	**- 7,347**	**382,150**
EBIT	**17,696**	**6,813**	**529**	**25,038**	**-**	**25,038**
EBIT margin [%]	7.8%	6.3%	1.0%	6.4%	n/a	6.6%
Purchase price allocation (PPA)	1,169	-	109	1,278	-	1,278
Other adjustments	- 2,245	-	- 19	- 2,264	-	- 2,264
Adjusted EBIT	**16,620**	**6,813**	**619**	**24,052**	**-**	**24,052**
Adjusted EBIT margin [%]	7.3%	6.3%	1.1%	6.2%	n/a	6.3%
Depreciation, amortization and impairment	- 14,540	- 2,718	- 1,746	- 19,004	-	- 19,004
Ø Employees per segment	4,488	2,361	1,107	7,956		7,956

[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 – 6/30/2023							
	Vehicle Engineering		Electrics/ Electronics		Production Solutions		Total	
Customer sales division A	39,168	16%	45,473	35%	6,058	12%	90,699	22%
Customer sales division B	34,091	14%	37,754	29%	3,597	7%	75,442	18%
Customer sales division C	34,029	14%	11,535	9%	3,737	7%	49,301	12%
Customer sales division D	26,854	11%	3,297	3%	3,039	6%	33,190	8%
Customer sales division E	34,100	14%	9,335	7%	4,681	9%	48,116	11%
Customer sales division F	31,258	13%	1,450	1%	1,301	3%	34,009	8%
Customer sales division G	40,420	17%	20,375	16%	29,361	57%	90,156	21%
Sales revenue with third parties	**239,920**	**100%**	**129,219**	**100%**	**51,774**	**100%**	**420,913**	**100%**

in € thousand	1/1/2022 – 6/30/2022							
	Vehicle Engineering		Electrics/ Electronics		Production Solutions		Total	
Customer sales division A	34,389	15%	36,778	35%	6,725	13%	77,892	20%
Customer sales division B	26,887	12%	30,889	29%	1,439	3%	59,215	16%
Customer sales division C	26,932	12%	10,780	10%	5,122	10%	42,834	11%
Customer sales division D	14,020	6%	1,652	2%	2,774	5%	18,446	5%
Customer sales division E	38,027	17%	8,940	8%	5,315	10%	52,282	14%
Customer sales division F	47,523	21%	2,036	2%	11,548	22%	61,107	16%
Customer sales division G	36,218	16%	14,174	13%	19,079	37%	69,471	18%
Sales revenue with third parties	**223,996**	**100%**	**105,249**	**100%**	**52,002**	**100%**	**381,247**	**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 – 6/30/2023					
	Vehicle Engineering	Electrics/ Electronics	Production Solutions	Total segments	Consolidation	Total Group
Period-related revenue recognition	233,615	131,121	52,545	417,281	-	417,281
Point in time revenue recognition	10,333	133	880	11,346	-	11,346
Sales revenue with other segments	- 4,028	- 2,035	- 1,651	- 7,714	-	- 7,714
Sales revenue with third parties	**239,920**	**129,219**	**51,774**	**420,913**	**-**	**420,913**
Sales revenue with other segments	4,028	2,035	1,651	7,714	- 7,714	-
Changes in inventories	815	- 470	296	641	-	641
Total revenues	**244,763**	**130,784**	**53,721**	**429,268**	**- 7,714**	**421,554**

in € thousand	1/1/2022 – 6/30/2022					
	Vehicle Engineering	Electrics/ Electronics	Production Solutions	Total segments	Consolidation	Total Group
Period-related revenue recognition	217,160	107,343	53,319	377,822	-	377,822
Point in time revenue recognition	9,924	279	569	10,772	-	10,772
Sales revenue with other segments	- 3,088	- 2,373	- 1,886	- 7,347	-	- 7,347
Sales revenue with third parties	**223,996**	**105,249**	**52,002**	**381,247**	**-**	**381,247**
Sales revenue with other segments	3,088	2,373	1,886	7,347	- 7,347	-
Changes in inventories	504	222	177	903	-	903
Total revenues	**227,588**	**107,844**	**54,065**	**389,497**	**- 7,347**	**382,150**

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	6/30/2023	12/31/2022
Open purchase orders	17,271	16,476
Total renting and leasing contracts	5,499	6,232
Other miscellaneous financial obligations	72	200
Total	**22,842**	**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	6/30/2023	12/31/2022
Non-current financial liabilities	- 39,523	- 39,528
Non-current lease liabilities	- 167,268	- 164,379
Current financial liabilities	- 99,265	- 98,838
Current lease liabilities	- 19,750	- 18,702
Current securities, loans and financial instruments	63	151
Cash and cash equivalents	81,465	122,688
Net financial debt/-credit [-/+]	**- 244,278**	**- 198,608**
Net financial debt/-credit wo lease liabilities [-/+]	**- 57,260**	**- 15,527**
Equity	148,288	148,918
Net gearing [%] incl. lease liabilities	**164.7%**	**133.4%**

At € 244.3 million, the net financial debt on June 30, 2023 is € 45.7 million above the value on December 31, 2022 (€ 198.6 million). Without taking lease liabilities into account, the net financial debt on June 30, 2023 amounts to € 57.3 million (12/31/2022: € 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. As of June 30, 2023, the promissory note loan is composed of several tranches with various interest rates and terms to maturity of up to five years. For the purpose of refinancing a tranche in the amount of € 80.5 million from the promissory note loan due in July 2023, EDAG Engineering GmbH, Wiesbaden has placed a new promissory note loan composed of several tranches in the total amount of € 100 million, with maturities of between three and seven years. The transaction, which was successfully concluded in mid-July 2023, serves to secure the further growth of the EDAG Group.

As of June 30, 2023, there is a current loan, including interest, in the amount of € 17.0 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 € 105.9 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	6/30/2023	12/31/2022
	Inventories	6,353	4,348
+	Current contract assets	134,716	69,382
+	Current accounts receivable	82,347	135,453
-	Current contract liabilities	- 52,919	- 76,531
-	Current accounts payable	- 23,974	- 31,228
=	**Trade working capital (TWC)**	**146,523**	**101,424**
+	Non-current other financial assets	577	557
+	Non-current other non-financial assets	2,114	2,609
+	Deferred tax assets	12,545	15,641
+	Current other financial assets excl. Interest-bearing receivables	5,316	1,795
+	Current other non-financial assets	16,698	17,254
+	Income tax assets	2,604	1,005
-	Non-current other non-financial liabilities	- 224	- 199
-	Deferred tax liabilities	- 39	- 4
-	Current other financial liabilities	- 17,284	- 4,169
-	Current other non-financial liabilities	- 71,036	- 58,692
-	Income tax liabilities	- 984	- 15,769
=	**Other working capital (OWC)**	**- 49,713**	**- 39,972**
	Net working capital (NWC)	**96,810**	**61,452**

Das Trade Working Capital hat sich gegenüber dem 31. Dezember 2022 um The trade working capital increased by € 45,099 thousand to € 146,523 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 € 9,741 thousand to € -49,713 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 an increase in current other financial liabilities as a result of higher liabilities to shareholders on the reporting date. The increase stems from the dividend payout which, though resolved at the annual shareholders' meeting, had as of the reporting date not yet been paid. By way of contrast, income tax liabilities decreased, primarily as a result of income tax payments.

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 6/30/2023
		Carrying amount	Fair value		
Financial assets					
Financial assets[1]	80	65	65	-	145
Non-current other financial assets	-	577	577	-	577
Current contract assets	-	-	-	134,716	134,716
Current accounts receivables	-	82,347	82,347	-	82,347
Current other financial assets	-	5,316	5,316	-	5,316
Current securities, loans and financial instruments	62	-	-	-	62
Cash and cash-equivalents	-	81,465	81,465	-	81,465
Financial assets	**142**	**169,770**	**169,770**	**134,716**	**304,628**
Financial liabilitites					
Non-current financial liabilities	-	39,523	37,824	-	39,523
Non-current lease liabilities	-	-	-	167,268	167,268
Current financial liabilities	-	99,265	99,265	-	99,265
Current lease liabilities	-	-	-	19,750	19,750
Current contract liabilities	-	-	-	52,919	52,919
Current accounts payable	-	23,974	23,974	-	23,974
Current other financial liabilities	-	17,284	17,284	-	17,284
Financial liabilitites	**-**	**180,046**	**178,347**	**239,937**	**419,983**

[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 6/30/2023			
	Level 1	Level 2	Level 3	Total
Financial assets				
Current securities, loans and financial instruments	28	35	-	63

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 – 6/30/2023	1/1/2022 – 6/30/2022
EDAG Group with boards of directors[1] (EDAG Group AG)		
Work-related expenses	482	482
Travel and other expenses	15	12
Consulting expenses	18	11
EDAG Group with supervisory boards[1] (EDAG Engineering GmbH & EDAG Engineering Holding GmbH)		
Work-related expenses	28	28
Travel and other expenses	2	-
Compensation costs	376	368
EDAG Group with ATON companies (parent company and its affiliated companies)		
Goods and services rendered	98	108
Other operating expenses	67	1
EDAG Group with unconsolidated subsidiaries		
Other operating expenses	3	2
EDAG Group with associated companies		
Goods and services rendered	92	66
Goods and services received	1,098	200
Other operating income	23	227
Other operating expenses	31	31
Income from investments	609	514
EDAG Group with other related companies and persons		
Goods and services rendered	-	3
Interest expense	256	135
Paid leases for rights of use	3,826	3,031

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

5.10 Subsequent Events

No important events took place after the reporting period.

AFFIRMATION OF THE LEGAL REPRESENTATIVES

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

Arbon, August 30, 2023
EDAG Engineering Group AG

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

Holger Merz, Member of the Group Executive Management, CFO

Georg Denoke, Chairman of the Board of Directors

Sylvia Schorr, Member of the Board of Directors

Dr. Philippe Weber, Member of the Board of Directors

Manfred Hahl, Member of the Board of Directors

Clemens Prändl, Member of the Board of Directors

LEGAL NOTICE

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

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

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