



**GET IN AND EXPERIENCE PERFORMANCE**  
EDAG ANNUAL REPORT 2015



## SELECTED PERFORMANCE FIGURES FROM CONSOLIDATED FINANCIAL STATEMENT

(in € million or %)	2015	2014	2013
Vehicle Engineering	455.0	417.6	391.8
Production Solutions	119.8	106.4	77.8
Electrics/Electronics	158.9	123.8	98.0
Consolidation	- 11.9	- 13.1	- 7.0
<b>Total revenues and changes in inventories (core)</b>	<b>721.8</b>	<b>634.7</b>	<b>560.6</b>
Growth:			
Vehicle Engineering	9.0%	6.6%	n/a
Production Solutions	12.6%	36.8%	n/a
Electrics/Electronics	28.4%	26.3%	n/a
<b>Total change of revenues and changes in inventories (core)</b>	<b>13.7%</b>	<b>13.2%</b>	<b>n/a</b>
Vehicle Engineering	45.7	31.3	24.4
Production Solutions	15.7	12.0	9.0
Electrics/Electronics	11.5	9.9	9.6
<b>Adjusted EBIT (core)</b>	<b>72.9</b>	<b>53.2</b>	<b>43.0</b>
Vehicle Engineering	10.0%	7.5%	6.2%
Production Solutions	13.1%	11.3%	11.6%
Electrics/Electronics	7.2%	8.0%	9.8%
<b>Adjusted EBIT-margin (core)</b>	<b>10.1%</b>	<b>8.4%</b>	<b>7.7%</b>
<b>Profit or loss</b>	<b>36.3</b>	<b>59.9</b>	<b>19.8</b>
Earnings per share (€)	1.45	2.40	n/a

(in € million or %)	12/31/2015	12/31/2014	12/31/2013
Fixed assets	190.5	181.2	204.5
Net working capital	95.2	97.4	60.2
Net financial debt	- 93.4	- 121.7	- 136.7
Provisions	- 37.7	- 40.1	- 29.5
Held for sale	0.6	0.8	4.4
Net assets/equity	155.2	117.4	102.9
Balance sheet total	475.5	484.6	504.6
Equity/BS total	32.6%	24.2%	20.4%
Net financial debt/equity	60.2%	103.7%	132.8%

(in € million or %)	2015	2014	2013
Operating cash flow	27.6	56.7	21.1
Investing cash flow	13.7	- 32.6	- 62.4
Free cash flow	41.3	24.1	- 41.3
Financing cash flow	- 9.7	- 54.8	76.0
CapEx	30.3	25.2	22.4
CapEx/revenues and changes in inventories	4.2%	3.7%	3.5%

	12/31/2015	12/31/2014	12/31/2013
Headcount end of period	8,139	7,401	7,306
Trainees as %	6.5%	7.3%	6.5%



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## INTERVIEW BETWEEN THE PRESIDENT OF THE BOARD OF DIRECTORS AND THE CEO ON THE SUBJECT OF THE 2015 FINANCIAL YEAR

### THOMAS EICHELMANN AND JÖRG OHLSEN DISCUSS DEVELOPMENTS IN THE PAST FINANCIAL YEAR, PRIORITIES FOR 2016, ACCENTS AS AN EMPLOYER, AND THE NEW GROUP STRUCTURE

*How do you rate the way in which the 2015 financial year developed for the EDAG Group?*

**Jörg Ohlсен:** 2015 was a good year for EDAG. Our engineers and technical staff advanced ground-breaking innovations for the mobility of the future. The "EDAG Light Cocoon" concept car, for instance, which we presented at the 2015 Geneva Motor Show. The development of the trive.me brand looks to be equally promising. Here, we bundle our competencies in networking vehicles with their environment, an area which will be affected more and more by smartphones and smart homes in the future.



We were, of course, also busy with our core activities, providing engineering services for our customers around the world. In our core business, we generated sales revenues in the amount of € 722 million with an adjusted EBIT of € 72.9 million and an adjusted EBIT margin of about 10 percent.

Incoming orders in the 2015 financial year totaled some € 731 million. In our opinion, this is a very respectable result - particularly when the market environment and the public discussion about German vehicle manufacturers that has been raging since the end of the third quarter are taken into account. Totals for incoming orders are usually higher in the second half of the year than they are in the first. In this respect, we noticed that our customers had become somewhat more cautious when awarding major projects.

We were also extremely pleased to have been awarded a number of prizes, e.g. the German Design Award 2016, the Lateral Thinking Award 2015 and the Materialica 2015 "Best of Award".

**Thomas Eichelmann:** Alongside of these operative developments, we also successfully launched EDAG Engineering Group AG on the stock exchange in 2015. This step was the logical consequence of the intensive strategic modifications that had been implemented throughout the EDAG Group in the course of the last few years. One result is that, at the general meeting on May 31, 2016, we will recommend paying a dividend of € 0.75 per share.

*What strategic developments do you anticipate in 2016 and beyond?*

**Thomas Eichelmann:** With the IPO, we achieved an important milestone in 2015 – in the medium term, however, the listing of the company on the stock exchange is itself only an instrument. Ultimately, what counts is to permanently position EDAG as an independent company. By "independent" we mean that EDAG is not in the possession of one of the vehicle manufacturers, but in a position to assist all customers with the development of new vehicles or derivatives. It is vitally important here to ensure that no-one need worry about critical information being leaked to competitors.

However, independence also means freedom of action with a view to the expected consolidation of the market for engineering services. EDAG can decide for itself which acquisitions the company would like to undertake, and on what conditions, without necessarily having



**THOMAS EICHELMANN**  
Aufsichtsratsvorsitzender

to rely on banks.

What is more, we are aware of the fact that we will only have this flexibility if we manage our company well. It is not simply a matter of technical solutions, although we do, of course, need these. It is also important to remain profitable and to grow at a reasonable rate, faster than the market if possible. Besides this growth, we also strive to be able to pay regular dividends.

**Jörg Ohlсен:** We are already well on course, and systematically continuing our successful and sustainable growth strategy. Our aims are to strengthen our market position, improve our attractiveness as an employer, and to continue to develop and market successful innovations. These are things we are working on continually, on the one hand by expanding our international customer portfolio, and on the other by improving our expertise for our customers in areas which in the medium term will be important for new vehicle generations. This applies, for example, to the field of electrics/electronics, where we are developing new, innovative concepts for digital networking. Another example is vehicle engineering, where we are working on further reducing vehicle weight, to make lower emissions possible.

Our ability to develop complete vehicles gives us a clear competitive edge here. We can channel our own knowledge of manufacturing processes into customers' projects, in this way creating special added value for our customers. Not only do we then develop a vehicle that is lighter than others, but can also show our customers what technology they can use to produce more efficiently and at lower cost.

Another subject on our agenda for 2016 is environmental protection. We have begun to instruct our employees in the subject of environmental protection, and to implement the DIN ISO 14001 standard. In our opinion, environmental protection and the mobility industry belong together, and we are working both in-house and for our customers on solutions for resource-saving mobility.

None of these subjects can be implemented without competent employees. It is their ideas that make us strong, and we are therefore constantly working to find and retain skilled workers.



**JÖRG OHLSEN**  
CEO  
Sprecher der Geschäftsführung

*Does EDAG have plans to extend its geographical footprint?*

**Jörg Ohlсен:** EDAG is wherever the customer needs us to be. In this respect, the question of whether new facilities might be opened very much depends on what markets our customers develop, or which markets might yield new customers. The EDAG Group is now also in California, for instance. A location that, twenty years ago, no vehicle manufacturer would have had on their radar. In the meantime, however, there are already numerous examples of rewarding cooperation with IT companies based there.

Developing new markets means leaving our comfort zone and stepping up our marketing activities. We know our long-standing customers, and are well aware of their requirements. The important thing now is to concern ourselves with the requirements of new customers and, if possible, exceed their expectations right away. This could mean the need to open new offices or expand existing ones, like, for instance, the new test laboratory set up in Mexico last year, or the new center that opened in Wolfsburg-Warmenau this year.

*Are any acquisitions planned for 2016?*

**Thomas Eichelmann:** As a general rule, we would like to play an active role in a possible consolidation of the market. At the moment, however, we do not have any specific objectives in view, but are sounding out the market for possible acquisition objects. Important criteria here are the "fit" with regard to competencies, customers and geographical position. And, of course, it must be worthwhile to our shareholders.

*How far did you get with the aim of increasing the company's attractiveness as an employer?*

**Jörg Ohlсен:** In 2015, our workforce increased from around 7,400<sup>1</sup> at the beginning of the year to some 8,100<sup>2</sup> at the end of the year. This is a sign that EDAG is attractive to employees. Our portfolio company BFFT Gesellschaft für Fahrzeugtechnik mbH, for instance, was named "best employer in Germany" by the news magazine FOCUS in January 2016, for the third year in a row. EDAG Engineering GmbH also received an award in the category "Job Motor" from the German state of Hesse. This speaks for itself. In addition to this, we also organize the "EDAG Integration Excellence Award" for students, and are constantly working to improve working conditions for our employees and provide transparent structures.

Anyone who has capabilities should be allowed to put them to use at EDAG. Among other things, this also means that we welcome female engineers, and offer flexible working models to facilitate a better work-life balance. An appropriate salary does, of course, also play an important role in the attractiveness of an employer, but that alone is not enough. More than anything, our employees want to work autonomously on interesting projects. In addition, we also run a mentoring program and hold joint events, to enable employees to get together and, away

<sup>1</sup> Including apprentices and dual students

<sup>2</sup> Including apprentices and dual students



from the demands of concrete projects, talk, exchange ideas and develop creative ideas. Also, education and training is extremely important to us. On the one hand, as a means of recruiting junior staff, and on the other to give experienced colleagues the chance to further their personal growth and keep abreast of the latest technical developments.

*The new parent company of the EDAG Group, EDAG Engineering Group AG, was founded in 2015: how do the Board of Directors and Group Executive Management work together?*

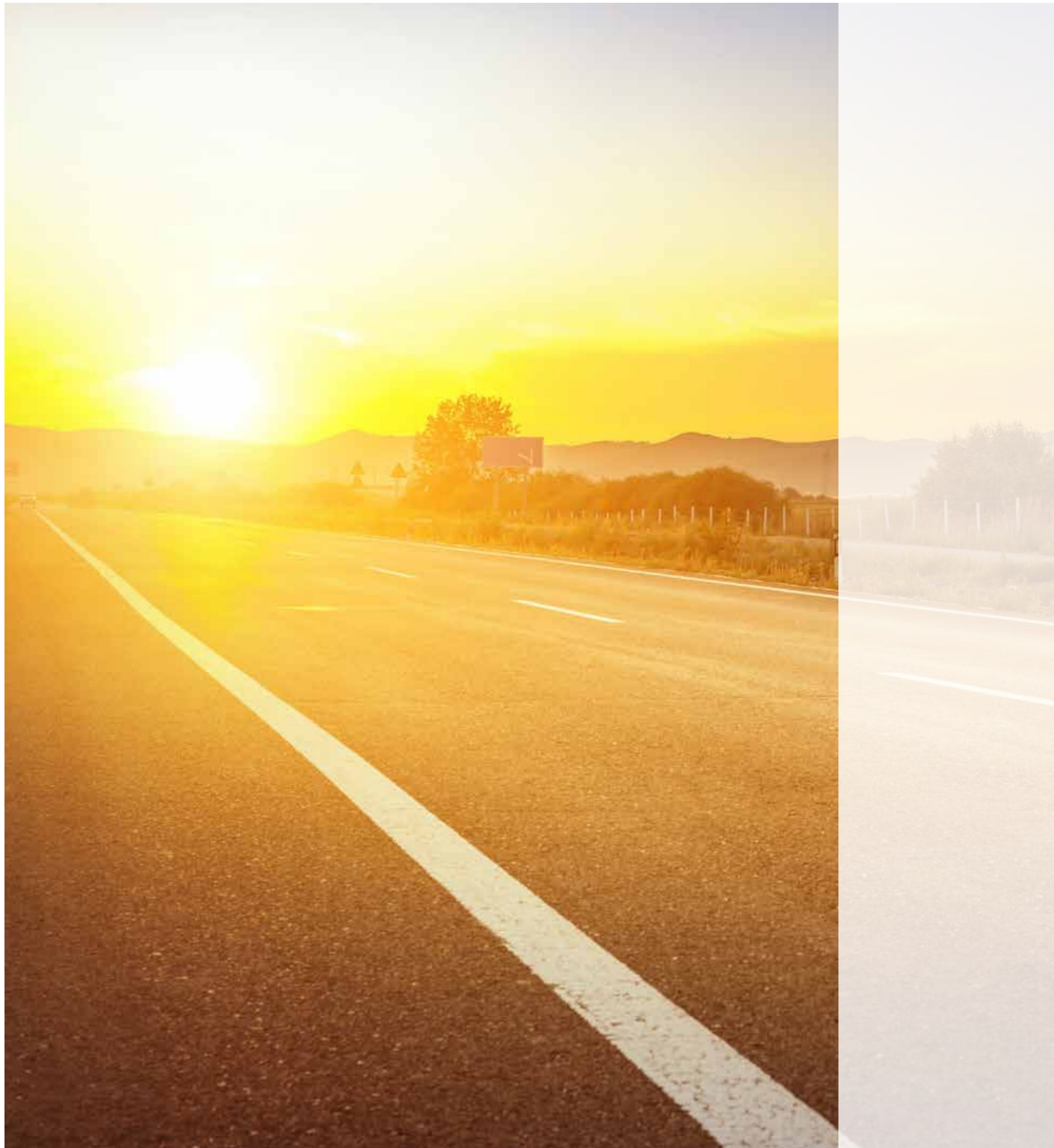
**Thomas Eichelmann:** Tasks are clearly assigned at EDAG Engineering Group AG: the Board of Directors has delegated management of the company to the Group Executive Management, consisting of Mr. Ohlsen (CEO) and Mr. Vogt (CFO). In the operative companies, the Group Executive Management is supported by Mr. Poeschke (COO of EDAG Engineering GmbH), Mr. Wittich (CEO of EDAG Production Solutions GmbH & Co. KG) and Mr. Fichtner (CEO of BFFT Gesellschaft für Fahrzeugtechnik mbH).

As the highest authority in the management structure of the EDAG Group, the Board of Directors has initiating, supervisory and ultimate decision-making responsibility towards the Group companies, particularly with regard to strategic questions. In my position of President of the Board of Directors, one of the things I do is to act as a sparring partner for Mr. Ohlsen and Mr. Vogt. Together with Dr. Hammes, finance specialist and long-standing consultant and supervisory board member of banks, Ms. Schwing, a former accountant, and Dr. Weber, one of Switzerland's leading specialists in corporate and capital market law, we have the necessary operative, financial and legal experience in the company, as well as the ability to fully assess macroeconomic risks. And, if necessary, to take appropriate action. This calls for regular discussions with the internal auditing and compliance departments, risk management and legal departments of the portfolio companies.

Within the scope of corporate governance we attach importance to compliance with the rules valid both in Switzerland and Germany, even if neither the Swiss "Code of Best Practice for Corporate Governance" nor the "German Corporate Governance Codex" are formally applicable to EDAG Engineering Group AG.

*What is the situation with regard to cooperation with the shareholders?*

**Thomas Eichelmann:** Relations with our mainly institutional investors are good. We welcome the fact that we have the support of professionals, and have an open ear for their concerns. ATON GmbH, which holds more than 50 percent of the voting rights, clearly has a special position, and can influence appointments to the Board of Directors. However, ATON GmbH consciously entered into a contract with EDAG Engineering Group AG, the contents of which ensure that ATON will not control either the Board of Directors or the company. The other shareholders have so far shown their trust in this step. We look forward to continuing our good work.

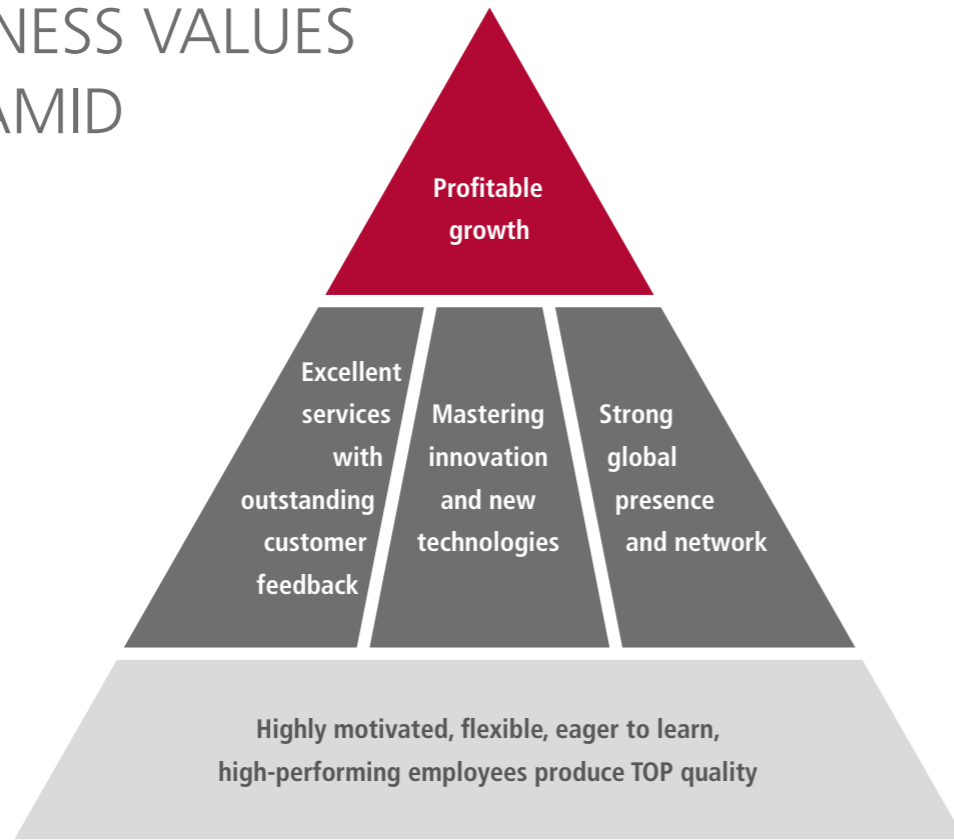


## BUSINESS VALUES

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# BUSINESS VALUES PYRAMID



**We are the experts in the development of vehicles, production plants and the optimization of processes.**

When it comes to automobile development, what is needed is a fully integrated approach to the question of mobility. Development with passion. That's us. Our expertise includes the integrated development and optimization of vehicles, production facilities, derivatives and modules. This has made us what we are today: the acknowledged, independent engineering experts for the automotive industry. And the business contact for the mobility of the future!

**EDAG is when our mobility ideals mean re-defining the limits.**

Our business values should always reflect this.



**Employees who are highly motivated, flexible, eager to learn and high-performing produce TOP quality**

We attach great importance to our professional development. Because our aim is to become better every day. This applies to the team as a whole and to each one of us individually.

To achieve this, we set great store on a constant willingness to learn. We are flexible, because only people with a desire to keep moving themselves - not just aimlessly, but in order to impress and fire enthusiasm - can possibly further the mobility aspirations of others. And because top performance is only possible as part of a team, we expect our employees to be willing to work together to the maximum. The benefit for our customers is clear:

**a high-performance, TOP level partner.**



**Excellent services with outstanding customer feedback**

Mobility fascinates our customers. Progress in mobility creates enthusiasm. A great deal of passion often goes into developments that impress others. Our aim is not only to leave a lasting good impression on account of our work, attitude and manner, but also to guarantee a competitive edge for our customers. Outstanding feedback from highly satisfied customers is what spurs us on.



**Mastering innovation and new technologies**

Our work influences the future of the market. Not only do we work on current challenges, we also recognise trends and changes in the automobile industry at an early stage. We refuse to accept the status quo, since our aim is to continually improve product and production development and process quality, and it would seem that in doing so, we often manage to do the near-impossible. In this way, we deliver innovative solutions and new technologies for our customers, while ensuring that we maintain our leading position.



**Strong global presence and network**

Mobility is a basic global need. Just like our customers, we also display a strong global presence. However, Germany is and remains our base, since the future needs a past. As every nation has its own mobility requirements, our aim at all sites is to deliver best practice for the challenges in the automobile industry. To us, an excellent international network and dedicated teamwork are not only important, we see them as essential to achieving this aim.



**Profitable growth**

We also want to be among the best on the market when it comes to growth and profitability. Growth and profitability are not just claims made by the management, nor are they ends in themselves. They are a matter of common understanding between all managers and employees. Due to our inner strengths, values and scope for creative solutions, we are always discovering new opportunities for further development and improvement. In doing so, we provide constant impetus for growth, and are able to continue to develop our core services. We apply our strengths to the full, and make use of any opportunities that will promote our long-term advancement. This is the best form of sustainability, and a guarantee of the profitability of our growth strategy.







# EDAG – AUTOMOTIVE PACE SETTER

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# HIGHLIGHTS OF THE YEAR 2015

Following the successful integration of Rucker GmbH, EDAG starts the new financial year as one of the world's largest independent engineering specialists for the integrated development of vehicles and manufacturing facilities with a global workforce of over 7,400.

"Feysinn" is awarded a major visualization and media creation project by a German OEM. EDAG's implementation-oriented consultancy team accepts responsibility for the digital and graphic processing of the design data for a photorealistic car configurator.



EDAG hosts the world premiere of the "EDAG Light Cocoon" at the Geneva Motor Show. With its bionically inspired, additively manufactured skeleton structure, the concept car opens up new possibilities for the ultimate in lightweight design of the future. The concept of the "EDAG Light Cocoon" struck a cord and won numerous awards and prizes throughout the year.



The official turf cutting ceremony on March 26, 2015 marked the start of the construction of a 22,000 m<sup>2</sup> technology and development center in Wolfsburg-Warmenau. By the end of 2016, new modern workplaces for up to 1,000 employees will be created in the VW city.

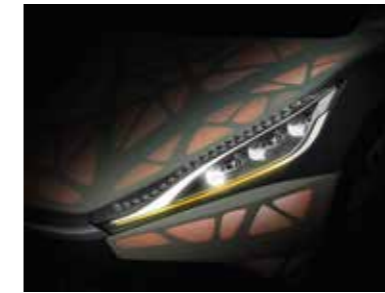


EDAG Production Solutions GmbH & Co. KG opens a new branch in Weingarten and systematically extends its local presence as an engineering service provider for the development of complete production facilities in southern Germany.

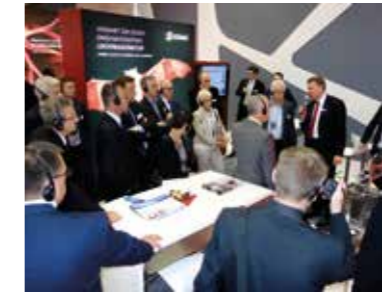
A new competence center for the development of forming tools for the automotive industry is to be created in Weingarten.

EDAG accepts responsibility for the general validation of the component functions in the interior for a German OEM.

The subject of light has taken on enormous significance in the automobile industry in recent years. This prompted EDAG to set up a light laboratory at the Wolfsburg site, to allow developers not only to map light technology components virtually and to create prototypes, but also to conclusively test their operability in trials.



With the German premiere of the "EDAG Light Cocoon" concept car at the IAA in Frankfurt, EDAG provided a visionary outlook for new lightweight strategies. With concrete examples of technology such as a hybrid spaceframe node, the first fully functional, ready-for-approval additively manufactured model of a headlamp, and a 3D-printed cooling plate for an on-board charger housing, EDAG demonstrated the fact that the combination of bionic design and additive manufacturing is more than just simple Utopia.



The EDAG Group presents the "EDAG Integration Excellence Award 2015", acknowledgement of the outstanding performance of the university teams that competed in the international Formula Student Award event. The Technical University "Bergakademie Freiberg" took first place ahead of the Universities of Ravensburg and Karlsruhe in the final round of the contest.



EDAG received the renowned "German Design Award" for the concept car "EDAG Light Cocoon".

EDAG Production Solutions GmbH & Co. KG welcomes its 1,000th employee, an important milestone in the history of the company. Not only did the EDAG subsidiary successively expand its capacity and global presence; it also firmly established its position throughout the automotive industry as a partner for the development of complete production facilities and factories.



For the eighth time in a row, EDAG won a "Top Employer" award, taking 2nd place in the "Automotive" category.

EDAG establishes the "Active Safety" department to further expand its portfolio in the "Test + Validation" field. EDAG will use these additional competencies to support the manufacturers in testing safety technologies.

A German OEM awarded EDAG Production Solutions GmbH & Co. KG an order for the engineering for a new body manufacturing system (assembly including roof system) at one of the customer's international locations.



Tarek Al-Wazir, Hesse's Minister for Economics, Energy, Transport and Urban and Regional Development, acknowledged EDAG's commitment to innovation. EDAG had already been voted Hessen Champion in the "Innovation" category by the state government in 2014.



With more than 140 new apprentices and dual students, the EDAG Group continues its commitment to junior staff development in Germany. At EDAG, training is not a new fad. In the last 43 years, over 1,800 young people have been apprentices at EDAG, and many of them are still employed by the company today. On December 31, 2015, our apprentice/trainee quota was 8.0 percent.



EDAG was awarded an order for the complete vehicle simulation for the dimensioning and evaluation of an active chassis system in a premium high-end car.

At a ceremony in Wiesbaden attended by more than 1,000 guests, EDAG was awarded the HESSEN CHAMPION 2015 prize in the "Job Motor" category.

The new EDAG DESIGN CONCEPT STUDIO is opened at the Ingolstadt branch. Covering an area of over 5,000 m<sup>2</sup>, the building has separate styling and presentation rooms, to enable several projects to be handled at one and the same time while still guaranteeing absolute confidentiality.



On December 2, 2015, EDAG Engineering Group AG celebrated its successful initial public offering on the Frankfurt Stock Exchange. At the start of trading, the offering was several times oversubscribed. At € 19.55, the first listing was already above the issue price of € 19. The IPO places EDAG in an ideal position to continue to take on a leading role in a possible consolidation of the market for engineering services.



EDAG was awarded first prize in the "Design" category of the "Lateral Thinking Awards" for the concept car "EDAG Light Cocoon".



## EDAG SOULMATE –

### WHEN THE CAR SUDDENLY BECOMES THE BETTER SMARTPHONE

The smartphone has literally put everyday things in our pockets. Almost without our noticing, MP3 players, appointment calendars, cameras, lexicons, e-mail clients and telephones have merged into one universal device. No wonder that many of us have our telephones with us 24/7, but hardly ever use it to make an actual phone call. And the take-over goes on: as a result of the complete network integration with the Internet, it is now possible, no matter where we are, to access data with the help of which we can do far more than just find information. We interact with networked technology, can now control the temperature in our living rooms from our office desks, record our favorite television program when out and about, check if we have brushed our teeth properly and for long enough, and keep an eye on the number of steps we have walked to keep ourselves in shape, so that the device will continue to fit in our pockets.



It is hard to believe that there are still moments in which we have to put down the interface to our daily lives. Not even necessarily at work, because the workplace itself is nowadays interconnected to the greatest possible extent. But we are certainly forced to put down our faithful companions - which we take out and look at 88 times a day on average - on the drive to work. And this casts the car in a poor light; in these times of universal interconnection and smart technology, it appears to be strangely isolated. Time for a paradigm shift. Time to think differently about cars. Time for EDAG Soulmate.

### NICE ON THE OUTSIDE, NICE ON THE INSIDE!

The study that was conducted in conjunction with Bosch improves on a lot of things that are widely understood to be part of interconnected mobility for the future. Within a conceptual framework, which not only finally makes driving smart, but also sets new standards when it comes to design flexibility and production possibilities. At heart, the soul mate is based on the EDAG Light Cocoon, an idea for a new lightweight design concept produced using a 3D printing process that was presented some time ago, and which looked to nature for its design and replaced surfaces with spatial and far more stable structures. This in turn results in significant reductions in weight - 25 percent for the bonnet alone. As with the Light Cocoon, a special high-tech translucent material serves as a skin that is lit from the inside, not only allowing the car color to be individualized at any time - something that is, of course, done with the App on your smartphone - but it also, for instance, enabling light-based warning signals to be given both inside and outside of the car in dangerous situations.

### THE TECHNOLOGY INSIDE - A COMPANION THROUGH YOUR EVERYDAY LIFE

One of the highlights of the Soulmate is its inner workings developed by Bosch for the illuminated and lightening-fast car. Whereas operating concepts are sometimes either excessively futuristic but not very well thought out, or useable but not necessarily good to look at, with the Soulmate, everything thing down to the smallest detail is attuned to digital smartness. Not just in terms of appearance and functionality, but surprisingly also in terms of haptic technology. Thanks to its very latest eye-movement and gesture controls, not only are all of the Soulmate's operating elements intuitive, they also ensure safer operation that is as free from distractions as possible. The dashboard and central console in the Soulmate have been united in an electronic display.

Its contents adapt, for example, to the vehicle's current environment. But the driver's calendar



and his personal preferences are also taken into account. And should an appointment be canceled, the vehicle automatically adjusts the route – to a road where automated driving is allowed, for instance, to give the driver more free time. But this is just one of many applications planned by Bosch, in which the vehicle actively takes care of its driver.

## WHEN THE POSTMAN RINGS THE BELL

Besides the standard cockpit data with which we are familiar, Soulmate can also, for instance, keep you in touch with your smart home via the "Internet of Things". If the postman is at the door, but you are stuck in traffic, Soulmate takes care of the communication for you independently of the smartphone, and signals to the driver that someone is ringing the door bell. Thanks to modern, smart house technology, the postman can be let into a secure area of the house, where receipt of the delivery can be acknowledged.

In addition, Bosch have installed the "neoSense" haptic display in the vehicle, a touch screen that gives the driver the feeling that he is using mechanical buttons. This device can generate different surface textures, allowing elements to be felt on the display. This haptic feedback makes it easier to operate infotainment applications such as navigation, radio, and smartphone functions.

## WHERE ARE WE HEADING?

The example of the postman gives us a clear idea of where the technological journey can be expected to take us. Soulmate is neither a driveable smartphone nor an interface for mobile devices. What it is is quite literally an assistant and life companion - hence Soulmate - which makes many aspects of life easier for the driver. Whether for communication or the control of smart, interconnected technology - Soulmate transposes the idea of the smartphone as a universal all-rounder onto the road, and ensures that mobility and "mobile" not only finally come together, but also usefully complement each other in much the same way as the telephone and software once did. And just as using the smartphone to make telephone calls has become almost a secondary issue, it is perfectly conceivable that, considering the possibilities offered by the Soulmate technology, driving the car - the primary function - will actually become the thing that we

pay the least attention to in the future. In particular when we look to the present.

We already have the problem that many of us pay more attention to our smartphones when driving than to actually driving the car - a huge risk. This makes it all the more important to find solutions that will not restrict our mobile interconnectivity, but usefully complement it, and at the same time make driving safer. In this respect, EDAG Soulmate might be not just a possible solution, but perhaps even the step in automobile evolution which will finally bring together driving and the convenience of everyday digital life to perfection. All within a technical framework that can write automobile history when it comes to design possibilities, economic efficiency and the innovative use of resources.



## ESCAPE INTO DIGITAL MOBILITY WHY THE CAR IS STILL A CAGE IN THE ONLINE WORLD -

### AND WHAT IDEAS **TRIVE.ME** HAS FOR ESCAPING!

That the world is changing faster than we sometimes realize is not something that we necessarily only notice when new technical achievements find their way into our everyday lives. Sometimes it is also emotions that we cannot yet put a name to, but which we are all familiar with. The sense of unease we feel when the smartphone charge lead is nowhere to be found. Or annoyance at how slow the Internet connection is. Or frustration at our ability to operate the digital technology in the car as effortlessly and intuitively as we can handle a smartphone or tablet.

Digital transformation enriches our lives with every new update: greater time savings, more access to knowledge, more offers, more social relationships are the added value of the software that powers our devices. But in a world in which we can now use devices that fit into a trouser pocket to transcend distances, the car - once a symbol of freedom - will come to resemble a cage, shutting us out from the online world. What drives the trive.me developers and engineers is the idea of tearing down these barriers.



## LAUNCH OF THE TRIVE.ME BRAND AT THE IAA 2015

Trive.me is one of EDAG's independent brands. The fast-moving, powerful team has the ideal answer to the transition towards a new mobility ecosystem. Trive.me was presented for the first time ever at the 2015 IAA International Motor Show in Frankfurt. We believe that, just as it is with smartphones, computers and television, it is no longer only the performance that makes the difference between an excellent and an inferior car, but rather its usability, networking and integration of software, information and data streams. And that sooner or later, software will change not only the car, but also driving the car.

For us, the software in a car is not just a mere accessory, but the decisive driver-mobility interface. The vision behind trive.me is "Driving 4.0" - the ingenious interconnection of driver, vehicle and environment. Attention is focused on in-house software applications, which bring the driver tangible added value, and on cooperation with vehicle manufacturers, system suppliers, IT companies and young start-ups.

## SOFTWARE SHOULD DO WHAT THE DRIVER WANTS

Even though the young trive.me brand comes from the automotive world, the car does not always play the leading role with the innovation pioneers. The important thing is to free digital mobility from the traditional interface-centered automobile development and move it into a user-oriented online world context. "If it is no longer just the technology, but above all the software that makes the difference between smartphones, and the software adapts more and more to the requirements of the person using it, then the same must also apply to cars. Software should do what the driver wants - not the other way round. And this is the starting point for our solutions," explains Heiko Herchet, trive.me's creator.

The first trive.me products, which are now close to completion, give a very clear indication of where "Driving 4.0" is heading. With trive.park, a solution that will help the driver to find a free space in a parking garage is currently being developed. This works due to the clever use of all the sensors in both the smartphone and the vehicle. Connecting them together helps, for example, to locate your exact position and then accurately navigate you to the next free parking space. Despite the meter-thick concrete in garages which blocks the GPS signal. "If you think about how much time, not to mention fuel, is wasted by people searching for





somewhere to park the car, then it's obvious that a solution is long overdue. Not just as a clever little gimmick, but as standard in the car. Or in the driver's pocket," says Herchet.

## THE SMARTPHONE AS THE KEY TO DRIVING COMFORT

Key word - platform: here, too, trive.me has already come up with some initial ideas which could shape the way we use our cars in the future. With trive.account, for instance, we want to bring to life an idea that will make it possible to use a personal "car account" to significantly extend the range of functions of the vehicle by selectively purchasing different functions ("functions on demand"). In this way, the car account will enable the end users to adapt a range of functions (e.g. driver assistance systems) to their own changed requirements. When the user logs on in the vehicle, all the features and functions that have been saved are loaded. If further features are required, these can be enabled in the personal account. As a rule, the necessary hardware, for instance a front camera or sensors, is already installed in the car.

"The fact that vehicles can be individualized is also a phenomenon of digital transformation - with mobile devices, it is already possible to retrieve a user profile device-independently, and if you do this, the only programs and files on the screen are those that are actually needed. We are working on the same idea for the automobile. This could already be of interest in car sharing for instance: what could be better than to get into the car you have booked and straight away have your own individual functions, navigation destinations, music play list and other settings available. This means that the share car is always just as you need it - no matter where you book it. This is just one application scenario. But we are also looking further ahead," says Michael Pollner, who deals with the marketing of the trive.me products.

trive.account gives vehicle manufacturers the possibility of implementing new business models, as functions can be marketed independently of the hardware item (the car). It is also possible to reinforce brand loyalty in this way – the parking aid that has been bought for one's own car can be activated and used in all vehicle types by the same manufacturer.



"We assume that, in much the same way as it happened with the smartphone, having a personal account will change attitudes to vehicle functions. And ultimately help to improve the way people drive," concluded Herchet.



From left to right: Michael Pollner, Torsten Rohde, Elina Schäfer, Alexander Süssmilch, Heiko Herchet and Fabian Iffländer



## WHEN YOUR JOB IS YOUR **SECOND FAMILY**

### WHY KARINA SCHÄFER IS FURTHER DEVELOPING THE SUBJECT OF WORK AT EDAG

Sooner or later, anyone promoting developments that will transform future mobility also has to give some thought to social change and therefore to the changes taking place in our working world. Not just because mobility will have an impact on these things at some point, but also because we have very different expectations of our working life today than people did 30 years ago, for example. Nowadays, it's no longer just a matter of career and money. Instead, the focus is on enriching experiences: in addition to modern employment conditions offered by the employer, the possibility of achieving something, that good feeling that arises from making a real contribution and not just slaving away are also crucial criteria for a sustainable work-life balance.



*Karina Schäfer – Deputy head of client service team process simulation*

### IN A MODERN WORKING ENVIRONMENT, THERE IS NO ROOM FOR PREJUDICE

"But things were different in 1997," says Karina Schäfer. As a team leader in the process simulation department, the 38-year old engineer and her employees pull the strings when it comes to carrying out precision advance simulation for the production of new vehicles. Schäfer was already working for EDAG when development was still being carried out at the drawing board, not on a computer. And, of course, it was not necessarily easy back then to assert yourself as a young manager, especially a female one. This does not however, appear to be an issue or a problem any more. "After my mechanical engineering studies and training as a technical illustrator, I more or less came across EDAG by coincidence and applied there straight away. My career started during a kind of transition phase when the work was still organized very classically and you had to fight for recognition if you wanted to get on, just like in other companies. But EDAG has changed enormously. We modernized very quickly, as issues of rank and gender do not arise at all in our company, because engineers are just different today."

Schäfer is referring to a time when the graduate engineer was still an institution: usually male, fairly conservative, and above all a lone wolf. The fact that many people still have this image of an engineer in their minds is no doubt due to the technology focus of this profession. An engineer is an intellectual, inflexible boffin, not a dynamic team player. That's the common belief. "Fortunately, reality is quite different," says Karina. "The last thing that you will find here is the old image of the engineer. We work in a very team-oriented, fresh corporate culture, where the most important thing is developing and driving new subjects. Besides technical expertise, the main focus is very much on enjoying work and on a passion for mobility. This is the greatest motivation for all of us, what drives us, regardless of gender and background. It is also what would still be decisive for me in my job search ... if I were looking for a new job, that is."



## MANAGEMENT IS ABOUT NURTURING RELATIONSHIPS

What is most important to Schäfer is that the work is inspiring, because just slaving away generally leads to frustration - an important aspect that is often overlooked when it comes to the work-life balance issue. "My recommendation to new entrants to the job market, regardless of industry and gender, is that they should simply have the courage to do something they really love. Anyone who takes their own passion as the driving force for their career choices will definitely get ahead. And enjoy doing so." As inspiring as having a passion for your job can be, it can still be just as challenging. "No matter how much I love my job: as a mother, keeping the balance between family and work is, of course, a major issue for me, because it's no good to me if I am so taken up with my job that I neglect my private life and family," says Schäfer. Especially when you also have managerial responsibilities, as Karina Schäfer does. "It really is a huge challenge, as I have to take care of two families in the broadest sense. My team at EDAG is almost as important to me as my own family, especially as management is also an interpersonal task that has to be mastered every day." And it takes time to maintain relationships properly. "It sounds difficult at first, because as a mother you need more time with your family. But EDAG makes it possible to find time for everything, as we adapt the working models to suit people's needs. The responsibility that you have towards your employees as a manager and team leader is in fact a demanding full-time job."

## FURTHER DEVELOPING WORK

How to cope with the double responsibility without neglecting relationships with family, friends and colleagues is an issue that we are actively working on at EDAG. "The good thing about EDAG is that we are able to further develop and optimize the structure of our working models ourselves. For example, at the moment we are trying to find solutions in interdisciplinary working groups that will help us and future managers to be able to tackle the issue of management ideally without any stress. As stress is a killjoy. And if work is no longer any fun, it's not only the job that suffers but also your private life." And having both of these in synch is the ideal work-life balance for Karina Schäfer.

## ORGANISE THE WORK YOURSELF

### STEFANIE LURZ IS A TEAM LEADER IN CHARGE OF THE FLOW OF PROCESS AND PRODUCT DATA, REQUIRED FOR THE DEVELOPMENT AND PRODUCTION OF AUTOMOBILES

What actually makes a job good? Is it just a fair wage and humane working hours? Or is there more to it? One factor that is often called for by employment experts but is only rarely implemented by companies is that in the future employees themselves should be able to organize not only the contents of their work but also how they do it. At EDAG, however, the will to organize is not a current fad, but a permanent integral part of the corporate culture. Because people who develop the future must also have the freedom to be able to develop themselves. And it's precisely this freedom that makes work enjoyable.

"At EDAG they showed confidence in me right from the start," says Stefanie Lurz. The 33-year old energy electrician and industrial engineer is Team Leader for Process and Product Data Management and works with 20 employees on the information and data flow that is needed to develop and produce cars.

The fact that development is often about making something that initially seemed impossible possible is one thing. The great challenge, however, is definitely the heart and soul, passion and time that have to be invested to achieve this. A challenge that in the past often led to people having to choose between having a stable family situation at home or their career. However, at a time when values and sustainability are becoming more and more important and relevant, the question arises as to whether this kind of black and white thinking still fits into modern society and its ideal of a more humane and meaningful working world.

Stefanie Lurz looks back on her own experience at EDAG: "I can really understand the argument that you have to choose between family or a management position because the two just don't work together. But this doesn't apply here. Because as developers, we focus on freedom, personal responsibility and above all our own potential, and that kind of traditional prejudice just doesn't fit in with this. So when people say that a family and career don't work together you can only cancel this out by making it easy. And in this respect, EDAG, with its culture of confidence, is an ideal employer. We have the freedom to develop and to shape our jobs so that they are enjoyable. Provided we make use of this freedom, do not hesitate, and above all have the courage to want to change things. After all, the way we work will not reinvent itself on its own."





## PROVIDING SUPPORT FOR MANAGEMENT

As Lurz sees it, the challenge at work lies not so much in reconciling family and career as in developing professional skills that are not taught during an apprenticeship or study course. Key word: "leadership". "Bringing skilled trades to the job is the least of one's difficulties. However the managerial skill of reconciling the many different personalities and working with customers and employees to achieve the best results, while still responding to individual



*Stefanie Lurz (center) team leader for process and product data management*

needs, is not something you can learn from books." The fact that most careers in management positions fail due mainly to human weaknesses is not a new discovery. This makes it all the more astonishing that interpersonal components are barely taken into account at all at universities and in education and training. Unless they are an integral part of the corporate culture. "From the very beginning at EDAG, I had at my side a manager who took me by the hand and backed me up when I came across problems that could not be solved with technical know-how. I believe that, if you are aiming for a management position, the most important thing is to have a mentor at your side to help you understand the human dynamics in management, and explain what makes people tick," says Lurz.

The realization that mentoring is a crucial factor in the development of managerial staff has led to EDAG taking what was once a "hidden process" and developing it into a separate support program. "We are currently working on an interdisciplinary mentoring program because we have realized that a system of support for managers can only work if it is more than just something that exists on paper, and takes young people - male or female - by the hand and guides them through the special features of our very agile corporate culture. It is all about confidence, tolerating the mistakes that everyone makes at the start, about the lessons that are learned, and their direct implementation. And above all about the time that is consciously taken to focus on leadership.

It is no coincidence that the subject of leadership is given such high priority at EDAG; it is the logical consequence of an open corporate culture with an emphasis on freedom. Because anyone who recognizes freedom as a success factor also has to be able to permit and manage it, otherwise chaos threatens. "The fact that this is the way we do things is certainly unusual in the technology industry. But we rely on our employees' creativity. And creativity is not something that can be delegated. It has to be encouraged. And anyone wishing to encourage people needs not only technical but also interpersonal expertise. You learn that here."



## OUTSTANDING - WHEN PERFORMANCE BECOMES VISIBLE

### WE ARE THE HESSEN CHAMPION 2015 IN THE CATEGORY "JOB MOTOR"

Nowadays, how a company works is at least just as important as the range of services and goods it offers. This company behavior is characterized by the attitude of its employees to their work. The motivation at EDAG is to work to a very high standard, and to constantly and perceptibly improve the mobility of the future in all areas of the company. These virtues are the basis not only of EDAG's outstanding reputation as a leading engineering specialist, but also foster our attractiveness as an employer.

In the state of Hesse alone, 320 highly qualified employees decided to join our company between 2013 and 2015. Reason enough for the Hessian Ministry of Economics, Transportation, Urban and Regional Development and the Federation of Hessian Employers Associations, to present EDAG with the HESSEN CHAMPION 2015 award in the category "Job Motor". The prize was presented on October 27, 2015, during an event held by the Federation of Hessian Employers Associations and attended by over 1,000 guests. Just last year, EDAG was named HESSEN CHAMPION in the category "Innovation".



A special day for our company, and one which clearly underlines our commitment as an outstanding employer in the automotive industry.

"EDAG's success is only possible if we have highly qualified and motivated staff. Bearing this in mind, our main concern is not simply to create new jobs; we are working in particular on the creation of an environment characterized by individuality, team spirit, personal responsibility, creativity and goal orientation. The combination of the highest technical standards, our own innovation management and a modern, value-based work culture defines the formula for our success as a company and as an attractive employer," explained Harald Poeschke, COO of EDAG Engineering GmbH, during the awards ceremony.

On the basis of this ideal, the company provides a wide range of training programs, and has also implemented health management and work-life balance initiatives and the advancement of women in the workplace to increase its attractiveness as an employer.

Apprenticeships are an extremely important element of EDAG's personnel and training work. For over 40 years now, the company has provided in-company vocational training, and offers school leavers apprenticeships in more than 25 trades, professions and dual study programs. Since 1973, EDAG has helped more than 2,000 young people take their first steps towards jobs of their choice.

Throughout Germany, EDAG currently trains about 200 young people a year, and the proportion of young people retained by the company upon completion of their training stands at almost 100 percent.

"At EDAG, training is not a new fad, brought on by the current shortage of skilled labour and new recruits," stressed Alexandra Dantmann, EDAG's Deputy Head of HR.

"Over the last four decades, we have expanded and optimized our training system. Today, we profit from this work. Our apprentices and dual system students regularly achieve outstanding results in their final examinations, or receive national and regional championship awards in their selected professions."

Apart from the HESSEN CHAMPION 2015 prize, the EDAG Group also received a number of further awards, including the German Design Award, the "Lateral Thinking Award", the "Top Employer 2015" award, the "Materialica Award" and the "Lünendonk Award".

These awards underscore our attractiveness as an innovative engineering company in the automotive sector, and as an employer.



## GREATER SCOPE FOR DEVELOPERS AND MODEL MAKERS

### INGOLSTADT AND WOLFSBURG



Successful engineering needs space. In particular space for new ideas, lateral thinking and interdisciplinary work. At the end of the day, this is the only way that not just innovative but also production-ready solutions can be produced. The interdisciplinary cooperation of our teams is another of the key factors for success in this process. Motivated by these considerations, we last year started work on one of the most ambitious construction projects in the company's history, namely the creation of a single, joint facility for all of our departments in Wolfsburg.

March 26, 2015 saw the start of the construction of the new EDAG Technology and Development Center at the Wolfsburg-Warmenau site. In cooperation with the investor, Bertram Projektmanagement GmbH (Hanover), a 22,000 m<sup>2</sup> building is to be completed by fall 2016, and this will provide modern workplaces for up to 1,100 development engineers. In addition, a further 6,500 m<sup>2</sup> building is to be constructed at the same site as the Technology Center, so as to have space for further vehicle and production plant engineering services in the future.



The first teams move to the new site at Wolfsburg-Warmenau

At the moment, 850 EDAG engineering experts are spread across a total of seven individual sites in Wolfsburg, Gifhorn and Helmstedt. By building this joint facility, we are not only bringing together the competencies of our employees at one location, but also laying the foundations for the interdisciplinary cooperation of our teams. EDAG has been operating in Wolfsburg since 1979, and has continually expanded its competencies and capacity over the past few years. The EDAG Group's plans for the near future also include the continuing growth of the Wolfsburg site: "With the new facility in Wolfsburg-Warmenau, we can offer our customers all-round local engineering service capacities for all aspects of the development of complete vehicles and production plants. We are in an excellent position to be able to handle complex, integrated development orders in the direct vicinity of Volkswagen," explained Jörg Ohlsen, CEO of EDAG Engineering GmbH.

"What is more, our customers in Wolfsburg will, of course, have access to our global site network with a workforce of more than 8,000. Our interdisciplinary development teams in Wolfsburg are predestined for supervising and controlling major projects for our customer Volkswagen, also on an international basis."



Construction work is now nearing completion



Naturally, it is not just the development engineers who need space for new ideas and concepts, but also our model making specialists.

In the last year, we have created 5,000 m<sup>2</sup> of space for top standard automotive model making at our Ingolstadt branch. The opening of our extended Design Concept Studio at the Ingolstadt branch represents a vital expansion of our capacity for project support in the early stages of vehicle development.

"We are proud of the fact that we can today meet all design and model making project requirements," explained Michael Schmidt, Head of the EDAG Design Concepts Studio in Ingolstadt. "22 years ago, the production of polyurethane and laminate parts marked the starting point. We have since then successively expanded and steadily developed our portfolio.

In the summer of 2015, we again significantly increased our capacity. Our current premises measure more than 5,000 m<sup>2</sup>, and have separate styling and presentation rooms, to enable up to four major projects to be handled concurrently while still guaranteeing absolute confidentiality. All the project rooms are fitted with conditional access portals and security alarms. In addition, the entire studio meets all prototype protection standards, and has been inspected and certified by "operational services GmbH & Co. KG".



The range of services provided by the now 80-strong team covers data control, ergonomic, aero, design check, cubing and design models for product presentations at international motor shows, or for customers' in-house decision-making processes. International vehicle manufacturers also entrust EDAG's team in Ingolstadt with the production of full-scale rolling and functional inner-outer models.

Our customer portfolio includes national and international OEMs such as Audi, BMW, Bentley, Ford (North America), Jaguar, Porsche, Seat and Skoda.

Besides the DESIGN CONCEPT STUDIO in Ingolstadt, EDAG also has other studios for its customers at the Barcelona, Fulda, Cologne, Munich-Ismaning and Rüsselsheim branches.





## EDAG ON THE CAPITAL MARKET

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## EDAG ON THE CAPITAL MARKET

### 1 INITIAL PUBLIC OFFERING

On December 2, 2015, EDAG Engineering Group AG ("EDAG Group AG") made its successful debut on the Frankfurt Stock Exchange. Within the framework of the public offering, a total of approx. 10 million shares were placed on the market at an issue price of € 19.00. This is equivalent to a good 40 percent of the equity.



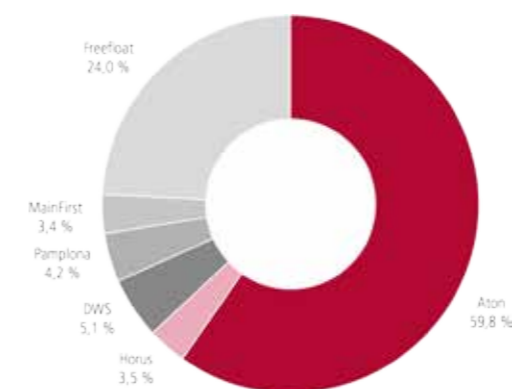
IPO of the EDAG share on the Frankfurt Stock Exchange on December 2, 2015

### 2 BASIC SHARE INFORMATION

ISIN	CH0303692047
Security code number	A143NB
Symbol	ED4
Initial listing	December 2, 2015
Issue price	€ 19.00
First trading price	€ 19.55
Subscribed capital	CHF 1,000,000
Number of shares issued	10,062,500
Market segment	Prime Standard
Stock exchanges	Xetra, Frankfurt, Munich, Düsseldorf, Berlin, Stuttgart

### 3 SHAREHOLDER STRUCTURE

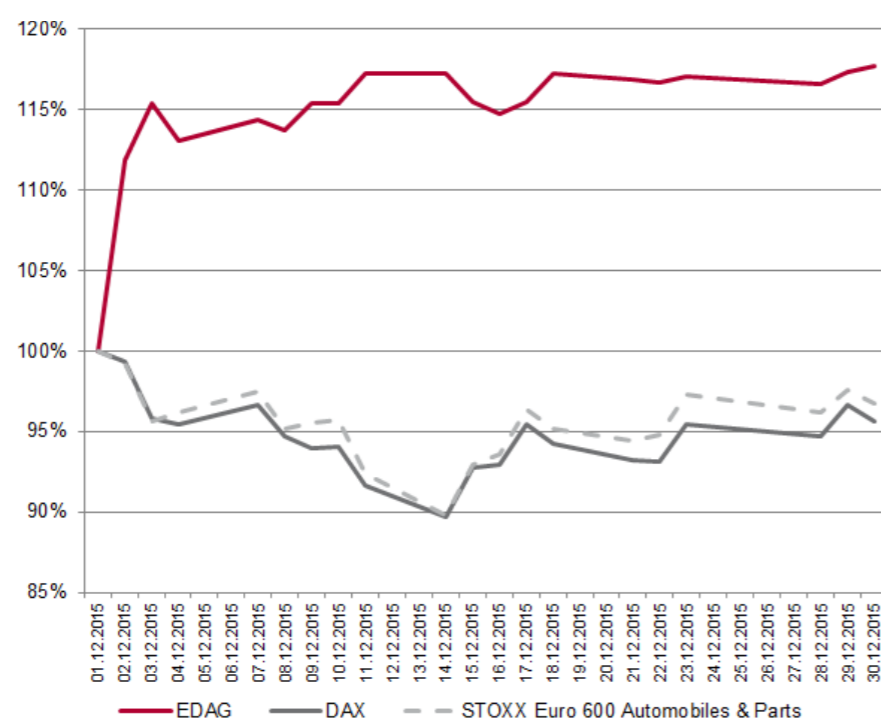
Even after the IPO, ATON GmbH, which holds almost 60 percent of the shares, is still the major shareholder in EDAG. Further shareholders with shareholdings over three percent are Deutsche Asset & Wealth Management Investment GmbH (5.06 percent) and Pamplona Capital Management LLP, which holds 4.21 percent through PHM Holdco 20 Sarl. 3.50 percent are held by HORUS Vermögensverwaltungs-GbR, and 3.43 percent by MainFirst SICAV. All information is based on voting rights notifications as per § 21 section 1 WpHG (German Securities Trading Law), received by the company on or before January 11, 2016.



Ownership structure of EDAG Engineering Group AG. All information is based on notifications as per § 21 section 1 WpHG (German Securities Trading Law), received by the company on or before January 11, 2016.

#### 4 PRICE DEVELOPMENT

In spite of the rather difficult environment for initial public offerings in Germany, the development of the EDAG share has been positive in every respect from the first day of trading. At € 19.55, the first listing was already almost 3 percent above the issue price of € 19.00 on December 2, 2015. The highest Xetra closing price, € 22.50 was achieved on December 30, 2015. Measured against the opening price, the share therefore increased in value by 18 percent by the end of the year, whereas the German DAX index and the STOXX Euro 600 Automobiles & Parts fell by 4 and 3 percent respectively in the same period. The current EDAG share price is available on our homepage, on [ir.edag.com](http://ir.edag.com)



Source: Comdirect

#### 5 KEY SHARE DATA

	2015
<b>Prices and trading volume:</b>	
Share price on December 31 (€) <sup>1</sup>	22.50
Share price, high (€) <sup>1</sup>	22.50
Share price, low (€) <sup>1</sup>	21.25
Average daily trading volume (number of shares) <sup>2</sup>	131,627
<b>Performance per share:</b>	
Earnings per share (€)	1.45
Dividend per share (€) <sup>3</sup>	0.75
Operating cash flow per share (€)	1.10
Price-earnings ratio	15.50
Market capitalization on December 31 (€ million)	562.5




<sup>1</sup> Closing price on Xetra

<sup>2</sup> On Xetra

<sup>3</sup> Proposed by Group Executive Management and the Board of Directors

## 6 ANALYSTS' RECOMMENDATIONS

The following summary contains recommendations and price targets of financial analysts who regularly review EDAG. According to these, analysts see further potential in the share.

Bank	Analyst	Recommendation	Target price	Published	Source
 Deutsche Bank	Tim Rokossa	Hold	24 €	11 Jan 16	Research report
 COMMERZBANK	Yasmin Moschitz	Buy	27 €	11 Jan 16	Research report
Morgan Stanley	Harald Hendrikse	Overweight	25 €	11 Jan 16	Research report
 M.M. WARBURG & CO	Björn Voss	Buy	35 €	11 Jan 16	Research report

The summary makes no claim to being complete, nor does it represent the opinions, estimates and forecasts of EDAG or the EDAG management. Likewise, the publishing of these recommendations and target prices does not indicate that EDAG or the EDAG management share the opinions, estimates and forecasts of the analysts. A current summary of the analysts' recommendations and target prices is available on our homepage, on [ir.edag.com](http://ir.edag.com).

## 7 DIVIDENDS

At the general meeting on May 31, 2016, the Executive Board and Board of Directors will recommend paying a dividend of € 0.75 per share. This is equivalent to a distribution quota of 51.7 percent of EDAG's consolidated net income.

## 8 FINANCIAL CALENDAR

Apr 19, 2016	– Publication Annual Report 2015
Apr 20, 2016	– Analyst Call <b>Q4/2015 and FY 2015</b> – Annual press briefing
May 10, 2016	Publication interim report <b>Q1/2016</b>
May 31, 2016	<b>General shareholder meeting</b>
Aug 23, 2016	– Publication <b>half year report 2016</b> – Analyst call <b>Q2/1 HY 16</b>
Nov 10, 2016	Publication interim report <b>Q3/2016</b>





## CORPORATE GOVERNANCE REPORT

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## CORPORATE GOVERNANCE REPORT

EDAG regards Corporate Governance as elementary to perform successfully in international business and to promote long-term and sustainable profitability.

### Corporate Governance Objectives

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

The principles and objectives of Corporate Governance are stated in the Swiss Code of Obligations, the Articles of Association, Organizational Group Regulations of the Group, and the EDAG Group Code of Conduct. Articles of Association, Organizational Group Regulations and Code of Conduct are regularly reviewed and revised accordingly.

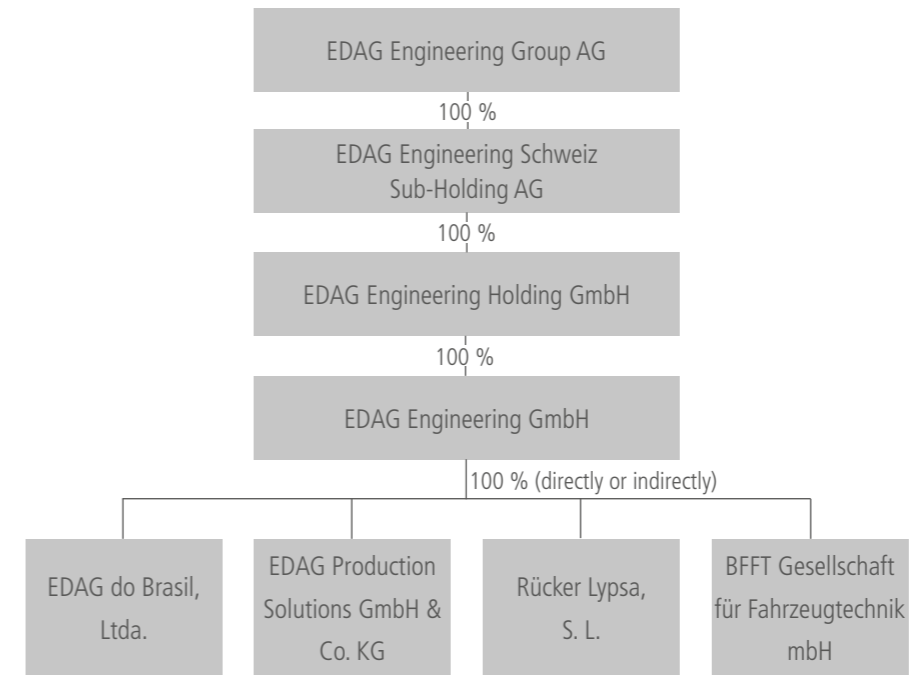
The Articles of Association can be downloaded at <http://ir.edag.com/edag/pdf/satzung.pdf>, the Code of Conduct at <http://www.edag.de/en/edag/edag-an-overview.html>

## 1 Group Structure and Shareholders

The Group is organized in the three segments Vehicle Engineering, Electrics/Electronics und Production Solutions.

### 1.1 Group Structure

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



### 1.2 Stocklisted Companies

None of the subsidiaries is publicly traded. The subsidiaries and affiliated companies are listed in chapter "Shareholdings" of the consolidated financial statements.



### 1.3 Significant Shareholdings

According to the major shareholdings notifications received by EDAG, the following shareholders held more than 3.00 percent of the voting rights of the company on December 31, 2015:

Shareholder	Number of shares	Share of equity
ATON GmbH	14,937,500	59.75 %
HORUS Vermögensverwaltungs-GbR	875,000	3.50 %
<b>Total</b>	<b>15,812,500</b>	<b>63.25 %</b>
Deutsche Asset & Wealth Management Investment GmbH	1,265,927	5.06 %
Pamplona Capital Management LLP	1,052,632	4.21 %
MainFirst SICAV	857,807	3.43 %
Morgan Stanley & Co. International plc	1,305,155	5.22 %
Further shareholders	4,705,979	18.82 %
<b>Total</b>	<b>9,187,500</b>	<b>36.75 %</b>
<b>Total</b>	<b>25,000,000</b>	<b>100.00 %</b>

The shares held by ATON GmbH and HORUS Vermögensverwaltungs-GbR are each attributed to their shareholder Dr. Lutz Helmig.

The notifications of major shareholdings received by in EDAG in 2015, each disclosed promptly pursuant to Sec 26 section 1 WpHG (German Securities Trade Law), can be downloaded at <http://ir.edag.com>.

The company does not hold shares in treasury itself.

### 1.4 Cross-Shareholdings

There are no cross-shareholdings.

## 2 Capital Structure

### 2.1 Capital

The share capital of the company on December 31, 2015 amounted to CHF 1,000,000 and was divided into 25,000,000 bearer shares (Inhaberaktien) with a nominal value of CHF 0.04 each. The share capital has been fully paid up. On November 2, 2015, the company was incorporated and was entered into the Commercial Register on November 3, 2015 as a stock corporation under Swiss Law. The original share capital of CHF 1,000,000 was procured by the selling shareholder via cash contribution.

### 2.2 Authorized and Conditional Capital

The company has neither authorized nor conditional capital.

### 2.3 Transferability of Shares

Legal regulations apply without statutory restrictions.

The exception to the above is described under 6. Change of Control and Defensive Measures of this Corporate Governance Report.

### 2.4 Nominee Registrations

Legal regulations apply without statutory restrictions.

### 2.5 Options

No options program exists.



## 3 Board of Directors

### 3.1 Members of the Board

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

#### **Thomas Eichelmann, German citizen**

Non-executive member

Born: 1965

First elected: 2015

He holds a degree in Economic Sciences from the University of Zurich, Switzerland. From 1984 to 1986 he trained as a bank clerk at Deutsche Bank AG before studying Economic Sciences at the University of Zurich, Switzerland from 1988 to 1994. From 1994 to 1997, Thomas Eichelmann worked at Boston Consulting Group in Frankfurt am Main before becoming manager at Bain & Company in Munich. In 2000, Thomas Eichelmann joined Roland Berger Strategy Consultants in Munich, where he became part of the worldwide management team in 2003. From 2007 to 2009 Thomas Eichelmann was a member of the management board of Deutsche Börse AG but also held various other management positions within the Deutsche Börse Group during that time. In 2010, Thomas Eichelmann joined ATON GmbH as managing director and was also appointed member of the board of directors of EDAG Engineering GmbH & Co.KGaA.

He currently holds the following offices outside of the EDAG Group:

In Accordance with Art. 23 Sec 1.1 of the Articles of Association:

- Wüstenrot & Württembergische AG (Stuttgart, Germany) member of the supervisory board
- ATON Group Finance GmbH (Going am Wilden Kaiser, Austria), managing director

In Accordance with Art 23 Sec 1.2 of the Articles of Association:

- HAEMA AG (Leipzig, Germany), member of the supervisory board
- J.S. Redpath Holdings, Inc. (North Bay, Canada), member of the board of directors
- V-Bank AG (Munich, Germany), vice-chairman of the supervisory board)

In Accordance with Art. 23 Sec 1.3 of the Articles of Association:

- ATON GmbH (Munich, Germany), managing director

- ATON Oldtimer GmbH (Munich, Germany), managing director
- ATON US Inc. (Wilmington, Delaware, USA), member of the board of directors
- ATON Aero Verwaltungs GmbH (Munich, Germany), managing director
- AT Aviation GmbH (Munich, Germany), managing director
- Bankhaus Ellwanger & Geiger KG (Stuttgart, Germany), chairman of the administrative board
- EDAG Holding GmbH (Munich, Germany), managing director
- FFT GmbH & Co. KGaA (Fulda, Germany), member of the supervisory board
- HORUS Beteiligungs-GmbH (Munich, Germany), managing director
- HORUS Ellwanger & Geiger Holding GmbH (Munich, Germany), managing director
- HORUS Finanzholding GmbH (Munich, Germany), managing director
- HORUS Spiekermann Holding GmbH (Munich, Germany), managing director
- L53 Immobilien BV GmbH (Munich, Germany), managing director
- L53 Immobilien GmbH (Munich, Germany), managing director
- OrthoScan, Inc., (Scottsdale, Arizona, USA) member of the board of directors

In Accordance with Art. 23 Sec 1.4 of the Articles of Association:

- Stadtparkasse München (Munich, Germany), member of the economic advisory council
- Stiftung Deutsche Sporthilfe (Frankfurt am Main, Germany), member of the advisory board
- Stiftung Wir helfen München (Munich, Germany), member of the advisory board

#### **Dr. Michael Hammes, German citizen**

Non-executive member

Born: 1955

First elected: 2015

He holds a degree in Economics from the University of Mainz and a doctoral degree in economic policy from the Johannes Gutenberg-University in Mainz. Furthermore, he obtained an additional qualification in Banking Management from the Johann Wolfgang Goethe-University in Frankfurt am Main. From 1982 to 1984 Dr. Hammes worked at the Landesbank Rheinland-Pfalz in Mainz before joining McKinsey & Company in Frankfurt am Main where he became a partner in 1991. In 1996, Dr. Michael Hammes left McKinsey & Company to found CONSART Management Consultants GmbH in Frankfurt am Main where he was managing shareholder until 2006 when he established senco Management Consultants GmbH in Frankfurt am Main as managing shareholder. Dr. Michael Hammes is currently member/



chairman of the following boards/ administrative bodies outside of the EDAG Group:

In Accordance with Art 23 Sec 1.2 of the Articles of Association:

- Bankhaus Ellwanger & Geiger KG (Stuttgart, Germany), member of the administrative board
- Spiekermann & Co AG (Osnabrück, Germany), chairman of the supervisory board
- V-Bank AG (Munich, Germany), member of the supervisory board

#### **Dr. Philippe Weber, Swiss citizen**

Non-executive member

Born: 1965

First elected: 2015

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

He currently holds the following offices outside of the EDAG Group:

In Accordance with Art 23 Sec 1.3 of the Articles of Association:

- Newron Suisse SA (Bale, Switzerland), member of the board of directors

In Accordance with Art 23 Sec 1.2 of the Articles of Association:

- Niederer Kraft & Frey AG (Zurich, Switzerland) chairman of the board of directors and managing partner
- Robert Aebi AG (Regensdorf, Switzerland), member of the board of directors

#### **Sylvia Schwing, German Citizen**

Non-executive member

Born: 1980

First elected: 2015

She holds a degree in Business Administration from the Furtwangen University (formerly Fachhochschule) and was appointed as an auditor in 2010. From 2005 to 2010 Sylvia Schwing worked at Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft in Eschborn before joining PHOENIX Pharmahandel GmbH & Co. KG in Mannheim until 2011. From 2011 to 2013, Sylvia Schwing worked at Fresenius Medical Care AG & Co. KGaA in Bad Homburg before joining ATON GmbH in Munich where she was appointed head of group accounting in 2015.

She does not currently hold any mandates outside of the EDAG Group.

### 3.2 Cross- Involvements

There are no cross-involvements.

### 3.3 Composition, Election & Duration

The first election of members of the board occurred on November 2, 2015 for a duration until the first regular General Meeting scheduled for 2016. The President of the board and the members of the nomination and compensation committee as well as of the audit committee were elected individually. Only members of the board are eligible for election as a member of one of these committees.

### 3.4 Internal Organizational Structure

The Board of Directors consists of one chairman and three other members in accordance with Art. 15 of the Articles of Association. The Chairman does not have a casting vote pursuant to Art. 18 of the Articles of Association. No non-executive member currently has any significant business relationship with the company.

The Board of Directors meets at least six times per year. Members of the Executive Management or other guests may participate in the meeting of the Board of Directors at the discretion of the Chairman.

#### **Committees**

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

- Audit Committee
- Nomination and Compensation Committee

#### *Audit Committee (AC)*

The AC consists of two members of the Board. The term of office ends at the next General Meeting. Re-election is possible. The AC meets as often as it seems necessary, usually before



a regular meeting of the board of directors.

The AC supports the Board of Directors in its function to supervise, namely with respect to completeness of the financial statements, compliance with legal regulations, enabling the auditors and performance of the internal revision and the external auditors.

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

#### *Nomination and Compensation Committee (NCC)*

The NCC consists of two members of the Board. The term of office ends at the next General Meeting. Re-election is possible. The NCC meets as often as it seems necessary, usually before a regular meeting of the board of directors.

The NCC reviews and proposes to the Board of Directors the compensation and benefits policies and programs, reviews the performance criteria relevant to compensation and determines individual executive compensation and benefits of the members of the Board of Directors and the Executive Committee, subject to approval of the total compensations by the Annual General Meeting.

### 3.5 State of Organization

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

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

- to prepare the business report, as well as the General Meeting and to implement the latter's resolutions
- to prepare the compensation report
- to inform the judge in the event of over-indebtedness
- to pass resolutions regarding the subsequent payment of capital with respect to non-fully paid-in shares
- to pass resolutions confirming increases in share capital and regarding the amendments to the Articles of Association entailed thereby
- to examine compliance with the legal requirements regarding the appointment, election and the professional qualifications of the Auditors
- to execute the agreements pursuant to Articles 12, 36 and 70 of the Merger Act

### 3.6 Working Method

The Board of Directors met twice in 2015 for personal meetings in Switzerland, including for the foundation of the company on November 2, 2015. The four members were either present in person or dialed in by phone.

### 3.7 Information and Control Instruments vis-à-vis the Executive Committee

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

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

- The CEO and the CFO regularly inform all directors about current development.
- Informal meetings and teleconferences between the CEO and the Chairman are held as required.
- The members of the Group Executive Management are invited to attend meetings of the Board of Directors on a regular basis.
- The members of the Board of Directors are entitled to request information from members of the Group Executive Management or any other EDAG senior manager.



### **Risk Management**

The AC regularly informs itself about the group-wide established Risk Management System. For details, please see at 4.1 (page 110) "Risk management and internal control system" of joint management report.

### **Internal Control and Financial Reporting**

The AC regularly informs itself about the group-wide established Internal Control System and financial reporting. For details, please see at 4.1, page 119 "Intern risk report regarding the use of financial instruments" of joint management report.

### **Compliance Management**

The AC regularly informs itself about the group-wide established Compliance Management System.

### **Internal Revision**

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

## **4 Group Executive Management**

### **4.1 Members of the Group Executive Management**

For possible other positions within EDAG Group of the members of the Group Executive Management, please see the "Compensation Report" page 68.

#### **Jörg Ohlsen, German Citizen**

Chief Executive Officer (CEO)

Born: 1969

He holds a degree in mechanical engineering from the Hamburg University of Applied Sciences (Fachhochschule). Jörg Ohlsen joined the EDAG Group in 1994 as project manager for simulation technology. After various managerial positions in Product and Manufacturing Simulation as well as Vehicle Integration he was appointed as a managing director of EDAG Engineering GmbH in 2005 responsible for Product Development. In 2008, Jörg Ohlsen was appointed chief executive officer and became a member of the Group Executive Management of EDAG Engineering Group AG in 2015. Jörg Ohlsen holds the following honorary positions:

- Chamber of Commerce of Fulda (Fulda, Germany), member of the general assembly

- German Association of the Automotive Industry (Verband der Automobilindustrie e.V.) (Berlin, Germany), member of the advisory board
- Automobiltechnische Zeitschrift (Wiesbaden, Germany), member of the advisory board

#### **Jürgen Vogt, German citizen**

Chief Financial Officer (CFO)

Born: 1953

He holds a degree in Economic Science (Diplomkaufmann) from the Johann Wolfgang Goethe-University in Frankfurt am Main. From 1979 to 1981 Jürgen Vogt worked at AEG-Telefunken before joining Société Générale in Frankfurt where he was stationed in New York from 1986 to 1990. He managed Lignotock GmbH from 1991 to 1995. From 1995 to 1999, Jürgen Vogt was a member of the management board of SAI Automotive AG in Frankfurt, working in the USA from 1997 on. In 2000, he joined Rucker AG in Wiesbaden as CFO and became managing director of EDAG Engineering GmbH in 2014 and a member of the Group Executive Management of EDAG Group AG in 2015.

## **4.2 Management Contracts**

### **Management Contracts with third Parties**

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

### **Contractual Arrangements with Members of the Group Executive Management**

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

### **Compensation, Shareholdings and Loans**

Please refer to the "Compensation Report", page 68 and chapter 11.8 „Related parties“, page 258 and „Remuneration of the Members of the Executive Board and Supervisory Board“, page 263 of the notes in consolidated financial statement.



## 5 Shareholders' Participation Rights

Each registered share entitles the holder to one vote at the Annual General Meeting. Shareholders have the right to receive dividends and such other rights as are granted by the Swiss Code of Obligations.

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

### 5.1 Voting Right Restrictions

The major shareholders ATON GmbH ("ATON") and HORUS Vermögensverwaltungs-GbR ("HORUS") have entered into an agreement with the company in which they have undertaken for a period starting on the first day of trading of the shares of the company on the Frankfurt Stock Exchange (December 2, 2015) and ending on the second ordinary shareholders' meeting of the company after the first day of trading, however, at least for a period of 19 months after the first day of trading and with respect to such number of shares of the company directly or indirectly held by ATON or HORUS respectively upon settlement of the offering

- to exercise its voting rights in ordinary shareholders' meetings of the company only with regard to half of the persons that are eligible as members for the Board of Directors;
- to exercise its voting rights in extraordinary shareholders' meetings of the company regarding the election of additional members of the Board of Directors only in so far as and to the extent that, in case of election of such person, the overall number of members of the Board of Directors that were elected with the voting rights of ATON or HORUS respectively does not constitute the majority;
- not to exercise their voting rights in extraordinary shareholders' meetings of the company, in which the removal of a member of the Board of Directors shall be decided, in so far as in case of the removal of such person the majority of the members of the Board of Directors would have been elected with the voting rights of ATON or HORUS. However, in case of an extraordinary shareholders' meeting of the company held before the first ordinary shareholders' meeting after the first day of trading, ATON or HORUS would, at any rate, exercise their voting rights only with regard to a removal of Thomas Eichelmann or Sylvia Schwing (or their successors) and
- to vote, in ordinary or extraordinary shareholders' meetings, against the removal of the provision in the Articles of Association according to which the Chairman of the Board of Directors has no casting vote

### 5.2 Proxy Voting

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

At the shareholders' meeting held on November 2, 2015, Roger Föhn, c/o ADROIT Attorneys at-law, Kalchbühlstrasse 4, CH-8038 Zurich, Switzerland was elected as the independent proxy for the term ending at the conclusion of the next annual shareholders' meeting.

### 5.3 Statutory Quorums

In accordance with Art. 13 of the Articles of Association, a quorum of two thirds of the represented share votes and the absolute majority of the represented shares par value is mandatory for cases listed in Article 704 section 1 CO and in Article 18 and 64 of the Federal Act on Merger, Demerger, Transformation and Transfer of Assets (Merger Act) or any change to the provisions of this Article 13 of the Articles of Association.

### 5.4 Convocation of the Annual Shareholder Meeting

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

### 5.5 Agenda

In accordance with Art. 9 of the Articles of Association, shareholders individually or jointly representing at least three percent of the share capital of the company may demand that items be put on the agenda. Such demands have to be submitted to the Chairman of the Board of Directors at least 45 days before the date of the General Meeting and shall be in writing, specifying the item and the proposals.

## 6 Change of Control and Defensive

There are no clauses on changes of control in agreements with members of the Board of Directors and the General Executive Management as well as other management executives. Since neither the provisions of the German Takeover Code (Wertpapiererwerbs- und Übernahmegesetz [WpÜG]), nor the Swiss law rules set forth in the Swiss Stock Exchange and Securities Dealer Act regarding voluntary and obligatory takeover offers will be applicable, the ATON and HORUS agreed with the Underwriters in the Underwriting Agreement that it will not, for a period of three years from the settlement of the Offering of the company, directly





or indirectly, enter into an agreement with a third party to sell a position in the company which ATON or HORUS know will result in a controlling interest of the purchaser, unless such purchaser contractually commits to extend a tender offer to the other shareholders of the company offering a purchase price per share which is at least equal to the price contractually agreed between the ATON or HORUS respectively and the purchaser.

This covenant is only valid to the extent that the purchaser would be under an obligation (and no exemption would be available from the duty) to extend a mandatory tender offer to the other shareholders of the company if German takeover laws were applicable in case of such a transaction and only for as long as neither Swiss nor German takeover laws apply. Subject to certain conditions, transfers to or amongst affiliates of ATON or HORUS are exempt.

ATON or HORUS undertaking does not give rise to any rights of third parties and neither ATON nor HORUS is not obliged to ensure that the purchaser actually adheres to its contractual obligation to extend an offer to other shareholders of the company.

## 7 Information Policy

Pursuant to Art. 321 of the Articles of Association, the publication instrument of the company is the Swiss Official Gazette of Commerce and the Electronic Federal Gazette during the period of the admission of the shares on the Frankfurt Stock Exchange or any other German stock exchange. The Board of Directors may designate further means of publication. Notices by the company to the shareholders and other announcements shall be published in the Swiss Official Gazette of Commerce and in the Electronic Federal Gazette for all notices and other announcements during the period of the admission of the shares on the Frankfurt Stock Exchange or any other German stock exchange.

Currently, EDAG informs its shareholders and the financial market regularly about important developments of its business. This policy is implemented mainly via regular press releases, quarterly reportings and information published on the websites of EDAG Group ([www.edag.de](http://www.edag.de) and [ir.edag.com](http://ir.edag.com) respectively). In addition, there are regular discussions with financial analysts.

### 7.1 Financial Calendar

04/19/2016	Publication Annual Report 2015
04/20/2016	Annual press briefing
04/20/2016	Analyst Call Q4 and FY 2015
05/10/2016	Publication interim report Q1/2016
05/31/2016	General shareholder meeting
08/23/2016	Publication half year report 2016
08/23/2016	Analyst call Q2/2016
11/10/2016	Publication interim report Q3/2016

### 7.2 Annual Shareholder Meeting

The next regular annual shareholder meeting is scheduled for May 31, 2016.

### 7.3 Publications

All information pertaining to press releases or investor updates can be obtained online via [ir.edag.com](http://ir.edag.com) or from the following contact address:

EDAG Engineering Group AG  
Schlossgasse 2  
9320 Arbon  
Switzerland  
[ir@edag-group.ag](mailto:ir@edag-group.ag)  
Tel.: +41 (0)71 544 33-11  
Fax: +41 (0)71 544 33-10

Voting rights announcements, ad-hoc- releases and directors' dealings are distributed Europe-wide via EQS/DGAP and available at <http://ir.edag.com/websites/edag/English/301005/mandatory-releases.html>. It is possible to subscribe to new information via Email. To use this service, please use the order form at <http://ir.edag.com/websites/edag/English/401030/order-form.html>.



## 8 Auditors

### 8.1 Duration of the Mandate and Term of Office

PricewaterhouseCoopers ("PwC") has held the mandate since EDAG Group AG was established on November 2, 2015.

The principle of rotation applies to the lead auditor, Patrick Balkanyi, who was appointed in 2015.

The Audit Committee ensures that the position of lead auditor is changed regularly. The shareholders must confirm the appointment of the auditors on an annual basis at the shareholders' meeting.

### 8.2 Auditing Fees

PricewaterhouseCoopers received a fee of CHF 403 thousand plus out of pocket expenses for auditing the financial statements 2015.

### 8.3 Additional Fees

PricewaterhouseCoopers received a total fee of CHF 28 thousand for additional services in connection to the initial public offering of the company in 2015.

### 8.4 Supervisory and Control Instruments regarding the Auditors

The AC of the Board of Directors is responsible for overseeing and evaluating the performance of the external auditors on behalf of the Board of Directors and recommends to the Board of Directors whether PwC should be proposed to the Annual General Meeting for re-election.

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

In 2015, at the foundation of EDAG Engineering Group AG, one meeting was held with the external auditor's representatives. This meeting was attended by members of the AC, repre-

sentatives of the audit firm and the CFO. In addition, conference calls were held between external auditor's representatives, members of the AC and with the Head of Group Accounting & Tax of EDAG Engineering GmbH as well.

The auditors communicate audit plans and findings to the AC and issue reports to the Board of Directors in accordance with article 728b of the Swiss Code of Obligations.





## COMPENSATION REPORT

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## COMPENSATION REPORT

The Compensation Report describes the principles underlying the compensation policy, and provides information about the steering process and the compensation actually paid to the Board of Directors and Group Executive Management. It meets the requirements of Articles 14 to 16 of the Swiss Ordinance Against Excessive Pay at Publicly Listed Companies of November 20, 2013 (VegüV), the SIX Swiss Exchange's Directive on Information relating to Corporate Governance, the principles of economiesuisse's Swiss Code of Best Practice, which have been in effect on June 30, 2015 and relies on the Articles of Association of EDAG Engineering Group AG (short: EDAG Group AG).

### 1 Compensation Principles of the company

In accordance with the Compensation Ordinance, Article 12 of the Articles of Association provides that each year, beginning at the annual shareholders' meeting in 2016, the shareholders' meeting must vote separately on the proposals by the Board of Directors regarding the aggregate amounts of the:

- fixed compensation of the Board of Directors for the term of office until the next shareholders' meeting, as well as any possible additional compensation of the Board of Directors for the preceding business year as specified in Article 25 paragraph 1 of the Articles of Association (i.e., at the annual shareholders meeting 2016, shareholders will, for the first time, vote on the compensation of the Board of Directors for the period from the annual shareholders' meeting in 2016 until the shareholders' meeting in 2017);
- the fixed compensation of the Group Executive Management to be paid in the subsequent business year as specified in Article 12 of the Articles of Association (i.e., at the annual shareholders meeting 2016, shareholders will, for the first time, vote on the fixed compensation of the Group Executive Management for the business year 2017); and variable compensation of the Group Executive Management based on the results and targets achieved in the preceding business year, which generally shall be paid after approval (i.e., at the annual shareholders meeting 2016, shareholders will, for the first time, vote on the variable compensation of the Group Executive Management for the business year 2015).

If the shareholders' meeting does not approve the amount of the proposed fixed and proposed variable compensation, as the case may be, the Board of Directors may either convene a new extraordinary shareholders' meeting with new proposals for approval or submit the proposals regarding compensation for retrospective approval at the next annual shareholders' meeting. Furthermore, the Board of Directors may make proposals to the shareholders' meeting for approval in relation to (i) total amounts and/or parts of the compensation for other periods and/or (ii) additional amounts for certain parts of the compensation.

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

In accordance with the Compensation Ordinance, Article 28 of the Articles of Association provides that the company shall not grant loans, credits, pension benefits (other than from occupational pension funds) or securities to the members of the Board of Directors or the Group Executive Management. Article 28 of the Articles of Association further provides that, in principle, the company will not make payments to pension funds or similar institutions for the members of the Board of Directors. However, in exceptional cases, such payments may be made upon request of the Nomination and Compensation Committee, subject to the approval by the shareholders' meeting, if the members in question do not have other insurable income from subordinate employment or if required by mandatory applicable law.

### 2 Compensation of the Board of Directors

In accordance with the requirements of the Compensation Ordinance, Article 25 of the Articles of Association sets out the principles for the elements of the compensation of the members of the Board of Directors.

The members of the Board of Directors shall receive a fixed compensation and additional fixed compensation for memberships in committees of the Board of Directors that is determined by the full Board of Directors based on the proposal of the Nomination and Compensation Committee and subject to and within the limits of the aggregate amounts approved by the shareholder meeting. The compensation is awarded in cash. In exceptional cases and subject to and within the limits of the approval by the shareholder meeting, the members of the Board of Directors may be awarded an additional bonus. The annual fixed compensation of members of the Board of Directors has been set at € 300 thousand for the Chairman and € 100 thousand for each other member, plus € 50 thousand for each committee membership. For the financial year ended December 31, 2015, fixed compensation of members of



the Board of Directors amounted to € 102 thousand for the Chairman and € 44 thousand for each other member of the Board of Directors, representing in each case the pro rata temporis portion of the 12-months' compensation from September 14, 2015 (being the date on which the predecessor company of EDAG Group AG was founded) until December 31, 2015 (all amounts excl. VAT and Swiss social security contributions, if any). It also includes the compensation for each committee membership during that period.

The Chairman of the Board of Directors, Thomas Eichelmann, is also chairman of the supervisory board of EDAG Engineering Holding GmbH, as well as of EDAG Engineering GmbH. The members of the Board of Directors, Sylvia Schwing and Dr. Michael Hammes, are also members of the supervisory board of EDAG Engineering Holding GmbH, as well as of EDAG Engineering GmbH. The members of the supervisory board of EDAG Engineering GmbH receive a fixed remuneration which is governed by the statutes of EDAG Engineering GmbH and specified by shareholder resolution. For the period from September 14, 2015 (being the date on which the Swiss predecessor company of EDAG Group AG was founded) until December 31, 2015, the total amount of these additional compensations to Thomas Eichelmann, Dr. Michael Hammes and Sylvia Schwing amounted to € 162 thousand.

Based on the above, the total compensation to the members of the Board of Directors for their term of office until December 31, 2015 amounted to € 396 thousand (including VAT and social security contributions, where applicable), of which € 187 thousand being the highest compensation paid to an individual member during that period (For further details see the table "Compensation Board of Directors" below). In accordance with the Articles of Association, the compensation to the Board of Directors for their term of office until the ordinary shareholders meeting 2016 was already approved by the shareholders meeting in 2015, and the annual shareholders meeting 2016 will be asked to approve a maximum aggregate amount of fixed compensation of the members of the Board of directors for the period from the annual shareholders' meeting in 2016 until the shareholders' meeting in 2017. Members of the Board of Directors providing consulting services to the company or other group companies in a function other than as members of the Board of Directors may be compensated in cash according to standard market rates subject to approval by the shareholder's meeting. The company may indemnify members of the Board of Directors from any damage and other losses incurred by them in connection with any proceedings, disputes and settlements relating to their activity for the EDAG Group and make related advance payments and provide insurance cover.

### 3 Compensation of the Group Executive Management

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

The Variable Compensation is based on the level of achievement of specific pre-defined targets for a one year performance period. The targets may relate to at least 50 percent (i) to financial performance indicators namely turnover, EBIT, distributable profit and up to another 50 percent (ii) to the achievement of special projects as well as other company related and/or individual target values and also financial key figures. Upon proposal by the Nomination and Compensation Committee, the Board of Directors is responsible for the selection and weighting of target categories.

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

For the twelve-month period ended December 31, 2015, the fixed and variable compensation for services rendered by the two members of the Group Executive Management for all entities of the EDAG Group amounts to an aggregate of € 689 thousand for the fixed part and € 915 thousand for the variable part, of which € 378 thousand (fixed) and € 476 thousand (variable) to Mr. Ohlsen and € 311 thousand (fixed) and € 439 thousand (variable) to Mr. Vogt (all amounts including social security). In each case, the variable portion includes a special bonus in cash in the amount of € 500 thousand each for the IPO (Initial Public Offering) in 2015. In 2014 there was already set up a provision of € 249 thousand each. This bonus was approved by the extraordinary Shareholders' meeting of the company on November 2, 2015.

The above-stated total amounts comprise the compensation for services of the two Group



Executive Management members in favor of EDAG Group AG from December 1, 2015 until December 31, 2015, and its predecessor company EDAG Engineering Schweiz Sub-Holding AG from October 1, 2015 until November 30, 2015 as well as the services rendered by them to other EDAG Group companies since January 1, 2015.

The compensation of the Group Executive Management includes any non-cash benefits (including the non-cash benefits from company cars). It does not contain the aggregated insurance expenses for accidents, legal protection and D&O in the amount of € 44 thousand (2014: € 45 thousand). Moreover, EDAG Group AG did not grant any loans or advances on the Group Executive Management. The present value of the pension provisions for the active Group Executive Management as of December 31, 2015 amounts to € 2,497 thousand (2014: € 2,360 thousand). The current service cost for the pension provisions according to IFRS in 2015 aggregates to € 151 thousand (2014: € 129 thousand).

No equity related securities or options shall be allocated and no additional compensation shall be awarded for activities in companies being directly or indirectly controlled by the company.

According to Article 12 of the Articles of Association, the annual shareholders' meeting will, for the first time in 2016, be required to approve (i) the variable compensation of the Group Executive Management for the business year 2015; and (ii) the fixed compensation of the Group Executive Management to be paid for the business year 2017.

#### 4 Relationship with Members of the Board of Directors

Dr. Philippe Weber is a member of the Board of Directors and the managing partner of the law firm Niederer Kraft & Frey AG, Zurich, which acted as Swiss legal counsel for the company in connection with the initial public offering and provides certain corporate law advice to the company.

Thomas Eichelmann holds a 7.6 percent share in KINREFD GmbH, which is the sole shareholder of several companies with which our subsidiary EDAG Engineering GmbH concluded purchase and transfer agreements and lease agreements regarding five properties previously owned by EDAG Engineering GmbH. Furthermore, Thomas Eichelmann is a managing director of HORUS Beteiligungs-GmbH which is the general partner of HORUS Vermögensverwaltungs GmbH & Co. KG. HORUS Vermögensverwaltungs GmbH & Co. KG holds a 49.9 percent

share in KINREFD GmbH.

Furthermore, on October 14, 2015, EDAG Engineering GmbH concluded a lease agreement with MD 7 Immobilien GmbH for a building and open space at Max-Diamand-Straße 7 in Munich. The lease agreement has a fixed term until October 31, 2031 and the monthly rent amounts to € 54 thousand (€ 56 thousand starting January 1, 2017). EDAG Engineering GmbH used to rent this property from Semper Constantia Immo Invest GmbH, which had sold the property to MD 7 Immobilien GmbH in June 2015. The shareholders of MD 7 Immobilien GmbH are HORUS Vermögensverwaltungs GmbH & Co. KG (with a share of 49.9 percent), Habermann Vermögensverwaltungs GmbH (with a share of 40.0 percent) and Thomas Eichelmann (with a share of 10.1 percent).



in € thousand	Fixed compensation	
	2015	2014
<b>Board of Directors</b>		
<b>Thomas Eichelmann</b>	187	84
Chairman of the Board of EDAG Engineering Group AG (pro rata) [Chair Nomination and Compensation Committee]	29	-
Chairman of the Board of EDAG Engineering Schweiz Sub-Holding AG (pro rata) [Chair Nomination and Compensation Committee]	73	-
Chair Supervisory Board of EDAG Engineering GmbH	85	84
House rent (pro rata)	-	-
KINREFD GmbH, Munich	-	-
MD 7 Immobilien GmbH, Munich	-	-
KINREFD: FD 3 Immo GmbH	-	-
<b>Sylvia Schwing</b>	74	35
Member of the Board of Directors of EDAG Engineering Group AG (pro rata) [Member of the Audit Committee]	13	-
Member of the Board of Directors of EDAG Engineering Schweiz Sub-Holding AG (pro rata) [Member of the Audit Committee]	31	-
Member Supervisory Board EDAG Engineering GmbH	30	35
<b>Dr. Michael Hammes</b>	91	47
Member of the Board of Directors of EDAG Engineering Group AG (pro rata) [Chair of the Audit Committee]	13	-
Member of the Board of Directors of EDAG Engineering Schweiz Sub-Holding AG (pro rata) [Chair of the Audit Committee]	31	-
Member Supervisory Board EDAG Engineering GmbH	47	47
<b>Dr. Philippe Weber</b>	44	-
Member of the Board of Directors of EDAG Engineering Group AG (pro rata) [Member of the Nomination and Compensation Committee]	13	-
Member of the Board of Directors of EDAG Engineering Schweiz Sub-Holding AG (pro rata) [Member of the Nomination and Compensation Committee]	31	-
Legal Services via Niederer Kraft & Frey AG	-	-
<b>Total Board of Directors</b>	<b>396</b>	<b>166</b>

Additional income		Employer social insurance contribution		Total	
2015	2014	2015	2014	2015	2014
69	-	-	-	256	84
-	-	-	-	29	-
-	-	-	-	73	-
-	-	-	-	85	84
69	-	-	-	69	-
58	-	-	-	58	-
11	-	-	-	11	-
-	-	-	-	-	-
-	-	-	-	74	35
-	-	-	-	13	-
-	-	-	-	31	-
-	-	-	-	30	35
-	-	-	-	91	47
-	-	-	-	13	-
-	-	-	-	31	-
-	-	-	-	47	47
85	-	3	-	132	-
-	-	1	-	14	-
-	-	2	-	33	-
85	-	-	-	85	-
<b>154</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>553</b>	<b>166</b>

Table: Compensation Board of Directors

in € thousand	Fixed compensation		Variable compensation	
	2015	2014	2015	2014
<b>Group Executive Management</b>				
Jörg Ohlsen	350	351	225	300
Chief Executive Officer EDAG Engineering Group AG	6	-	-	-
Chief Executive Officer EDAG Engineering Schweiz Sub-Holding AG	13	-	-	-
Chief Executive Officer EDAG Engineering GmbH	331	351	225	300
Jürgen Vogt	275	445	188	240
Chief Financial Officer EDAG Engineering Group AG	4	-	-	-
Chief Financial Officer EDAG Engineering Schweiz Sub-Holding AG	9	-	-	-
Chief Financial Officer EDAG Engineering GmbH	262	445	188	240
<b>Total Group Executive Management</b>	<b>625</b>	<b>796</b>	<b>413</b>	<b>540</b>

<sup>1</sup> Special bonus total: € 1,000 thousand. Thereof already set up as a provision in 2014: € 498 thousand.

Table: Compensation Group Executive Management

Employer social insurance contribution		Non-cash benefit from company car		Special bonus <sup>1</sup>		Total	
2015	2014	2015	2014	2015	2014	2015	2014
12	7	16	14	251	249	854	921
1	-	-	-	500	-	507	-
-	-	-	-	-	-	13	-
11	7	16	14	- 249	249	334	921
23	13	13	14	251	249	750	961
1	-	-	-	500	-	505	-
-	-	-	-	-	-	9	-
22	13	13	14	- 249	249	236	961
<b>35</b>	<b>20</b>	<b>29</b>	<b>28</b>	<b>502</b>	<b>498</b>	<b>1,604</b>	<b>1,882</b>

## SHARES HELD BY BOARD OF DIRECTORS AND GROUP EXECUTIVE MANAGEMENT

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

Number of shares	12/31/2015	12/31/2014
<b>Board of Directors</b>		
Thomas Eichelmann	87,500	-
Sylvia Schwing	-	-
Dr. Michael Hammes	-	-
Dr. Philippe Weber	-	-
<b>Total Board of Directors</b>	<b>87,500</b>	<b>-</b>
<b>Group Executive Management</b>		
Jörg Ohlsen	13,157	-
Jürgen Vogt	2,631	-
<b>Total Group Executive Management</b>	<b>15,788</b>	<b>-</b>

Table: Number of Shares



# AUDITOR'S REPORT (COMPENSATION REPORT)

## REPORT OF THE STATUTORY AUDITOR TO THE GENERAL MEETING EDAG ENGINEERING GROUP AG, ARBON

We have audited the accompanying compensation report of EDAG Engineering Group AG for the year ended December 31, 2015.

### Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the compensation report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the compensation system and defining individual compensation packages.

### Auditor's responsibility

Our responsibility is to express an opinion on the accompanying compensation report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the compensation report complies with Swiss law and articles 14-16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the compensation report with regard to compensation, loans and credits in accordance with articles 14-16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the compensation report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of compensation, as well as assessing the overall presentation of the compensation report.

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

### Opinion

In our opinion, the compensation report of EDAG Engineering Group AG for the year ended December 31, 2015 complies with Swiss law and articles 14-16 of the Ordinance.

PricewaterhouseCoopers AG

PATRICK BALKANYI      MATTHIAS KLEINLOSEN  
Audit expert              Auditor in charge

Zurich, April 19, 2016





## COMBINED MANAGEMENT REPORT AND JOINT MANAGEMENT REPORT

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Since December 2, 2015, EDAG Engineering Group AG, Arbon ("EDAG Group AG") has been listed for trading on the regulated market of the Frankfurt Stock Exchange with concurrent admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard): According to § 37v section 2 No. 2 letter b of the German Securities Trading Law (WpHG), there is an obligation to prepare a management report for the separate financial statement. According to § 315 section 3 of the German Commercial Code (HGB) in conjunction with § 298 section 3 of the German Commercial Code (HGB), a combined management report will be prepared for the individual and consolidated financial statements. With this management report, the requirements set out in §§ 298 and 315 of the German Commercial Code (HGB) have been met.

The consolidated financial statement of EDAG Group AG and its subsidiaries for December 31, 2015 has been prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), as they are to be applied pursuant to Directive No. 1606/2002 of the European Parliament and Council regarding the application of international accounting standards in the EU. The separate financial statement of EDAG Group AG has been prepared in accordance with Swiss law.

## 1 Basic Information on the Group

### 1.1 Three Segments

#### Three Segments

With the new parent company, EDAG Engineering Group AG, Arbon (Switzerland)<sup>1</sup>, 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. Our special know-how, particularly at the largest subsidiary, EDAG Engineering GmbH, is in complete vehicle and module development, and in the guidance and support of customers from the initial idea through to the finished prototype. In addition, BFFT Gesellschaft für Fahrzeugtechnik mbH, one of our subsidiaries, has specialized technical knowledge in the field of electrical and electronic development. EDAG Production Solutions GmbH & Co.KG offers particular expertise in the development of production facilities and their implementation.

Business is divided up into a number of segments: Vehicle Engineering, Production Solutions and Electrics/Electronics. The principle we work on is that of production-optimized solutions. This means that we always ensure that development results are in line with current production requirements.

#### SEGMENTATION

*Business is divided up into a number of segments: Vehicle Engineering, Production Solutions and Electrics/Electronics.*

*Our main focus is on the automobile and commercial vehicle industries.*

<sup>1</sup> Due to reorganization, the notes on previous years and quarters refer to the former company, EDAG Engineering GmbH, Wiesbaden.

Our main focus is on the automobile and commercial vehicle industries. A closely integrated global network of some 60 facilities ensures our customers of our local presence.

#### Presentation of the Vehicle Engineering Segment

The "Vehicle Engineering" segment consists of services along the vehicle development process as well as responsibility for derivative and complete vehicles. The segment is divided into the following divisions:

In the **Design Concepts** department, we offer a full range of styling and design services, and in our design studios we are able to support the virtual design process and realize large model building volumes. Our **Body Engineering** department brings together all of our services such as package & ergonomics, body assembly as well as interior and exterior. This also includes the development of door systems. Our **Vehicle Integration** department is responsible for the complete functional integration and for vehicle validation. Extensive testing services are provided in our certified test laboratories. Calculation and simulation are likewise included in our range of services. Complete vehicle development and large-scale interdisciplinary module packages, some of them calling for the involvement of our international subsidiaries, are managed by the Project **Management** division. The **Product Quality & Care** department provides assistance with consulting and support for quality-related matters, as well as services which explain a product and enable it to be used effectively.

#### Presentation of the Production Solutions Segment

The "Production Solutions" segment - operating through the independent company EDAG Production Solutions GmbH & Co. KG (EDAG PS), its international subsidiaries and profit centers - is an all-round engineering partner which accepts responsibility for the development and implementation of production processes at 18 sites in Germany and at international sites in South Korea, India, the Czech Republic, Russia, Hungary, Brazil, Mexico and China. In addition to handling the individual stages in the product creation process and all factory and production systems-related services, Production Solutions are also able to optimally plan complete factories over all fields, including cross processes, and to provide the realization from a single source.

In the field of **concept engineering**, Production Solutions provides its customers with an integral approach to process planning. This means that Production Solutions provides companies with factory and production planning support – with both the implementation of new plans and with the conversion, expansion or optimization of existing systems while operation is in progress. By offering support from concept engineering to the preparation of detailed product specifications, it is possible to cover all the steps required for the production process, and to

#### VEHICLE ENGINEERING

*In this segment, we offer all services relating to vehicle development.*

#### PRODUCTION SOLUTIONS

*This segment handles the development and implementation of production processes.*

design optimum interfaces with other media, buildings and logistics. In the context of "Simultaneous Engineering", Production Solutions favors an integrative approach, with the product development, systems planning and production simulation divisions all working together to design optimum project interfaces.

In the **Implementation Engineering** department, to guarantee that the functional requirements of body in white facilities are met, Production Solution uses digital factory methods in all production lines: digital, virtual and real-life. To meet customers' requirements, Production Solutions engineers develop realistic 3-D simulation cells in which the planning, design and technological concepts are implemented and validated in line with process requirements. Early involvement during the engineering process enables Production Solutions to systematically optimize production processes. This places Production Solutions in a position to develop ideal production concepts for customers.

Productions Solutions' portfolio is also complemented by "Feysinn", a process consulting and CAx development department. Here, IT-supported sequences and methods are developed, as are software for product design, development, production and marketing. Feysinn also offers consulting, conceptual and realization services in the field of visualization technologies. Customised training opportunities complete the portfolio.

### Presentation of the Electrics/Electronics Segment

The range of services offered by the "Electrics/Electronics" segment includes the development of electrical and electronic systems for the comfort, driver assistance and safety functions of a vehicle, and the development of cable harnesses. These services are provided by four divisions focusing on the following competencies:

The **E/E Vehicle Engineering** division is responsible for function development in the course of complete vehicle or derivative projects. The range of tasks extends from the concept phase to production support. Further fields of activity include the development of new electronic architectures, and approval, drafting and control activities in the development or integration of physical vehicle electrical systems.

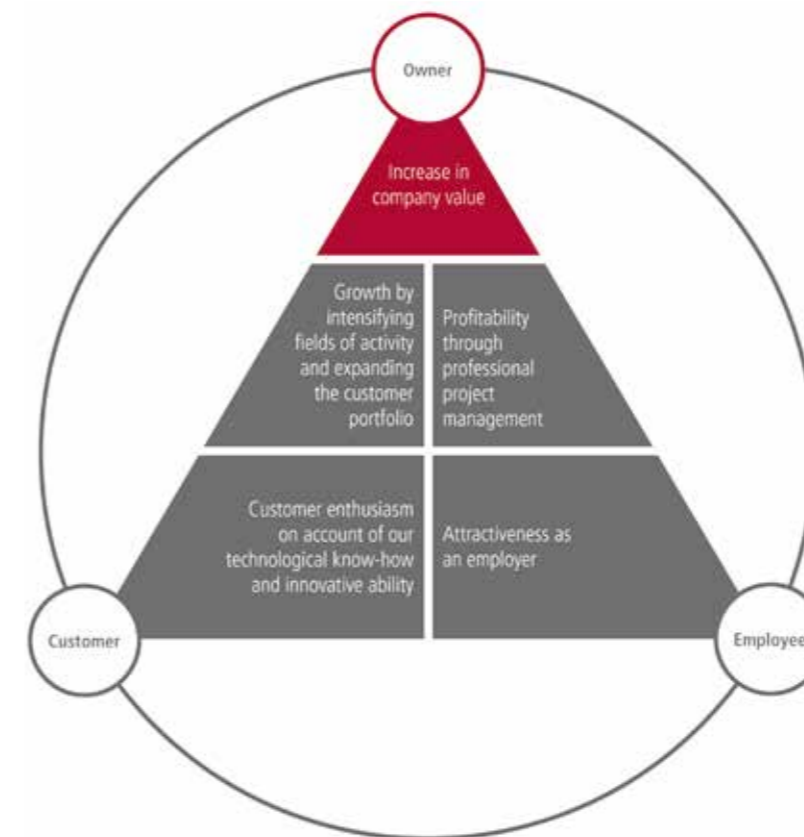
The **E/E Systems Engineering** division works on the elaboration and definition of demands on the electrical and electronic systems. They also deal with the integration of several system components (control unit, sensors, actuators) to give a whole system, and with the subsequent validation of the system with regard to function, networking and diagnosis. A further skill is the physical and functional integration of E/E systems in vehicles and their subsequent validation by means of appropriate test procedures.

**E/E Embedded Systems** develops and validates hardware and software for electronic control units, from the conceptual design, through production-ready development, to model

set-up and commissioning.

**E/E Car IT** markets services and software developed in-house as products for the networked mobility industry. The division's range of services also includes development and standardization services, and networking advice for vehicle manufacturers, system suppliers and IT companies.

## 1.2 Targets and Strategies



As a capital market-oriented company, our primary objective is to bring about a sustained increase in EDAG's company value (market value of equity), i.e. across the different industrial cycles. This is to be achieved by means of a strategy composed of the following four central areas, each with its own operationalisable objectives:

- Growth by intensifying and extending our fields of activity and customer portfolio
- Customer enthusiasm on account of our technological know-how and innovative ability

### ELECTRICS/ELECTRONICS

*The integration of new E/E components and modules is the service offered by this segment.*

## GROWTH OF TOP ENGINEERING SERVICE PROVIDER

*An above-average growth rate of 9 to 12 percent is anticipated.*

- Attractiveness as an employer
- Profitability through professional project management

As interdependencies exist between these areas of activity and their objectives, all measures are applied analogously, and goals pursued simultaneously. We also see strategy as a continual process, and therefore subject any goals we have set to critical scrutiny, adjusting them wherever necessary.

### Growth by intensifying and extending our fields of activity and customer portfolio

We want to continue our growth, and remain one of the world's leading engineering service providers for the automotive industry in the future. Over the last few years (2010 to 2014), the market for engineering services underwent an average annual growth of 6.1 percent, and forecasts for the years 2014 to 2020 predict an average annual growth of 6.7 percent during this period. The top 5 engineering service providers, of which EDAG is one, are expected to grow at an above-average annual rate of 9 to 12 percent (cf. Market Assessment Engineering Service Provider Automotive 2020, A. T. Kearney 2015). Our aim is to realize this above-average growth by implementing the following measures:

- Extending existing customer relations: with the major German vehicle manufacturers and suppliers in particular, we enjoy close relations, some of which have already existed for several decades. In the past, it was our flexibility and speed, as well, of course, as the quality of our work that engendered the enthusiasm of our customers and earned us our good reputation. At the same time, the long-standing, intensive cooperation with and close proximity to our customers enabled us to gain a thorough understanding of their requirements. These two aspects and our proactive customer relationship management will also enable us to benefit from the increasing outsourcing of engineering services by our customers in the future. The flexibility and speed with which we can follow our customers abroad, if necessary, to assist them with the development of vehicles for regional market conditions will also stand us in good stead here.
- Establishing new customer relations: we make active use of our technical know-how, experience and reputation throughout the industry to constantly expand our customer portfolio. Our presence in almost all the automobile centers in the world helps to convince customers abroad of our expertise.
- Increasing our project scope: the major vehicle manufacturers in particular are tending more and more to award complete development packages spanning several fields of engineering to engineering service providers. Key requirements for being able to handle

such large projects are the organizational setup, technical competence and adequate capacity to be able to develop complete vehicles and/or their modules and systems. As EDAG meets these requirements, we are convinced that we will be able to profit greatly from awards of comprehensive major projects.

- Using our competencies for work contracts: due to planned legal restrictions on employee leasing, our customers almost always place orders on the basis of work contracts, and allow contracts for leased staff to expire. As a result, engineering service providers must now arrange for in-house office space for and the technical organisation of their employees. However, as EDAG has always worked exclusively on the basis of work contracts, and already has engineering offices in in the direct vicinity of almost all the major vehicle manufacturers' engineering centers, we are confident that we will be able to make use of this trend to strengthen our market position.
- Using inorganic growth opportunities: our measures for strengthening our market position focus on organic growth. Nevertheless, we will still carefully check any opportunities of acquiring competitors that might arise in the expected consolidation process of our industry (cf. Leading Providers of Technology Consulting and Engineering Services in Germany, Lünendonk 2015). In this connection, we will build on the experience gained in the successful acquisitions of Rücker and BFFT.

### Customer enthusiasm on account of our technological know-how and innovative ability

Our intention is to continue to be a sought-after and acknowledged know-how and technology partner to the automotive industry in the future; one that is capable of handling challenging projects for our customers. The keys to this are our technological expertise and our innovative ability – two aspects that set us apart from our competitors and impress our customers. Our aim therefore is to systematically keep our know-how fully up-to-date, to acquire additional knowledge of the latest technologies, and to place our innovative abilities on a sustainable basis, by applying the following measures:

- Bundling know-how in competence centers: the know-how relating to our technological core competencies is pooled together in inter-divisional competence centers to which every department in the EDAG Group has access. In this way, know-how is retained in the company, while also being distributed evenly throughout the company. At the same time, bundling our know-how facilitates the efficient further development of knowledge. There are currently four competence centers in existence: "Lightweight Design", "Electric Mobility", "Car IT" and "New Production Technology".

## REALIZATION OF GROWTH

*We focus on five measures to realize this growth*

- Expansion of customer relations
- New customer relations
- Expansion of project volumes
- Focus on work contracts
- Inorganic growth opportunities

## TECHNOLOGICAL FOCUS

*We focus on four measures to guarantee our own innovative strength*

*– Bundling of know-how in competence centers*

*– Expansion of know-how networks*

*– Own technology projects*

*– Staff development*

- Establishment of know-how networks: in order to be able to continually develop and keep our knowledge up-to-date, we have set up know-how networks with universities, research institutes, technology start-ups and experts, and are constantly expanding them.
- Realization of our own technology projects: again and again, our ability to develop complete vehicles enables us to successfully accomplish the cross-divisional handling of major projects. This interdisciplinary cooperation is an important driver for innovation and the application of new technologies. Our innovations are effectively brought together in our own in-house technology projects, for instance in the "EDAG Genesis" or the "EDAG Light Cocoon", and at the same time, we use these projects to demonstrate and market our innovative ability and technological know-how.
- Education and training of our employees: when it comes down to it, innovation takes place in the heads of our engineers, and this is where our technological know-how is stored. For this reason, we will in the future continue to channel a large proportion of our investments into the education and training of our employees. In addition to in-house knowledge sharing, with experienced employees passing on their know-how to young employees in training programs, staff also attend external training schemes to guarantee a supply of knowledge from other sources.

### Attractiveness as an employer

Our intention is to continue to be a sought-after employer for engineers, because well educated, experienced and committed employees are our central resource for the provision of top quality services. The following measures in particular are aimed at maintaining and increasing our attractiveness as an employer.

- Intensification of the recruiting process: due to the fierce competition for well qualified engineers, we already present ourselves as an attractive employer in the recruiting process. To this end, we employ not only the classic recruiting channels such as online job markets, job fairs and our own careers website, but are also making increasing use of alternative methods, such as social media recruiting and active sourcing at universities offering engineering, mathematics and science courses. We will be intensifying our activities in this area, and are particularly keen to interest women in EDAG.
- Continuation of staff training: as a result of the "war for talent" on the graduate market, EDAG some time ago decided to take staff training into its own hands. By offering a number of apprenticeships and dual study courses, we provide school leavers with training opportunities with a strong practical emphasis and the chance of permanent employment following their training.

- Investment in staff training: to guarantee our technological competence and innovative ability, it is essential that our employees keep their knowledge up-to-date and continue to develop their skills. For this reason, we will also be providing extensive training opportunities as an investment in the know-how of EDAG employees, which at the same time will also increase their value on the labor market.
- Optimisation of the working environment: motivated employees are committed employees. As the working environment has a substantial influence on motivation, we constantly endeavor to provide our employees with an optimum working environment. This includes modern workplaces that comply with the latest ergonomic requirements, flexible working hours and development of home office and child care facilities.
- Motivation through responsibility: for EDAG, another central motivating factor is the early transfer of responsibility to suitable employees. Creating scope for decision making promotes creativity, which in turn contributes to innovation - a skill that is extremely important to EDAG.
- Motivation through change: EDAG is involved in project business, which means that we can offer our employees new challenges with every new project we begin. Change is therefore guaranteed, and in addition encouraged by offering employees the opportunity to temporarily switch to another division or department in the company, if they are interested in such a move.

### Profitability through professional project management

Our strategic aim of achieving further growth is inextricably linked with the premise that this will be done in a profitable way. Only if the company is profitable can we rise above our competitors and continue to offer our customers outstanding services, guarantee our employees' jobs and offer our owners an appropriate return on the capital they have invested. With an EBIT margin of 10.1 percent in our core activities adjusted for special effects, our profitability in 2015 was appropriate for the engineering service market. Our aim is to keep profitability at this level in the medium term and – depending on the way in which economical and regulatory conditions develop – to continue to improve it. To this end, our intention is to continually optimize the efficient handling of our projects, and we will be paying particular attention to the following aspects:

- Systematic capacity management: our time recording system provides us with an exact, up-to-date indication of utilization levels of our engineering resources. Insufficient capacity can therefore quickly be compensated for by free capacity somewhere else, and under-utilization kept to a minimum.

## EDAG AS AN ATTRACTIVE EMPLOYER

*We apply various measures to guarantee our attractiveness*

*– Intensification of recruiting*

*– Staff training and staff development*

*– Optimum working environment*

*– Early assumption of responsibility*

*– Variety in project business*

#### SAFEGUARDING PROFITABILITY

*Various measures are employed to help us to achieve our medium-term target achieving an (adjusted) EBIT margin of 10.0 percent.*

- Operative flexibility: high-performance IT hardware and software and high transfer capacity data networks – for transfers between our own branches and also with customers' offices – facilitate efficient, virtual cooperation, which significantly reduces traveling time and expenses. At the same time, our powerful network of locations enables us to break work orders down into packages and have these handled by the branch with the best cost/performance ratio.
- Fixed cost degression in overheads: our productive departments are supported by a number of overhead functions – in particular controlling, quality management, HR and IT. This adds to the professionalism of our goods and services, and relieves our technical departments of the burden of administrative work. If, for instance, deviating results occur in projects, information from controlling makes it possible for countermeasures to be implemented at an early stage. Our aim is to ensure that, as we continue to grow, any increase in the overhead costs will be sub-proportional, and in this way to bring about relative cost savings.
- Continual process improvement: in both our productive and our overhead areas, we draw on tried and tested processes. Nevertheless – in particular as a result of new developments in the IT world – we frequently find indicators for ways of improving processes, and thus increasing their efficiency. In the future, too, we will continue to make systematic use of such indicators.

### 1.3 Internal Management System

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

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

The starting point for controlling the EDAG Group is the annually prepared budget and medium-term planning. This serves to illustrate and safeguard defined targets and long-term strategies from both a technical and an economical point of view. This involves identifying developments on the market and in the segment, then taking these as the basis for assessing anticipated new order volumes from which a sales revenue and earnings plan is derived. Further integrated components are the staff, investment and financial planning based on this. The budget in the first year is planned across individual months, and is binding. Every month, this budget is compared with the actual figures realized, and any deviations analyzed. If necessary, plans of action are drawn up to safeguard the budgeted targets. While taking the actual values that have already been realized, current estimates for the remainder of the year and any chances and risks reported into account, the projection for the current financial year is adjusted in a forecast. The validity and attainability of the operative targets for the current financial year are therefore at the center of ongoing controlling operations.

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

- Sales revenues/sales revenues and changes in inventories
- (Adjusted) EBIT and (adjusted) EBIT margin<sup>2</sup>

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

<sup>2</sup> For definition see chapter 11.4 "Reconciliation of the Adjusted Operating Profit (Adjusted EBIT) [8]".

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

- Incoming orders/orders on hand
- Number of employees
- Productivity/capacity utilization
- Investments

The incoming orders and orders on hand serve as early indicators for changing market requirements and demand patterns. They are indicative of the anticipated sales revenues for the following quarter. The number of employees is a measured variable for the achievement of growth targets. It is important here to keep a watch not only on the number of new appointments to the technical divisions and subsidiaries, but also on fluctuation. Productivity is defined as the quotient obtained when the hours worked on customer projects is divided by the available working hours of our employees. As it highlights utilization peaks and free capacity, it is an important element for managing our technical divisions and group-wide resources. The EDAG Group makes targeted investments to safeguard its innovative strength and capacity to compete. Every month, reports are presented comparing their development with the plans, and adherence to the budget is monitored.

## 1.4 Research and Development/Innovation

### Overview

Research and development is per se a definition of the business activities of EDAG. In 2015, the company's integrated portfolio of services and skills relating to the development of vehicles, modules and production facilities, from concept to start of production, enabled EDAG once again to successfully participate in the ongoing trend of the global model and technology initiatives launched by the leading vehicle manufacturers. The strategic advancement of market-relevant technological subjects and the continual development of competencies and engineering activities in the three segments - vehicle engineering, electrics/electronics and production solutions - were the focus of the company's innovation strategy and company management during the reporting year. In its pre-competitive and project-independent research and development, EDAG's various competence centers continued to work on their own particular future-oriented areas, namely "lightweight design, materials and technologies", "lighting technologies", "electric mobility", and corresponding pilot projects. Furthermore, the "Car IT" competence center was transformed into an independent Electrics/Electronics department, because an extensive expansion of the workforce and a reorganization of the business model are both necessary in this innovative field.

In the reporting year, research and development expenses amounted to € 2,917 thousand (2014: € 2,403 thousand).

### Lightweight Design, Materials and Technologies

The car of the future will have to meet new requirements. To facilitate optimum fleet consumption and cut CO2 emissions, vehicle bodies will be required to weigh less, possess a high degree of rigidity for better handling, and meet the requirements of demanding crash load cases. Thanks especially to intelligent lightweight design in hybrid construction, vehicles can weigh around 100 kg less than their predecessors, depending on which segment they belong to. In addition, weight savings of a further 10 - 20 percent are possible in the vehicle body and add-on parts.

With the support of EDAG and other experts, many manufacturers have already succeeded in bringing about a weight reduction. Lightweight design is, however, always also subject to the condition that manufacturing costs should be acceptable. Developers can easily get bogged down in the wide variety of possible lightweight technologies. Only a very few independent engineering partners such as EDAG can make an economical cost-effectiveness assessment of innovative lightweight design solutions, and thus act in the interests of the OEMs and leading suppliers. EDAG has repeatedly identified promising technology approaches and

### AREAS OF INNOVATION

*We are continuing our innovation strategy, focusing on lightweight design, light technology, electric mobility and car IT.*

### LIGHTWEIGHT DESIGN

*Only a very few engineering partners such as EDAG are able to assess the cost and usefulness of innovative lightweight solutions in accordance with the interests of the vehicle manufacturers.*



## LIGHT AND SIGHT

*Our "personalized headlamp" demonstrates the potential of additive manufacturing in this vehicle domain.*

accompanied them through research and development up to the demonstrator, so as to perhaps gradually, starting with low quantities, bring these designs into series production. In 2015, EDAG Engineering GmbH, Laser Zentrum Nord (Hamburg), Concept Laser (Lichtenfels) and the BLM Group (Levico, Italy) joined forces to demonstrate the bionically optimized spaceframe concept which was manufactured using additive and hybrid technology: a new vision of how to bring about a changeable and extremely flexible manufacturing concept for vehicle bodies designed to meet load level requirements.

A further technological example presented to the public is the study of a hybrid lightweight housing for an on-board electric vehicle charger with highly integrative, cooling structure produced using the selective laser melting method.

### Light and Vision Technologies

Not only does the LED backlighting of the Light Cocoon concept car make the structure of the Cocoon visible; in fact it transforms the vehicle into a screen. The look is no longer static; the customer can change the appearance of his car at any time, and select the color of his choice. The variable light design is in line with consumer requirements for greater individuality.

In 2015, EDAG developed a "personalized headlamp" with individualised daytime running light for small series (GenLight) the first fully functional, ready-for-approval headlamp. The headlamp demonstrates how additive manufacturing potential can be used in the field of „light and sight“. An additional aim is to further increase the luminous power of the LEDs used by means of active/passive cooling.

### Electric Mobility

The theme of the electric mobility division in 2015 was "electric mobility goes into production". Some 29 models with electric drive systems are available in Germany today. Great advances have been made towards low-emission and even emission-free mobility. In this field, EDAG has established its position as a technology expert with all manufacturers and system suppliers, and can already look back on a number of successful projects dealing with power electronics, the connection of electric vehicles to the infrastructure, and battery integration. The trend towards electrification will make great progress, both at home and abroad. EDAG sees further technological trends in energy management, new E/E architectures and the networking of electric-powered vehicles, and is continuing to develop its competencies. Our aim is to guarantee a fully integrated concept for the development of electric vehicles.

## ELECTRIC MOBILITY

*The aim of this EDAG field of technology is to be able to guarantee a fully integrated concept for the development of electric vehicles.*

## Car IT – trive.me

With the legal requirement for an emergency call system to be installed in every new vehicle from 2015 on, the connection of automobiles with the infrastructure has now more or less been prescribed. As a result, the trend towards vehicle interconnectivity and related functions has gained momentum, and for this reason EDAG has decided to build up extensive competencies in the field of IT technologies and to challenge business models in this field, even if they are already well established. EDAG created an independent brand, "trive.me", for the marketing of the company's own software products for the B2B market. At the same time, all previous "vehicle interconnectivity" activities were bundled in the Car IT department, which in turn makes the Electrics/Electronics segment an all-round provider in the strategic business fields "networked vehicles" and "automated driving".

In the future, therefore, EDAG will be able to handle not only embedded software/hardware development, application development, visualization, the integration of database systems and all safety aspects, as well as placing its own software products on the market.

## New Production Technology

The optimization of the development processes – from early concept validation for both product and production through to robot technology and virtual commissioning – and the present and future requirements being referred to us by vehicle manufacturers through "Industry 4.0" engineering projects, were the focus of the technological development. To realize these innovative projects, we intensified our activities aimed at the development of mechatronic engineering. The close interlinking of mechanical, electrical and IT processes using digital methods and tools also leads EDAG Production Solutions to completely new awarding scenarios on the part of the customers, as advanced systems engineering is made possible.

An in-house "Industry 4.0" development is the systematic linking of real production data from on-going production with process simulation, so as to be able at any point in time to start a forward-looking simulation of the production sequence, for instance, or of the effects of faults. This concept, which is called PROzwo®, provides transparency when operating complex production systems with a wide variety of options.

All our concepts and experience from active research and project work relating to the megatrend "Industry 4.0" which lead to the constant improvement of quality and efficiency of results are incorporated in our technical and lateral process.

## TRIVE.ME POSITIONED AS NEW BRAND

*With trive.me, an independent brand was created, to accommodate new requirements and new business models in the car IT environment.*

## DEVELOPMENT IN THE PRODUCTION TECHNOLOGY FIELD

*The optimization of the development processes, from early concept validation for both product and production through to robot technology and virtual commissioning, were the focus of the technological development.*

## EDAG LIGHT COCOON

*Our concept car demonstrates sustainable methods and at the same time embodies the technological potential of additive manufacturing. Its extremely lightweight, textile outer body skin was likewise inspired by Nature.*

### "EDAG Light Cocoon" Concept Car

After consumer printers for 3D printing have flooded the market, industrial applications now follow. Generative manufacturing processes or additive manufacturing will leave rapid prototyping behind, adding a new dimension to the classical manufacturing methods and strongly influencing lightweight design. Additive manufacturing, a ground-breaking future technology, facilitates a substantial:

- increase in material and resource efficiency,
- increase in the economic viability of complex products,
- reduction in damage to the environment.

The "EDAG Light Cocoon" concept car, which was presented at the Geneva Motor Show in March 2015 and at the IAA International Motor Show in Frankfurt in September 2015, is a visionary approach towards a compact, dynamic sports car with a fully bionically optimized, additively manufactured vehicle structure combined with a weatherproof textile outer skin and variable lighting design. From a designer's point of view, the idea is for the "EDAG Light Cocoon" to have a polarising effect and to break apart existing thought patterns in vehicle design. The body structure uses the bionic pattern of a leaf, and converts it into a lightweight yet stable body structure. A concept that embodies sustainable methods for the automotive industry and at the same time shows the technological potential of additive manufacturing. The extremely lightweight outer body skin of the "EDAG Light Cocoon" was likewise inspired by Nature. Just like the structure of a leaf, which has a lightweight outer skin stretched over it, a lightweight protective skin covers the "EDAG Light Cocoon" - although in this case, it is made of a textile fabric. Outdoor specialists Jack Wolfskin supplied a tried and tested stretch lightweight fabric that is also extremely weatherproof, to serve as the new outer body skin for the project. In addition, the unusual combination of an additively manufactured skeleton structure and fabric also makes it possible to integrate a new type of lighting concept, which for the first time ever includes the complete vehicle. The additive manufacturing of large-scale components illustrates EDAG's outstanding design model and prototype construction skills, and the company's good innovation network.

## 2 Financial Report

### 2.1 Macroeconomic and Industry-Specific Conditions

#### Basic Conditions and Overall Economic Development

According to the IMF, the world economy exhibited 3.1 percent growth in 2015, following a growth rate of 3.3 percent in the previous year. Moderate growth in the developed economies was balanced by a decrease in the growth rates in the developing countries and emerging markets.

In China, the gross domestic product increased by 6.9 percent, and in Japan by 0.6 percent. Particularly positive growth rates were recorded in India (+7.3 percent) and the USA (+2.5 percent). There was a downturn in Russia (-3.7 percent) and Brazil (-3.8 percent). The euro zone's growth rate in 2015 was 1.5 percent, following 0.9 percent in the previous year. The German economy grew by 1.5 percent last year, much as it did in the previous year.

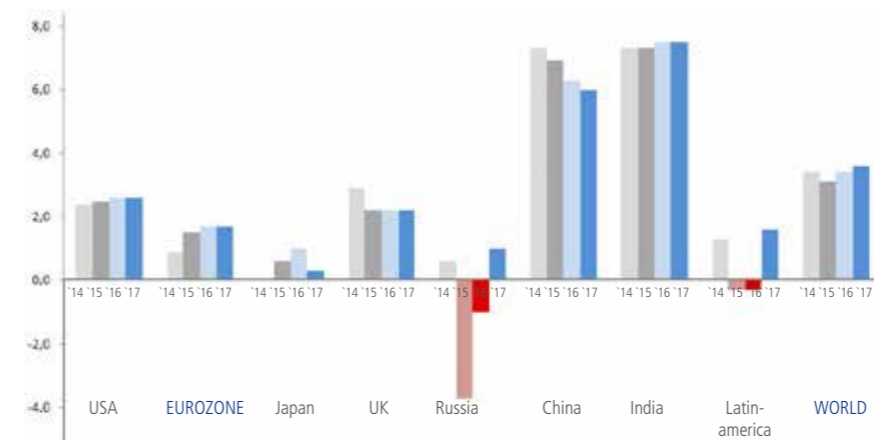
2015 was overshadowed by geopolitical risks (the Ukraine, the Middle East), a slow-down in growth in China, and reductions in commodity prices, particularly the price of oil. These risks will continue to play a role in the assessment of the coming years, although overall, the IMF is expecting the global economy to undergo positive development in 2016 und 2017.

#### MACROECONOMIC DATA FOR 2015

*Global economic growth 3.3 percent  
Eurozone growth: 1.5 percent  
German growth: 1.5*

#### Growth forecasts 2016/2017

*Change of GDP in percent*



Source: IWF, World Economic Outlook January 2016

## Automotive Industry Development

In 2015, an estimated total of 76.8 million new vehicles were sold worldwide. This was 3.2 percent more than in the previous year. As in the previous year, the largest auto market was China. 20.0 million units were sold there. This resulted in a 9.1 percent increase compared to last year. The United States also recorded a significant increase in vehicles sold from 16.4 million to 17.5 million units (+6.3 percent). Sales in Germany, India, Great Britain and France were slightly up. In Japan, Russia and Brazil, however, sales declined. The positive overall development is expected to continue in 2016 and beyond.

### THE MOST IMPORTANT CAR MARKETS

Sales of passenger cars in thousands	2013	2014	Forecast 2015	Forecast 2016
China	16,304	18,369	20,047	20,949
USA	15,582	16,435	17,471	17,995
Japan	4,562	4,700	4,216	4,258
Brazil	3,580	3,333	2,481	2,307
Germany	2,952	3,037	3,206	3,150
Russia	2,777	2,491	1,601	1,553
India	2,554	2,571	2,773	2,930
UK	2,265	2,476	2,634	2,660
France	1,791	1,796	1,917	1,984
Rest of the world	18,677	19,220	20,483	21,160
<b>World</b>	<b>71,044</b>	<b>74,428</b>	<b>76,829</b>	<b>78,946</b>

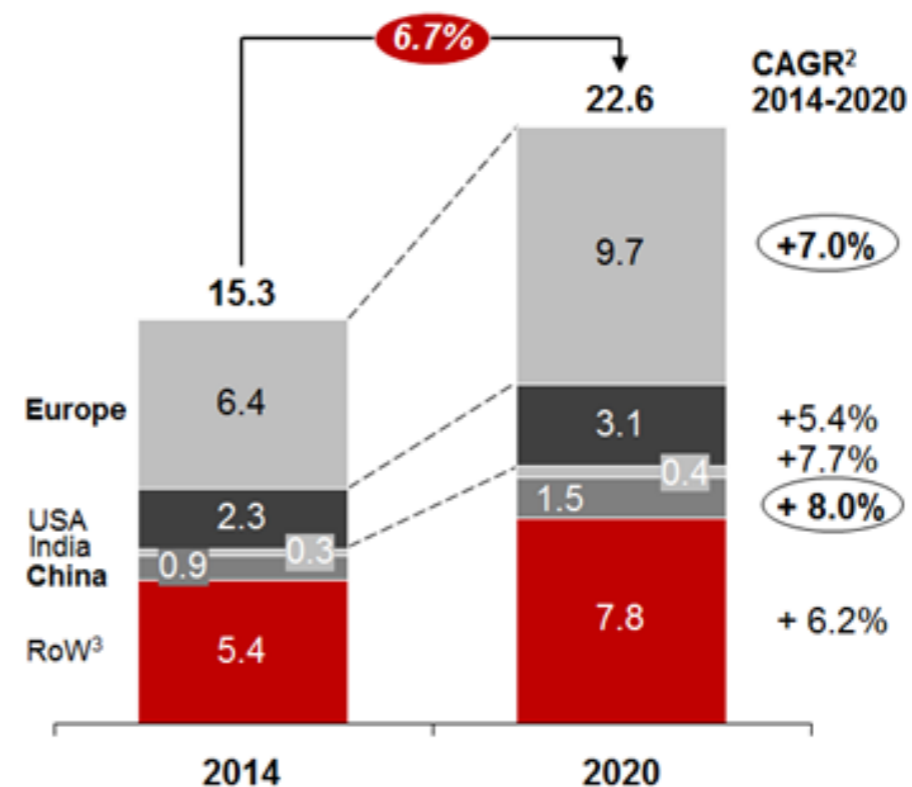
Source: CAR University Duisburg-Essen

## Development of the Engineering Service Market

The rapid technological development of the vehicle and its development process continues to stimulate the market for engineering services. The volume of engineering services externally awarded by the automotive OEMs and their suppliers will also increase beyond 2015. Studies currently anticipate an annual 6.7 percent global growth rate for the period 2014 - 2020. According to a study by A.T. Kearney, this means an increase in market volume from € 15.3 billion in 2014 to an estimated € 22.6 billion in 2020. At 8.0 percent, growth in China is slightly higher than in other countries. In Europe, an increase of 7.0 percent to € 9.7 billion is expected. This means that Europe represents some 42.9 percent of the global market volume.

### Expected global market growth (2014 – 2020)

#### Automotive ESP market – by region (€ bn)<sup>1</sup>



1. Automotive ESP market incl. commercial vehicles, passenger cars and suppliers  
 2. Compound Annual Growth Rate  
 3. RoW: Rest of World  
 Source: A. T. Kearney Market Study, August 2015

## ENGINEERING MARKET DATA

- Global growth rate: 6.7 percent per annum
- For the top 5 engineering service providers, experts anticipate a 9 - 12 percent annual growth rate
- Increase in the number of work contracts awarded
- Market consolidation

According to A. T. Kearney, the top 5 engineering service providers on the market, of which EDAG is one, are expected to grow at an above-average annual rate of 9 to 12 percent. Well above the 6.7 percent forecast for the overall market. On the one hand, reasons for these higher growth rates are expectations that, on account of their strong local presence and in-depth technical expertise, large engineering service providers will be able to profit over-proportionally from the outsourcing trend of the automobile OEMs. Moreover, there is a marked increase in the number of contracts being awarded for engineering services on the basis of work contracts, as a result of changing legal conditions. It is often easier for the large engineering service providers to meet the more stringent organizational requirements connected with this type of contract. Finally, the automobile OEMs are demonstrating an increasing tendency towards awarding contracts for major projects or complete engineering packages. As a rule, it is only the larger engineering service providers that have the complete vehicle competence necessary to handle contracts of this type. As a result, it is anticipated that small service providers in particular will disappear from the market, which will lead to a corresponding consolidation.

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

### Financial Performance

For the financial year 2015, the EDAG Group generated incoming orders amounting to € 731.4 million, which compared to the previous year (2014: € 742.2 million), represents a change of -1.5 percent. The sales revenues and changes in inventories were increased in 2015 by € 32.3 million to € 722.0 million or 4.7 percent compared to the previous year (2014: € 689.7 million). At € 721.8 million, the sales revenues and changes in inventories in the three operative segments (core activities) increased by 13.7 percent compared to the same period in the previous year (€ 634.7 million). In this respect, the previous year's forecast was exceeded, and EDAG's growth rate was greater than the growth rate forecast that expected for the engineering market (6.7 percent).

The order backlog on December 31, 2015 was € 287.3 million (2014: € 310.8 million), which constitutes a solid basis for the coming financial years.

Compared to the previous year, the EBIT decreased by € 27.4 million to € 60.2 million (2014: € 87.6 million) in the reporting year. This means that an EBIT margin of 8.3 percent was

achieved (2014: 12.7 percent). Adjusted for the depreciation, amortization and impairments from the purchase price allocations of the previous financial years and special effects and further restructuring expenses in connection with the fusion of EDAG and Rucker in 2014 that were recorded in the reporting period, the adjusted EBIT figure was € 72.6 million (2014: € 57.9 million), which is equivalent to an adjusted EBIT margin of 10.1 percent (2014: 8.4 percent). Last year's forecast was thus exceeded.

The materials expenses decreased by 13.6 percent to € 100.0 million. The materials expenses ratio of 13.9 percent decreased significantly in the past fiscal year over the previous year (2014: 16.8 percent). The background to this is the sale of material-heavy EDAG Werkzeug + Karosserie GmbH in December 2014.

The EDAG Group's personnel expenses increased by € 29.7 million or 7.1 percent to € 447.0 million compared to the same period in the previous year. This was primarily due to the increase in manpower; as of December 31, 2015, the company had a workforce of 8,139 employees, including apprentices (2014: 7,401 employees). The ratio of personnel expenses in relation to sales revenues and changes in inventories, which stood at 61.9 percent, increased compared with the same period in the previous year (2014: 60.5 percent).

Depreciation, amortization and impairments totaled € 25.6 million (2014: € 25.6 million). The ratio for other expenses in relation to sales revenues and changes in inventories was 15.1 percent and thus slightly above last year's level (2014: 14.8 percent).

In the year just ended, the financial result was € -6.8 million (2014: € -10.7 million), and thus improved by € 3.9 million compared with the same period in the previous year. Important effects were lower interest charges due to a partial repayment of loans from ATON Group Finance GmbH, to higher interest income, and to the results of investments in the amount of € 1.2 million accounted for using the equity method.

### Development of the "Vehicle Engineering" Segment

This division benefited particularly from the good situation in the automotive industry. The trend of OEMs towards awarding larger and more complex work packages to external engineering service providers continues to grow. However, this means that a company must have a certain size in order for these kinds of projects to be implemented. The merger of Rucker and EDAG under a single roof was therefore an important step which permitted an even better position to be achieved in the market in the future. Another trend is the increased implementation of work packages on the premises of external service providers and therefore no longer directly on site at the OEM.

Incoming orders increased in the past financial year with a value of € 462.2 million by 2.7 percent over the previous year (2014: € 450.0 million). The sales revenues and changes in

## DATA ON THE RESULTS OF THE EDAG GROUP

- Incoming orders: € 731.4 million
- Total operating performance: € 722.0 million
- Orders on hand: € 287.3 million

## VEHICLE ENGINEERING DATA

- Total operating performance: € 455.0 million
- EBIT: € 40.3 million

## PRODUCTION SOLUTIONS DATA

Total operating performance:

€ 119.8 million

EBIT: € 15.5 million

## ELECTRIC/ELECTRONIC DATA

Total operating performance:

€ 158.9 million

EBIT: € 9.9 million

inventories were increased by 8.9 percent to € 455.0 million (2014: € 417.6 million). All in all, an EBIT of € 40.3 million was achieved for the Vehicle Engineering segment in 2015 (2014: € 26.0 million). This allowed the EBIT margin to be increased to 8.9 percent (2014: 6.2 percent). Without the effects from the purchase price allocations, this resulted in an adjusted EBIT margin of 10.0 percent (2014: 7.5 percent).

### Development of the "Production Solutions" Segment

In order to better cover the entire spectrum of the value chain when developing new products for the customer, another area of focus is on digitally developing and planning production plants. This core competence is bundled in the "Production Solutions" segment in order to generate cost, quality and time potential for OEMs.

In this segment, incoming orders increased by € 1.2 million over the previous year (2014: € 114.6 million) to € 115.8 million, which represents an increase of 1.0 percent. Sales revenues and changes in inventories increased by 12.6 percent to € 119.8 million (2014: € 106.4 million). Overall, an EBIT of € 15.5 million (2014: € 12.0 million) was generated for the Production Solutions segment in 2015. This allowed the EBIT margin to be increased disproportionately to the sales revenues and changes in inventories, to 13.0 percent (2014: 11.3 percent). Without the effects from the purchase price allocations, this resulted in an adjusted EBIT margin of 13.1 percent (2014: 11.3 percent).

### Development of the "Electrics/Electronics" Segment

Increasingly, key issues in the development of new automotive products are connectivity, driver assistance from driver assistance systems and a growing environmental consciousness that manifests itself in the development of alternative drive technologies. To better position itself in these fields, the BFFT group was integrated into the group. Together with EDAG Engineering GmbH's Electrics/Electronics department, competencies were bundled in this new business unit.

Incoming orders increased by 34.0 percent in the past financial year (2015: € 174.5 million) over the previous year (2014: € 130.2 million). Sales revenues and changes in inventories reached a value of € 158.9 million (2014: € 123.8 million), which represents an increase of 28.4 percent. In the EBIT, the Electrics/Electronics division increased from € 8.2 million in 2014 to € 9.9 million in 2015, which represents an increase of 20.8 percent. Without the effects from the purchase price allocations, this resulted in an adjusted EBIT margin of 7.3 percent (2014: 8.0 percent).

## Cash Flows and Financial Position

Compared to December 31, 2014, the EDAG Group's statement of financial position total decreased by € 9.0 million or 1.9 percent to € 475.5 million. The reduction of current accounts receivable (€ 85.3 million) and other receivables is balanced by an increase in future receivables from construction contracts in the amount of € 42.9 million. Cash and cash-equivalents increased by € 31.2 million to € 70.7 million.

On the equity, liabilities and provisions side, equity increased by € 37.8 million to € 155.2 million as a result of the reorganization<sup>3</sup>, and the quota is now approximately 32.6 percent (31.12.2014: 24.2 percent). This increase is primarily due to the current net income totaling € 36.3 million, a cash contribution in the amount of € 0.9 million, and the increase in the profits and losses recognized directly in equity resulting from the actuarial interest rate for pension provisions in the amount of € 1.9 million. The capital reserves were reduced as a share-based payment was paid in cash.

The future liabilities from construction contracts fell by € 37.3 million, and the income tax liabilities fell by € 8.9 million compared to December 31, 2014. However, this was balanced by an increase in current financial liabilities amounting to € 24.1 million. Essentially, the loan to VKE Versorgungskasse EDAG-Firmengruppe e.V. was increased here.

A positive operating cash flow of € 27.6 million was achieved in the reporting year (2014: € 56.7 million). Significant for the reduction in operating cash flow compared to the previous year were a considerable increase in working capital, which had a diminishing effect on the operating cash flow.

At € 30.3 million, the gross investments in the reporting year were some € 5.1 million up on the previous year. Deposits from disposals of tangible fixed assets totaling € 44.8 million resulted from the receipt of payments for buildings sold in the previous year.

On the reporting date unused lines of credit in the amount of € 43.4 million exist in the Group. The Executive Board regards the overall economic situation of the EDAG Group as good. With an equity ratio of 32.6 percent, the company has a sound financial basis, and was able to fulfill its payment obligations at all times throughout the reporting year.

## DATA ON THE FINANCIAL POSITION OF THE EDAG GROUP

Statement of financial position total:

€ 476.5 million

Equity: € 155.2 million

Equity ratio: 30.0 percent

<sup>3</sup> Also see chapter: 11.2  
Legal Reorganization

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

### Financial Performance

The abridged financial year of the EDAG Group AG ran from November 2, 2015 to December 31, 2015. According to the company's statutes, the company's objective is the holding and administration of domestic and foreign investments. The company performs no operative business activities, and thus generates no sales revenues from operative business (holding privilege).

The salaries of the Executive Board, Board of Directors and administrative employees, which total **€ 1.6 million**, are listed under the personnel expenses of EDAG Group AG. Also included here are one-off personnel expenses (IPO<sup>4</sup> special bonus payments) in the amount of € 1.5 million for the members of the Executive Board of EDAG Engineering GmbH, Wiesbaden, which was initially paid by the same.

The other operating expenses in the amount of € 0.3 million refer primarily to expenses for consulting and auditing. Expenses for German land transfer tax in the amount of € 0.5 million are included in the direct taxes.

An annual loss of € 2.5 million was realized in the reporting year.

### Cash Flows and Financial Position

The statement of financial position total of EDAG Group AG amounts to € 475.5 million. On the assets side, the key asset is the investment in EDAG Engineering Schweiz Sub-Holding AG (€ 474.7 million).

With the establishment of the price on December 1, 2015, ATON GmbH, by way of the non-cash contribution, placed all shares of EDAG Engineering Schweiz Sub-Holding AG in the capital reserves of the company, although no new shares were issued. EDAG Engineering Schweiz Sub-Holding AG indirectly holds all the shares in EDAG Engineering GmbH, Wiesbaden, through EDAG Engineering Holding GmbH, a German intermediate holding company based in Munich. In principle, this company, with its subsidiaries, manages the entire operative business of the corporate group.

On the equity, liabilities and provisions side, the capital reserves in the amount of € 474.6 million is the most important item. On December 1, 2015, these capital reserves were generated by the inclusion of EDAG Engineering Schweiz Sub-Holding AG, Arbon, by way of

the non-cash contribution by the previous shareholder ATON GmbH, Munich.

In the reporting year, a negative operating cash flow of € 155 thousand was achieved. The negative annual profit or loss was almost completely compensated for by the non-cash increase of other liabilities and provisions.

At € 61 thousand, gross investments in the investing cash flow of the reporting year were in the moderate range. The investments essentially relate to site development.

From finance activities, we had a cash flow of € 920 thousand, which resulted from the payment of the share capital.

The Executive Board regards the overall economic situation of EDAG Group AG as good. At 99.5 percent, the equity ratio stands at a very high level, and the company was able to fulfill its payment obligations at all times throughout the reporting year.

## 2.4 HR Management and HR Development

The success of the EDAG Group as a leading engineering service provider 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 characterised by the by the special attitude and mentality of its employees. For more than 45 years, EDAG has always ensured that both young and experienced employees are offered 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.

### Number of Employees in the EDAG Group

The EDAG Group continued its growth strategy in the reporting year, expanding the workforce by more than 738 employees. On December 31, 2015, the EDAG Group employed a worldwide workforce of 8,139, including 525 trainees and work-study students.

At the end of the year, 6,291 employees were employed in Germany. 1,848 people were employed at our non-domestic companies.

### Age Structure and Continuous Employment

Our mix of experienced and young employees is an integral part of the EDAG Group's strategy for success. With an average age of 37 years, the EDAG Group has a young, dynamic and at the same time technically adept team at its disposal. 30 percent of the workforce is younger than 30 years old, and have been working for the EDAG Group for an average of

<sup>4</sup>Initial Public Offering

### DATA ON THE PERSONNEL STRUCTURE OF THE EDAG GROUP

Employees, worldwide: 8,139

Apprentices/dual system students: 525

Average age: 37 years

Average length of service: 6 years

## INVESTMENT IN TRAINING

*The sum of more than € 3 million was invested in vocational training and qualification courses.*

## APPRENTICE/TRAINEE QUOTA

*Our apprentice/trainee quota of 8.0 percent in Germany is an excellent value compared with other companies in this sector.*

<sup>5</sup> *Mathematics, computer science, natural sciences and technology*

2.5 years. The average 6 years of continuous employment across the entire workforce is an indication of high employee satisfaction and identification with the company.

### Personnel Development and Vocational Training

For the EDAG Group, as a future-oriented technology company, the consistent encouragement of both professional and personal development are key factors in the company's success. This is why the company strongly supports initial vocational training and staff training.

By continuing to develop EDAG's training concept and increasing the number of technical training courses, the effort invested in this area of personnel development were continued at a high level in the reporting year. The focus was primarily on technical training courses, which were carried out by both external and in-house trainers. As a result, the available company know-how of our employees is put to optimum use and further developed in a targeted manner. Furthermore, in 2015 too, the company also offered selected target groups extensive development measures to increase communication, leadership and project management skills, and a new training management system was introduced. All in all, the EDAG Group invested more than € 3 million in training and qualification measures in the reporting year. In the current fiscal year, the EDAG Group will increasingly concentrate on implementing new learning media and technologies to support the comprehensive training program for EDAG employees.

### Training

Initial vocational training is an indicator of success for the future development of the EDAG Group. For over 40 years, the EDAG Group has demonstrated its responsibility in this area and in 2015 had a trainee quota of 8.0 percent in Germany (2014: 9.2 percent) and 6.5 percent worldwide (2014: 7.3 percent), excellent values for the industry. Quality and continuity still represent the decisive core values of EDAG's training policy.

In the reporting year, the EDAG Group continued its commitment to occupational training unchanged, and hired 126 (2014: 135) young people as apprentices or work-study students. In 2015, school leavers were able to choose from over 20 occupations requiring formal vocational training and over 35 dual study programs, to find their personal, professional entry into the world of engineering.

A point of particular note is the company's commitment to encouraging girls to consider "MINT<sup>5</sup>"-based professions (mathematics, IT, natural science, technology). This also includes Girls' Day events at various EDAG Group locations. Nationwide, this day is an integral part of the vocational training activities to showcase at an early stage the work areas in vehicle

and production plant engineering for girls.

In 2015, the company also held a so-called MINT Girls Camp at its Fulda site for the fourth time in a row. In cooperation with various educational institutions, the focus was on familiarising young girls with the various professions in the fields of mathematics, computer science, natural sciences and technology (in German: MINT) as part of a project week. Together with trainers and trainees from the fields of electrics/electronics, model making, production and development, they spent a week designing a model car - the so-called "EDAG MINT Car" - and thus were able to experience the various phases of the vehicle development process in an interactive, condensed format.

### Awards

Our trainees and work-study students achieve good to very good results, the outcome of a training system that is geared from the start to the needs and abilities of our young talent. It was particularly gratifying that the EDAG Group was able to produce the Hessian and Bavarian regional champions in the "technical product designer" apprenticeship program and the Hessian champion in the "vehicle body and structure mechanic" program during the reporting period. A further apprentice from EDAG's Ingolstadt branch was also awarded the Bavarian State Prize for her outstanding exam results in the "Technical Product Designer" apprenticeship program.

Awards presented in 2015 are confirmation of the fact that the EDAG Group is an attractive and competitive employer.

With the renewed distinction as "Top Employer 2015," the EDAG group was able to document its appeal to the public.

The EDAG Group received the "Hessen Champion 2015" award in the category "Job Motor" at an event held by the Federation of Hessian Employers Associations.

### Recruiting Measures

In 2015, the EDAG Group offered career entrants and people with work experience a wide variety of jobs and career opportunities.

Systematic graduate recruiting, increased attendance at job fairs, visits to colleges and recruiting days enabled us to address as large a target group of potential applicants as possible. In addition, the EDAG Group continued to systematically increase its presence in social networks in 2015.

With a new media campaign initiated during the reporting year, EDAG intensified its efforts to recruit women for technical and managerial positions.

### EDAG IS A TOP EMPLOYER

*EDAG was presented with the "Top Automotive Employer" award for outstanding human resource management.*

*In addition, EDAG also received the coveted "Hessen Champion 2015" award in the "Job Motor" category.*

The EDAG Group held its "Integration Excellence Award" competition for the fourth time in 2015. The competition is aimed at all national Formula Student college teams. Formula Student is a renowned and internationally orientated design competition for students, where each team plans, designs and builds its own racing car, and also participates in racing events. The teams that best succeeded in integrating their innovations or exceptional technical solutions in a Formula Student car received their awards.

The competition provides the EDAG Group with direct contact to dedicated students and opens up new and valuable networks for recruiting future top performers.

Further activities in the reporting year focused on expanding the recruiting organisation and restructuring the recruiting process. The local recruiting teams were reinforced, and processes updated to increase the efficiency of the overall recruiting process.

### **Principles of the Compensation System for the Executive Board and Board of Directors**

The compensation report of EDAG Group AG explains the principles of the company's compensation policy, and provides information on the procedure for establishing compensation and compensation actually paid to the Board of Directors and the Executive Board. It satisfies the requirements of articles 14 to 16 of the Swiss regulation to counter excessive compensation in listed companies (VergüV) of November 20, 2013, the SIX Swiss Exchange's directive regarding information on corporate governance, the principles of the Swiss Code of Best Practice of Economiesuisse, which came into force on June 30, 2015, and is based on the articles of incorporation of EDAG Group AG.

The compensation report is a constituent part of the annual report, and is published on the following web site: [http://ir.edag.com/edag/pdf/2015\\_Consol.\\_Financial\\_Statements\\_DE.pdf](http://ir.edag.com/edag/pdf/2015_Consol._Financial_Statements_DE.pdf).

### **Outlook**

In the current financial year, 2016, human resource activities will continue to focus on supporting company targets by continually and organically increasing the work force, improving personnel processes and outstanding commitment at home and abroad.

## **2.5 Non-financial Performance Indicators**

The EDAG Group continuously reviews the working environment of its employees and develops it further. Besides a fair market salary structure, another focus is on promoting non-monetary components, for example in the fields of continuing education and training, individual career planning, flexible working time models and health management.

### **Responsibility for our Employees**

Competent, motivated employees are the basis for the business capacity and competitiveness of the EDAG Group.

Our strong commitment to training as well as a large number of technical and methodological training courses contribute to the Group's sustainability.

As a global growth-oriented company with international teams, we also attach particular importance to unprejudiced relations between people of all nationalities, regardless of gender, age, religion or any other characteristics protected by law.

### **"Work-Life Balance" and "Health Management" Programs**

Family-friendly businesses have become a relevant decision factor for qualified job applicants.

A number of years ago, the EDAG Group launched its "Family & Work" program, which offers a wide range of part-time working models and working time accounts to improve the work-life balance. With this program, the EDAG Group already goes some way towards meeting applicants' needs for greater family friendliness.

With its "Health Management" program, the EDAG Group attaches particular importance to the promotion and preservation of the health of its employees. The program covers a number of themes including sport and exercise, nutritional advice and relaxation activities, as well as a variety of courses and lectures on the subject of health.

### **ATTRACTIVE WORK ENVIRONMENT AT EDAG**

*Balancing family and work:  
For instance part-time working models*

*Health management:  
Sport and exercise,  
nutritional advice, health courses*



## 3 Subsequent Events

No important events took place after the reporting period.

## 4 Forecast, Risk and Reward Report

### 4.1 Risk and Reward Report

#### Risk Policy

EDAG Group AG is a globally positioned and internationally operating company. Any form of entrepreneurial activity opens up not only new business opportunities, but also numerous risks. The Executive Board's risk policy is aimed at securing the existence of the company, and at increasing the long-term value of the company. It is therefore particularly important that opportunities should be taken and put to optimum use. Risks must be spotted and evaluated at an early date and responsibly borne and actively managed, to bring about an enhancement in value. Risks that might jeopardise the existence of the company must be avoided.

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

We see opportunities as the possibility to secure or exceed planned targets as a result of events, developments or activities.

Our leading market position and profound know-how enable us to identify opportunities and risks at an early stage and realistically assess them.

#### Risk Management and Internal Control System

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

#### Internal Control System

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

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

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

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

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

#### CONTROL SYSTEM IN PROJECT BUSINESS

*Project steering committees and acceptance processes ensure that the opportunity/risk profile of tenders is critically reviewed.*

### Risk Management System

The risk management system includes organizational rules and measures for risk detection and how to manage entrepreneurial risks. As risk management is anchored in operative and strategic controlling, it is possible for this system to be integrated in the planning and reporting processes. Foresighted risk management also serves the interests of investors and other stakeholders.

Procedural guidelines and directives guarantee the uniform implementation of the risk management process. All operating units and key central departments of EDAG Group and all company employees in all company divisions and at all hierarchical levels are integrated in this process.

The first stage of the risk management process involves identifying risks, with the aim of recording and keeping an inventory of the serious risks to and areas of risk in the company. Existing risks are regularly assessed regarding the amount of loss and probability of occurrence, for each division/subsidiary. The aim of the assessment is to identify the relative risk potential. The expert knowledge that is locally available forms the basis of the assessment. Any risks detected are assessed to determine how likely they are to occur, and the expected extent of loss.

A distinction is made between gross risk (without taking into account measures to reduce and control the risk) and net risk (taking into account measures to reduce and control the risk). When assessing the risk, the net loss with the associated expected probability of occurrence must be indicated as a percentage.

The following categories exist for the probabilities of occurrence:

- low: probability of occurrence < 25%
- medium:  $25\% \leq$  probability of occurrence < 50%
- high:  $50\% \leq$  probability of occurrence < 75%
- very high:  $75\% \leq$  probability of occurrence < 100%

For existing risks, it was decided that these are to be reported if the determined loss expectancy leads to a result deviation (in relation to EBIT p.a.) exceeding € 500 thousand. For existing opportunities, the reporting threshold lies at an opportunity expectation value of € 1 million.

The EDAG Group's opportunity/risk profile incorporates various risk categories in which individual risks are grouped.

Aggregated for the Group, the risks are classified into A, B or C risks:

- A category A risk corresponds to an expected loss of > € 2.50 million
- A category B risk corresponds to an expected loss of > € 1.25 million
- A category C risk corresponds to an expected loss of < € 1.25 million

Any risks and opportunities identified in this way are updated on a monthly basis, and submitted to the executive board in the form of a risk report. This enables us to ensure that we always have an up-to-date idea of the company's risk situation. New risks that occur ad hoc and are deemed sufficiently important are reported to the executive board immediately.

The EDAG Group AG's risk management system thus covers all opportunities and risks which might have a seriously adverse effect on the group's financial performance.

In the following, we will explain the risks and rewards to which EDAG Group AG is exposed on account of its wide and international range of services.

### Risk and Reward Profile

#### Macroeconomic Risks and Rewards

According to the IMF, the economy in the eurozone is gradually gaining momentum, and is expected to expand by 1.7 percent in the next two years.

IMF forecasts predict that there will be a moderate increase in global production from 3.1 percent in 2015 to 3.4 percent in 2016 and 3.6 percent in 2017.

For the United States, a 2.6 percent rise in production is expected in the next two years, following a 2.5 percent increase in 2015.

The emerging markets will only slowly regain pace. Far-reaching structural problems and the drop in raw material prices prevent a rapid recovery.

Initiatives to boost economic growth should ensure that the Chinese economy is able to gather some momentum to begin with, but in the long term, the tendency towards reduced growth rates is likely to continue.

The global economy will remain susceptible to imbalances. Risks here arise in particular from the financial markets, as the divergences in monetary policy in the major currency areas could lead to turbulence. Should negative economic developments arise as a result, these could have a negative effect on global trade; and as this would also affect the automotive

#### MACROECONOMIC FORECAST FOR 2016

*Global economic growth: 3.4 percent*

*Eurozone growth: 1.7 percent*

## OUTLOOK FOR THE SECTOR

*Among other reasons, the continuing trend towards more technology in the car leads to a positive estimate of EDAG's business development.*

industry, there is also a possibility of the occurrence of risks to the EDAG Group. (Source: Kiel Business Cycle Forecast No.13 (2015|Q4)).

We estimate the macroeconomic risks and rewards for our business as largely unchanged compared to the previous year.

This risk is classified as a category B risk with a low probability of occurrence.

### Industry Risks and Rewards

2015 brought with it a number of key issues for the automotive industry: above all, the discussion about measuring emission values of passenger cars, but also China's weakness and decisive questions as to what the future will bring.

The automotive industry is taking a keen interest in exhaust emission testing for passenger cars, a question that has been under discussion since the third quarter of 2015. As cost-cutting programs have already been announced, we see a risk for our company here, and will therefore be closely observing the way in which this discussion develops. Closely connected with this subject, however, we do also see that it might lead to new opportunities, in particular through the establishment of new business relations. At the present time, we cannot with any certainty say what the outcome of this debate will be.

Our dependence on just a few OEMs could lead to risks for our business model. Particularly if an important customer should cancel orders or postpone these until some future date. Also, we cannot rule out the possibility that manufacturers might decide to handle some of their design engineering themselves. The result would be a decrease in business volume, which might have a negative effect on our financial position and financial performance. As a countermeasure, we are constantly working on the expansion of both our customer base and our range of services. Another way in which we hope to counter this risk long-term is to expand our global presence.

The trends towards more technology in the car (electric mobility, CO2 emissions, interconnectivity, safety and comfort) continue to be of considerable importance for the German market. In the long term, we anticipate positive effects for the automobile industry. This assessment is also borne out by increasing model diversity and shorter model cycles. Connected with this is an increase in the outsourcing activities of our customers, which we continue to observe. In addition, it is not possible, from today's point of view, to conclusively assess the legal adjustments/changes with regard to personnel leasing and the drafting of work contracts. Upon careful consideration, we estimate that all risks and rewards are category C risks with a low probability of occurrence.

### Opportunities and risks from operative business

Risks to the EDAG Group could arise as a result of the postponement of projects or even the complete discontinuation of development contracts. As a rule, and depending on the order situation, it is not always possible to fully compensate for the fluctuations in capacity this might bring. We are attempting to level off temporary volatile periods of capacity utilization by means of projects with longer running times, by reducing external capacity, with flexible working time accounts and flexible deployment opportunities for our employees. For the future, we expect the manufacturers to increase in the variety of models available and reduce model cycles, and estimate that the risk will be slightly lower than last year.

Project work, by its very nature, entails opportunities and risks. Major projects are usually highly complex and are often carried out in several countries simultaneously. Sometimes, details of services are not discussed until a total price has been finalised. Occasionally, work volumes are not clearly formulated, leading to extra work. Unforeseen developments in a project can lead to deadlines and costs being exceeded, as well as to quality defects, which burden the company's financial performance, cash flows and financial position. Through continuous project management, regular project evaluations and detailed reporting within the context of project steering committees, the EDAG Group is not only in a position to identify these kinds of risks at an early stage and counteract them, but also can take advantage of any opportunities that may arise.

The increasing complexity of the IT system landscape presents EDAG with a variety of challenges. The risk is that strictly confidential information, particularly with regard to new technological findings or partnerships in the field of research and development, might be leaked to our competitors. This could have an adverse effect on our good market position.

In order to guarantee a disruption and error-free workflow, we attach particularly great importance to the availability of the IT resources and services. For the most part, our IT structures are standardised. We have implemented a series of safety standards to protect confidential information, and these are regularly checked by various committees (e.g. internal auditing), to ensure that they are effective. Applicable safety guidelines undergo continual updating and are therefore regularly adapted to the latest technical changes.

Also of central importance to the company are the rewards and risks arising from changes in demand on the market. Market conditions in Europe remain highly competitive, and the pressure of our customers to purchase external services at low prices can be felt. This means that the EDAG Group still faces considerable price pressure. To this are added aspirations to transfer customer projects to countries with lower wage levels.

### OPERATIVE CHANCES AND RISKS

*To counteract the risk of temporary volatile capacity utilization, longer-running projects are being introduced, external capacities reduced, flexible working time accounts used, and the transition is being made to more flexible deployment opportunities for employees.*

*The continuing trend towards greater model diversity followed by all manufacturers can be seen as a chance.*

Besides further expanding own internal, best-cost resources, our lean organizational structure and efficient cost management, the EDAG Group's medium-term aim is to gain entry into new projects and markets geared even more strongly towards technology and engineering. In our estimation, there is a growing need for know-how here, and this will be reflected in continuing price increases.

The integration of the Rucker Group was successfully completed in the past financial year. Due to the merger, we now enjoy the position of being one of the leading engineering service providers. Above all, we see opportunities for our customers, who in the future will profit from our stronger market position and significantly greater range of services.

We assume that, in the future, we will continue to be successfully positioned on the market, to continually extend our range of services, and so continue to be a competent partner working alongside our customers.

In the financial year just ended, we had begun to realize synergies from the different work processes of the two companies. We intend to put the resulting advantages to extensive use for the EDAG Group, both on the market, and also in terms of costs. We assume that this process will be brought to a successful conclusion in the coming year.

Taking into account the arrangements that have been made, we rate the risks from the operating divisions as category A risks with a medium probability of occurrence.

#### Personnel Risks and Rewards

The success of EDAG Group AG depends to a significant extent on committed and well qualified employees. Inadequately or unsuitably qualified staff or fluctuations in know-how carriers can put project work at serious risk.

We counter these risks by positioning ourselves as an attractive employer worldwide and creating long-term ties between the company and our employees. A wide range of measures such as the continuous expansion of our recruiting activities, the ongoing training and education of our staff, the promotion of skilled young people and a wide range of apprenticeships guarantee the availability of the know-how we will need for the future.

During the past financial year, EDAG Group again received the German "Top Automotive Employer 2015" award. Awards like these confirm the effectiveness of all the measures we undertake in this area.

We rate the nature of the individual personnel risks as a category A risk with a medium probability of occurrence.

#### PERSONNEL RISKS

*Risks in conjunction with the fluctuation of know-how carriers are countered by measures to establish our position as an attractive employer.*

#### Financial Risks

In the course of our business activities, we are subject to financial risks. These include default risks for customer receivables, liquidity risks, as well as changes in exchange rates and interest rates. Identified potential risks are controlled by defined guidelines and suitable security measures within the Group.

Accounts receivable are generally settled by customers according to previously agreed terms of payment. To minimize the risk of non-payment, creditworthiness is checked, especially when dealing with new customers. Individual, overdue receivables are taken into account by valuation allowances in the statement of financial position according to defined rules. The risk of individual bad debts remained unchanged compared to the previous year.

The company is primarily financed by related companies and lines of credit with house bank and bond insurers. However, due to the good financial performance and targeted accounting measures, the EDAG Group was able to reduce funding levels in 2015. We currently see no risks in this regard.

The risk from currency fluctuations for foreign currency receivables and/or planned cash flows is partially secured by forward currency contracts. However, this is not of primary importance for the company's financial performance, cash flows and financial position. The same applies to the interest rate risk. Risks posed by changes in interest rates and fluctuations in exchange rates at the reporting date are secured by derivative financial instruments which are used exclusively for hedging and not for speculative purposes.

The company's financial situation is still sound due to a solid liquidity forecast and the available but little used lines of credit. It is monitored regularly and currently harbors no significant risks. Group liquidity was guaranteed at all times in the reporting year. We therefore assess this risk as a category C risk with a low probability of occurrence.

#### Legal Risks

As an internationally active company, EDAG Group AG is subject to the risk of possibly being involved in legal disputes in the future. In particular, these include risks from the areas of product liability, competition and anti-trust law, industrial property rights or patent law.

Company-wide standards – such as general terms and conditions of business, standard contracts for various applications or implementing regulations in the form of organizational

#### FINANCIAL RISKS

*The good results etc. achieved in 2015 enabled overall funding levels to be reduced.*

## LEGAL AND TAX RISKS

*There are no legal or tax risks in existence during the reporting period that might prove disadvantageous to the EDAG Group.*

guidelines – are continually updated and reduce the possibility of new legal risks to the EDAG Group. For processes that are not covered by the standards developed for day-to-day business, such as project acceptances or the conclusion of contracts, we regularly call upon the Group's legal department, or even external specialist lawyers, for advice.

The fact that freelancers performing in EDAG-projects could be regarded as employees due to their respective operational activity could constitute a risk for us. To minimize this risk, we initiated several measures, such as maintaining neutral vendor services or establishing proper organizational frameworks on-site.

Since the initial listing of the EDAG Group AG shares on the Frankfurt am Main Stock Exchange (Prime Standard), the regulatory requirements for the EDAG Group and our employees have increased. This means that there is now a risk that, if important information relating to the company is missing, incorrect or not directly and equally accessible to all investors, the investors could make liability claims against the company itself or against the executive bodies. Such behavior can also result in fines for or criminal proceedings against individuals or the company. To avoid risks due to the listing of EDAG Group AG on the stock exchange, the employees and executive bodies of the EDAG Group were provided with comprehensive information concerning their responsibilities. In addition, departments that might be affected also consult with the legal department, which in turn consults with external specialist lawyers at home and abroad, to guarantee compliance with the relevant rules and regulations. The initial listing itself harbors the risk that incorrect details in the prospectus could lead to investors being entitled to sue for compensation. The possibility of any such risk was countered by involving experienced transaction lawyers and renowned, experienced banks in the process. Furthermore, appropriate insurance is in place to cover any remaining risks.

At the present point in time we do not anticipate any significant negative effects on the assets, financial position and financial performance from the risks classified here. Existing legal risks were already taken into account in the statement of financial position in previous years. Currently, no further legal risks that may be disadvantageous to the EDAG Group are identifiable. This risk has therefore been assigned a class C status with a low probability of occurrence.

## Tax Risks

As an internationally active company, EDAG Group AG is subject to the relevant country-specific tax laws and regulations. Any changes in these can lead to greater tax expense and to higher tax payments. We are also active in countries with complex tax regulations that can be interpreted in a number of different ways. Future interpretations and/or developments of the tax system could affect tax liabilities, profitability and business activities. Any resulting need for action is counteracted by internal regulations. Any resulting measures are coordinated and implemented between the "Group Accounting & Taxes" department and the companies concerned. Aggregated over the Group, this risk is assigned to category B status. Given the numerous preventive regulations, the probability of occurrence is considered to be low.

There are no new tax risks in the EDAG Group that represent a substantial influence on the financial performance, cash flows and financial position for the reporting period.

## Compliance-relevant Risks

The objective of the EDAG compliance management system is to avoid any damage being caused to the company or any of its employees as a result of infringements of applicable law and in-house guidelines. Our approach here is preventive, with our compliance organisation offering employees advice and support with regard to their responsibilities, so as to avoid the occurrence of any such infringement.

For a compliance management system to be effective, it is essential that the attention of the company's employees should be drawn to the subject of compliance, and an awareness of critical issues in the daily working environment be developed. This sensitivity for compliance can be brought about by providing staff training, as a central element of the implementation and successful application of compliance systems. In the 2015 financial year, a training concept was developed which includes the company-wide use of a web-based compliance training session. This compliance training was implemented in the form of an action that was obligatory for all EDAG employees.

As there were no compliance-relevant risks in 2015, we have assigned these risks to category C, with a low probability of occurrence.

## Risks regarding the Use of Financial Instruments

The key financial liabilities used by the company include financial liabilities, accounts payable and other liabilities. The main purpose of these financial liabilities is to finance the business

## COMPLIANCE SYSTEMS

*During the 2015 financial year, an extensive training concept was developed to raise the awareness of company employees for the subject of compliance.*

## CURRENCY RISKS

*Due to a number of different hedging activities, EDAG was not exposed to any significant currency risks in the operating divisions on the reporting date.*

activities of the company. The company has accounts receivable and other receivables as well as cash and short-term deposits that result directly from its operations.

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

Due to the fact that the Group is primarily financed through fixed interest loans from a major shareholder or one of its subsidiaries and/or related companies as well as the VKE Versorgungskasse EDAG-Firmengruppe e.V., we are of the opinion that any risk posed by fluctuations of market interest rates is not significant. Financial risks would therefore only result if credit lines were not extended.

Regarding leasing liabilities, the respective asset counts as security. The maturity of the financial liabilities is depicted in the notes. The Executive Board analyzes the term of certain financial instruments and ensures their timely prolongation as far as these resources are still needed.

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

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

## Other Rewards and Risks

By law, the company is liable for any damage suffered by the customer as a result of deficient or delayed performance. In an extreme case, such as in a widespread recall by a car manufacturer due to a defective EDAG design or service, this could threaten the existence of the company. In international projects, the applicable legal standards are often the ones valid in the foreign country where the customer's company is based - and are largely unknown in Germany. Our risks are further increased by contractual warranty risks resulting from the disposal of companies and by liability limitations specific to certain customers, which cannot always be fully passed on to subcontractors. The EDAG Group counteracts these risks by ensuring the high quality of our services, by employing attorneys with international experience and - to complement these measures - by taking out liability insurance.

According to our assessment, these risks are assigned to category C, associated with a low probability of occurrence.

## Overall Assessment

All material risks and opportunities were identified and assessed on the basis of our risk management system. The company has created organizational conditions that ensure that any emerging changes in the risk situation come to our attention at an early date, enabling us to react appropriately. No individual or aggregate risks that might jeopardise the financial position, financial performance and cash flow, and therefore the existence of the company, can currently be identified.

The system of risk categorisation implemented by EDAG continues to indicate that the most significant exposure currently relates operative risks and personnel risks (in terms of expected loss value), to which we are responding with the countermeasures described.

Considering the measures taken and our position on the market, we are confident of our ability to contain the existing risks and deal successfully with the resulting challenges.

## APPRAISAL

*Considering the measures taken and our position on the market, we are confident of our ability to contain the existing risks and deal successfully with the resulting challenges.*

## OBJECTIVE OF GROUP ACCOUNTING PROCESS

*The internal control and risk management system ensures that all business matters are properly recorded, processed and evaluated and adopted in the external accounting procedures.*

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

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

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

The internal control and risk management system for the accounting process, the main features of which have been described above, ensures that all business matters are properly recorded, processed and evaluated and adopted in the external accounting procedures. The clear organizational, corporate, control and monitoring structure, as well as the adequate

composition of the accounting department in terms of personnel and material, represent the basis for efficiency in those departments involved in accounting. Clear legal and corporate rules and policies ensure uniform and proper accounting. Risk identification by the risk management system ensures proper accounting. The internal control and risk management system at EDAG Group AG ensures that accounting at the company and all companies included in the consolidated financial statements are uniform and in accordance with the legal and statutory requirements and internal guidelines. In particular, the group-wide risk management system, which fulfills the statutory requirements, has the task of identifying risks in good time, assessing these and communicating these in an appropriate manner. As a result, the recipients of the report are informed in good time.

## 4.2 Forecast

The general economic conditions for 2016 remain sound. Following a 3.1 percent increase in global economic activity in 2015, the IMF's current forecast for 2016 predicts growth rates of 3.4 percent for 2016 and 3.6 percent for 2017, indicating that a further increase in momentum is anticipated. Risks arise from the geopolitical developments in the centers of conflict in the Near and Middle East and the Ukraine in particular. In addition, there is still a risk of the continuing tension on the financial markets and the divergences in monetary policy in the advanced economies spilling over into the real economy. There are also concerns over the current drop in the price of oil. Although this stimulates private consumption, it does nevertheless have a negative effect on the oil exporting countries, and is causing a decline in investment activities in the raw materials sector.

The 2016 forecast for the automobile industry is also positive. In its current forecast for global sales of passenger cars, the CAR Center Automotive Research at the University of Duisburg-Essen anticipates a further increase of 2.7 percent in 2016, following a growth rate of 3.2 percent in 2015. After sales of commercial vehicles fell by 7 percent in 2015, primarily due to substantial reductions in Brazil and Russia, the Association of the German Automotive Industry (VDA) expects a rise of 2 percent for 2016. Although the market for engineering services is only indirectly dependent on the sales figures in the the automotive industry, this positive outlook does however mean that we do not anticipate any significant changes in research and development expenditures or in the general contract awarding activities of our customers.

### MACROECONOMIC FORECAST FOR 2016

*Global economic growth 3.4 percent*

*Increase in global sales of passenger cars: 2.7 percent*

## ENGINEERING SERVICE MARKET FORECAST FOR 2016

*Annual global increase: 6.1 percent*

*Above-average growth in the fields of  
powertrain, E/E*

*Positive assessment of the effects of current  
trends on the engineering service market*

We are expecting the following global trends to have a far greater impact on our business:

- The worldwide reduction of CO<sub>2</sub> emissions will drive the technology forward in all vehicle modules (drive system, body-in-white, E/E, etc.).
- The vision of accident-free driving stimulates vehicle networking while generating new vehicle functions (e.g. piloted driving).
- Customer demand for connectivity in the vehicle will bring new business models and players in the market.
- The demand for urban mobility will lead to new vehicle concepts and new mobility providers.
- New manufacturing processes and cost pressures require new international standardized production concepts.
- Individualization is on the rise worldwide: the number of model versions is increasing.

What is more, the market for engineering services in particular will change in the future on account of the following points:

- The consolidation of the engineering service providers that has been evident since 2010 will continue.
- The outsourcing trend will become more pronounced, particularly among the German OEMs.
- Possible forthcoming changes in personnel leasing legislation and the drafting of work contracts.

These trends have already led to the expansion of outsourcing of engineering services in recent years. According to a study by A.T. Kearney, for instance, the global engineering service market grew from € 12.1 billion in 2010 to € 15.3 billion in 2014, which is equivalent to an annual increase of 6.1 percent. For 2020, A.T. Kearney experts anticipate a market volume of € 22.6 billion, or an average annual growth rate of 6.7 percent, with over-proportional increases in the Powertrain and Electrics/Electronics fields; the study anticipates annual growth rates of 9.6 percent and 9.3 percent respectively. With a market volume of € 6.4 billion in 2014, Europe is the largest regional market for engineering services (42 percent). On the strength of the identified trends, our overall estimate is that their impact on the engineering services market will be positive. In order to be able to operate successfully and achieve profitable growth rates in this industrial and competitive environment, EDAG is well positioned in the following key factors:

### • Innovations

With innovative ideas and high technological know-how, we are as a solution-oriented and competent partner for our customers.

### • Critical Mass

Due to the merger with Rucker and the inclusion of BFFT, EDAG is now one of the top 5 independent engineering service providers (source: A.T. Kearney). This places us in a position where we have the flexibility and qualifications to meet our customers' requirements in increasingly large and complex projects with more and more engineering responsibility.

### • Long-term customer relations

### • Broad, international service portfolio

By making targeted investments in our performance and technology spectrum, we have further strengthened our international market position for fully integrated vehicle development and large module packages. We have already succeeded in fulfilling our customers' requirements for global, low cost projects incorporating "German engineering" by ensuring the flexible and mobile application of our expertise, by utilizing own internal, best-cost resources, and by performing the work under the direction of an international project management team.

### • HR Management

Qualified and committed employees are essential factors of the success on which we focus. By offering specific continuing training measures and above-average occupational training, the EDAG Group will continue to meet the high customer requirements in the future. This applies equally to both experienced and young professionals. To meet the increased demands of the labor market and be perceived as an attractive employer, we have further professionalized our recruiting system. It is important for us to integrate new employees quickly into the EDAG family and to show them attractive opportunities for development.

The influencing factors presented can represent not just opportunities, but also risks for EDAG's future business. Assuming favorable economic conditions – that the economy will continue to grow, manufacturers will maintain or expand their research and development expenditures at a high level and continue to outsource development services, and that qualified personnel are available – the EDAG Group expects to continue its positive business development. At the beginning of 2016, demands for engineering services were still only



moderate. However, on account of our good market position, we consider the market conditions for the engineering service market for 2016 as a whole to be positive, and anticipate a 7 to 10 percent increase in sales for the current year. Due to the restrained way in which the year started, we are below the 9 to 12 percent annual growth rate forecast for the top 5 engineering service providers. With regard to the adjusted EBIT, we anticipate a moderate increase compared to the value for the previous year. This growth and increase in earnings are expected across all segments. Because of the sustained growth, we expect investments to be above the level of previous years. Due to the continuing good financial performance, we also expect a positive development of our financial situation in the future.

## 5 Other Information

### 5.1 Declaration on Corporate Management

The Executive Board and Board of Directors of EDAG Group AG submitted a declaration on corporate management in accordance with § 289a of the German Commercial Code (HGB) on April 19, 2016, and published it on the following web site:  
<http://ir.edag.com/websites/edag/English/501030/statutes.html>.

### 5.2 Takeover-relevant Information [in accordance with § 289 section 4 and § 315 section 4 HGB (German Commercial Code) and Explanatory Report]

The fully paid-in subscribed capital of EDAG Group AG in the amount of € 920 thousand as at December 31, 2015 is backed by 25 million bearer shares with a nominal value of CHF 0.04. In the consolidated financial statements for 2014, EDAG Engineering GmbH, Wiesbaden was the parent company of the EDAG Group. The subscribed capital in the amount of € 20,000 thousand as at December 31, 2014 was backed by 20 million bearer shares with a nominal value of € 1.00.

Even after the IPO, ATON GmbH, Munich, which holds 59.8 percent of the shares, is still the major shareholder in EDAG. The shares are denominated in Swiss francs. The operating currency is the euro, and shares are traded in euros. The company's shares are briefed in a global certificate and deposited with Clearstream. Each company share entitles its holder to

a vote at the company's general meeting. Restrictions on voting rights exist to the extent that the majority shareholders ATON GmbH ("ATON") and HORUS Vermögensverwaltungs-GbR ("HORUS") have entered into an agreement with the company in which they have undertaken for a period starting on the first day of trading of the shares of the company on the Frankfurt Stock Exchange (December 2, 2015) and ending on the second ordinary shareholders' meeting of the company after the first day of trading, however, at least for a period of 19 months after the first day of trading and with respect to such number of shares of the company directly or indirectly held by ATON or HORUS respectively upon settlement of the Offering to exercise its voting rights in ordinary shareholders' meetings of the company only with regard to half of the persons that are eligible as members for the Board of Directors. For the financial year ending December 31, 2015, the company shares fully qualify for dividends.

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

### 5.3 Voting Rights Notification and Directors' Dealings

Information on directors' dealings pursuant to § 15a of the German Securities Trading Act (WpHG) are published on our website at <http://ir.edag.com/websites/edag/English/301005/mandatory-releases.html>, under the heading "Announcements", menu item "Directors' Dealings".

Also published on this website are communications from the reporting year pursuant to § 21 et seq. of the German Securities Trading Act (WpHG). These can be found under the heading "Announcements", menu item "Voting Rights Announcements".

## 6 Disclaimer

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

# AUDITOR'S REPORT (JOINT MANAGEMENT REPORT)

## AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF EDAG ENGINEERING GROUP AG, ARBON

As instructed, we have audited the accompanying joint management report for the year ended December 31, 2015 of EDAG Engineering Group AG.

### Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the management report in accordance with the legal requirements in force in Germany (§§ 289, 315 HGB [Commercial Code]). This responsibility includes ensuring the joint management report presents an accurate overall picture of the financial situation as well as the opportunities and risks in relation to future developments.

### Auditor's responsibility

Our task is to express an opinion on the accompanying joint management report based on our audit.

We conducted our audit of the joint management report in accordance with § 317 para. 2 HGB (Commercial Code) and taking into consideration the German generally accepted standards on auditing management reports (IDW PS 350) as promulgated by the IDW (Institute of Public Auditors in Germany).

Those standards require that the audit of the joint management report be planned and performed in such a manner as to obtain reasonable assurance that the joint management report corresponds in all material aspects with the consolidated financial statements and the findings identified during the year-end audit, provides an accurate overall picture of the financial situation and presents the opportunities and risks in relation to future developments.

An audit involves performing procedures to obtain audit evidence about whether the joint

management report corresponds in all material aspects with the consolidated financial statements, provides an accurate overall picture of the financial situation and presents the opportunities and risks in relation to future developments. The procedures selected depend on the auditor's judgement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the joint management report corresponds in all material aspects with the consolidated financial statements for the year ended December 31, 2015, provides an accurate overall picture of the financial situation and presents the opportunities and risks in relation to future developments.

PricewaterhouseCoopers AG

PATRICK BALKANYI	MATTHIAS KLEINLOSEN
Audit expert	
Auditor in charge	

Zurich, April 19, 2016





## CONSOLIDATED FINANCIAL STATEMENTS

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## 7 Consolidated Statement of Comprehensive Income

in € thousand	Note	01/01/2015 – 12/31/2015	01/01/2014 – 12/31/2014
<b>Profit or loss</b>			
<b>Continuing operations</b>			
Sales revenues and changes in inventories		721,967	689,748
Sales revenues	(1)	722,137	697,458
Changes in inventories	(2)	- 170	- 7,710
Other income	(3)	20,109	58,868
Material expenses	(4)	- 100,034	- 115,823
<b>Gross profit</b>		<b>642,042</b>	<b>632,793</b>
Personnel expenses	(5)	- 447,011	- 417,308
Depreciation, amortization and impairment	(6)	- 25,564	- 25,613
Other expenses	(7)	- 109,255	- 102,229
<b>Earnings before interest and taxes (EBIT)</b>		<b>60,212</b>	<b>87,643</b>
<b>Reconciliation to adjusted earnings before interest and taxes (adjusted EBIT):</b>	<b>(8)</b>		
<b>Earnings before interest and taxes (EBIT)</b>		<b>60,212</b>	<b>87,643</b>
Adjustments:			
Expenses (+) from purchase price allocation		7,235	6,965
Income (-)/ expenses (+) from deconsolidations		-	- 26,224
Income (-)/ expenses (+) from initial consolidations		-	30
Income (-) from reversal of provisions		- 2,324	-
Expenses (+) from additional selling costs from M&A transactions		71	866
Expenses (+) from restructuring		7,162	4,845
Income (-) from the sale of real estate		- 300	- 18,405
Expenses (+) from the sale of real estate		424	1,292
Expenses (+) from impairment of real estate		115	865
<b>Adjusted earnings before interest and taxes (adjusted EBIT)</b>		<b>72,595</b>	<b>57,877</b>

in € thousand	Note	01/01/2015 – 12/31/2015	01/01/2014 – 12/31/2014
<b>Earnings before interest and taxes (EBIT)</b>			
Result from investments accounted for using the equity method	(9)	1,213	-
Financial income	(10)	2,356	1,035
Financing expenses	(11)	- 10,387	- 11,752
<b>Financial result</b>		<b>- 6,818</b>	<b>- 10,717</b>
<b>Earnings before tax from continuing operations</b>			
Income taxes	(12)	- 17,046	- 18,688
<b>Earnings after tax from continuing operations</b>		<b>36,348</b>	<b>58,238</b>
<b>Discontinued operations</b>			
<b>Earnings after tax relating to discontinued operations</b>	<b>(13)</b>	<b>-</b>	<b>1,586</b>
<b>Profit and loss</b>		<b>36,348</b>	<b>59,824</b>

in € thousand	Note	01/01/2015 – 12/31/2015	01/01/2014 – 12/31/2014
<b>Profit or loss</b>		<b>36,348</b>	<b>59,824</b>
<b>Other comprehensive income</b>			
<b>Reclassifiable profits/losses</b>			
Currency conversion difference			
Profits/losses included in equity from currency conversion difference		- 436	- 17
Reclassified in profits/losses		-	508
Financial assets available for sale			
Profits/losses included in equity from valuation at fair value		- 7	5
Reclassified in profits/losses		-	- 165
Deferred taxes on financial assets available for sale		2	35
Reclassifiable OCI components from investments accounted for using the equity method		14	- 39
<b>Total reclassifiable profits/losses</b>		<b>- 427</b>	<b>327</b>
<b>Not reclassifiable profits/losses</b>			
Revaluation of property, plant and equipment, intangible assets and exploration and evaluation assets			
Revaluation of net obligation from defined benefit plans before taxes	(24)	2,614	- 9,042
Deferred taxes on defined benefit commitments and similar obligations		- 766	2,675
<b>Total not reclassifiable profits/losses</b>		<b>1,848</b>	<b>- 6,367</b>
Total other comprehensive income before taxes		2,185	- 8,750
Total deferred taxes on the other comprehensive income		- 764	2,710
<b>Total other comprehensive income</b>		<b>1,421</b>	<b>- 6,040</b>
<b>Total comprehensive income</b>		<b>37,769</b>	<b>53,784</b>

in € thousand	Note	01/01/2015 – 12/31/2015	01/01/2014 – 12/31/2014
<b>From the profit or loss attributable to:</b>			
Shareholders of the parent company		36,301	59,868
Minority shares (non-controlling interest)	(14)	47	- 43
<b>Of the total comprehensive income attributable to:</b>			
Shareholders of the parent company		37,722	53,827
Non-controlling interests		47	- 43
<b>Earnings per share of shareholders of EDAG Group AG [diluted/undiluted in EUR]</b>			
Earnings per share from continued operations		1.45	2.33
Earnings per share	(15)	1.45	2.39

## 8 Consolidated Statement of Financial Position

in € thousand	Note	12/31/2015	12/31/2014
<b>Assets</b>			
Goodwill	(16)	64,235	63,903
Other intangible assets	(16)	41,399	45,961
Property, plant and equipment	(17)	67,908	55,608
Financial assets	(18)	182	171
Investments accounted for using the equity method	(19)	16,733	15,519
Non-current accounts receivable and other receivables	(20)	1,323	1,350
Deferred tax assets	(21)	780	681
<b>TOTAL non-current assets</b>		<b>192,560</b>	<b>183,193</b>
Inventories	(22)	1,599	6,884
Future receivables from construction contracts	(20)	93,257	50,373
Current accounts receivable and other receivables	(20)	111,792	197,084
Other financial assets	(18)	68	92
Income tax assets	(21)	4,979	6,679
cash and cash-equivalents	(23)	70,654	39,502
Assets held for sale	(14)	635	750
<b>TOTAL current assets</b>		<b>282,984</b>	<b>301,364</b>
<b>TOTAL assets</b>		<b>475,544</b>	<b>484,557</b>

in € thousand	Note	12/31/2015	12/31/2014
<b>Equity, liabilities and provisions</b>			
Subscribed capital		920	20,000
Capital reserves		40,000	40,746
Retained earnings		123,982	67,756
Reserves from profits and losses recognized directly in equity		- 7,735	- 9,592
Currency conversion differences		- 2,004	- 1,568
<b>Equity attributable to shareholders of the parent company</b>		<b>155,163</b>	<b>117,342</b>
Non-controlling interests		80	69
<b>TOTAL equity</b>	<b>(24)</b>	<b>155,243</b>	<b>117,411</b>
Provisions for pensions and similar obligations	(25)	21,991	22,358
Other non-current provisions	(26)	3,244	5,004
Non-current financial liabilities	(27)	135,167	162,003
Non-current accounts payable and other liabilities	(28)	3	151
Non-current income tax liabilities	(29)	1,460	1,460
Deferred tax liabilities	(29)	9,208	10,155
<b>TOTAL non-current liabilities and provisions</b>		<b>171,073</b>	<b>201,131</b>
Current provisions	(26)	12,462	12,767
Current financial liabilities	(27)	28,942	4,858
Future liabilities from construction contracts	(28)	24,284	61,618
Current accounts payable and other liabilities	(28)	78,792	73,082
Income tax liabilities	(29)	4,748	13,690
<b>TOTAL current liabilities and provisions</b>		<b>149,228</b>	<b>166,015</b>
<b>TOTAL equity, liabilities and provisions</b>		<b>475,544</b>	<b>484,557</b>

## 9 Consolidated Cash Flow Statement

in € thousand	01/01/2015 – 12/31/2015	01/01/2014 – 12/31/2014
<b>Earnings after taxes from continuing operations</b>	<b>36,348</b>	<b>58,238</b>
<b>+ Earnings after taxes from discontinued operations</b>	<b>-</b>	<b>1,586</b>
+ Income tax expenses	17,046	19,367
- Income taxes paid	- 26,220	- 15,625
+ Financial result	6,818	10,717
+ Interest received	2,315	981
+/- Impairment costs from revaluation at fair value less disposal costs	577	865
+/- Depreciation and amortization/write-ups on tangible and intangible assets	24,987	24,748
+/- Other non-cash item expenses/income	2,403	- 34,664
+/- Increase/decrease in non-current provisions	- 2,191	11,364
-/+ Profit/loss on the disposal of fixed assets	- 50	- 18,321
-/+ Increase/decrease in inventories	5,294	5,519
-/+ Increase/decrease in future receivables from construction contracts, receivables and other assets that are not attributable to investing or financing activities	- 5,929	- 42,080
+/- Increase/decrease in current provisions	- 354	- 27
+/- Increase/decrease in accounts payables and other liabilities and provisions that are not attributable to investing or financing activities	- 33,468	34,050
<b>= Cash inflow/outflow from operating activities/operating cash flow</b>	<b>27,576</b>	<b>56,718</b>
+ Deposits from disposals of tangible fixed assets	44,798	1,934
- Payments for investments in tangible fixed assets	- 24,185	- 17,469
+ Deposits from disposals of intangible fixed assets	203	81
- Payments for investments in intangible fixed assets	- 6,079	- 7,691
+ Deposits from disposals of financial assets	66	604
- Payments for investments in financial assets	- 52	- 104
+ Deposits from disposals in shares of fully consolidated companies/divisions	-	30,044
- Payments for investments in shares in fully consolidated companies/divisions	- 1,096	- 39,995
<b>= Cash inflow/outflow from investing activities/investing cash flow</b>	<b>13,655</b>	<b>- 32,596</b>

in € thousand	01/01/2015 – 12/31/2015	01/01/2014 – 12/31/2014
- Payments to shareholders/partners (prior year dividend, capital repayments, other distributions)	- 36	- 30
- Interest paid	- 8,844	- 9,560
+ Borrowing of short-term financial liabilities	24,811	-
- Repayment of short-term financial liabilities	- 4,199	- 31,868
+ Borrowing of medium-term and long-term financial liabilities	-	11
- Repayment of medium-term and long-term financial liabilities	- 26,000	- 35,608
- Repayment of leasing liabilities	- 941	- 260
+/- Repayment/Investment in financial receivables	5,539	22,541
<b>= Cash inflow/outflow from financing activities/financing cash flow</b>	<b>- 9,670</b>	<b>- 54,774</b>
<b>Net cash changes in financial funds</b>	<b>31,561</b>	<b>- 30,652</b>
-/+ Effect of changes in currency exchange rate and other effects from changes of financial funds	- 409	252
+ Financial funds at the start of the period	39,502	69,902
<b>= Financial funds at the end of the period</b>	<b>70,654</b>	<b>39,502</b>
of which: cash and cash-equivalents	70,654	39,502
<b>= Free cash flow (FCF) - equity approach</b>	<b>41,231</b>	<b>24,122</b>

For a more detailed account of the cash flow statement, see chapter 11.7 "Notes on the cash Flow Statement".

## 10 Consolidated Statement of Changes in Equity

in € thousand	Subscribed capital	Capital reserve	Retained earnings		Currency conversion
			Legal reserve	Other retained earnings	
<b>As per 01/01/2015</b>	<b>20,000</b>	<b>40,746</b>	<b>2,000</b>	<b>65,756</b>	<b>- 1,568</b>
Impact legal reorganization: EDAG Engineering GmbH, Wiesbaden	- 20,000	- 40,746	- 2,000	- 65,756	1,568
Impact legal reorganization: EDAG Engineering Holding GmbH, Munich	1,000	40,746	-	67,756	- 1,568
Capital increase EDAG Engineering Holding GmbH, Munich	-	6	-	-	-
<b>After 1st legal reorganization</b>	<b>1,000</b>	<b>40,752</b>	<b>-</b>	<b>67,756</b>	<b>- 1,568</b>
Impact legal reorganization: EDAG Engineering Holding GmbH, Munich	- 1,000	- 40,006	-	- 67,756	1,568
Impact legal reorganization: EDAG Engineering Schweiz Sub-Holding AG, Arbon	22,905	40,000	-	64,856	- 1,568
<b>After 2nd legal reorganization</b>	<b>22,905</b>	<b>40,746</b>	<b>-</b>	<b>64,856</b>	<b>- 1,568</b>
Impact legal reorganization: EDAG Engineering Schweiz Sub-Holding AG, Arbon	- 22,905	- 40,000	-	- 64,856	1,568
Impact legal reorganization: EDAG Engineering Group AG, Arbon	920	40,000	-	87,681	- 1,568
<b>After 3rd legal reorganization</b>	<b>920</b>	<b>40,746</b>	<b>-</b>	<b>87,681</b>	<b>- 1,568</b>
Profit or loss	-	-	-	36,301	-
Other comprehensive income	-	-	-	-	- 436
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36,301</b>	<b>- 436</b>
Capital increase	-	754	-	-	-
Special bonus	-	- 1,500	-	-	-
Dividends	-	-	-	-	-
<b>As per 12/31/2015</b>	<b>920</b>	<b>40,000</b>	<b>-</b>	<b>123,982</b>	<b>- 2,004</b>

in € thousand	Revaluation from pension plans	Securities available for sale	Shares in investments accounted for using the equity method	Total equity attributable to majority shareholders	NCI	Total equity
Impact legal reorganization: EDAG Engineering GmbH, Wiesbaden	9,554	- 1	39	- 117,342	- 69	- 117,411
Impact legal reorganization: EDAG Engineering Holding GmbH, Munich	- 9,554	1	- 39	98,342	69	98,411
Capital increase EDAG Engineering Holding GmbH, Munich	-	-	-	6	-	6
<b>After 1st legal reorganization</b>	<b>- 9,554</b>	<b>1</b>	<b>- 39</b>	<b>98,348</b>	<b>69</b>	<b>98,417</b>
Impact legal reorganization: EDAG Engineering Holding GmbH, Munich	9,554	- 1	39	- 97,602	- 69	- 97,671
Impact legal reorganization: EDAG Engineering Schweiz Sub-Holding AG, Arbon	- 9,554	1	- 39	116,601	69	116,670
<b>After 2nd legal reorganization</b>	<b>- 9,554</b>	<b>1</b>	<b>- 39</b>	<b>117,347</b>	<b>69</b>	<b>117,416</b>
Impact legal reorganization: EDAG Engineering Schweiz Sub-Holding AG, Arbon	9,554	- 1	39	- 116,601	- 69	- 116,670
Impact legal reorganization: EDAG Engineering Group AG, Arbon	- 9,554	1	- 39	117,441	69	117,510
<b>After 3rd legal reorganization</b>	<b>- 9,554</b>	<b>1</b>	<b>- 39</b>	<b>118,187</b>	<b>69</b>	<b>118,256</b>
Profit or loss	-	-	-	36,301	47	36,348
Other comprehensive income	1,848	- 5	14	1,421	-	1,421
<b>Total comprehensive income</b>	<b>1,848</b>	<b>- 5</b>	<b>14</b>	<b>37,722</b>	<b>47</b>	<b>37,769</b>
Capital increase	-	-	-	754	-	754
Special bonus	-	-	-	- 1,500	-	- 1,500
Dividends	-	-	-	-	- 36	- 36
<b>As per 12/31/2015</b>	<b>- 7,706</b>	<b>- 4</b>	<b>- 25</b>	<b>155,163</b>	<b>80</b>	<b>155,243</b>



in € thousand	Subscribed capital	Capital reserve	Retained earnings		Currency conversion
			Legal reserve	Other retained earnings	
<b>As per 01/01/2014</b>	<b>50</b>	<b>40,000</b>	<b>5</b>	<b>67,834</b>	<b>- 2,059</b>
Contribution EDAG GmbH & Co.KGaA	19,950	-	-	- 59,950	-
<b>As per 01/01/2014</b>	<b>20,000</b>	<b>40,000</b>	<b>5</b>	<b>7,884</b>	<b>- 2,059</b>
Profit or loss	-	-	-	59,867	-
Other comprehensive income	-	-	-	-	491
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>59,867</b>	<b>491</b>
Capital increase	-	746	-	-	-
Dividends	-	-	-	-	-
Transfer to legal reserve	-	-	1,995	- 1,995	-
Disposals of consolidated companies	-	-	-	-	-
<b>As per 12/31/2014</b>	<b>20,000</b>	<b>40,746</b>	<b>2,000</b>	<b>65,756</b>	<b>- 1,568</b>

in € thousand	Revaluation from pension plans	Securities available for sale	Shares in investments accounted for using the equity method	Total equity attributable to majority shareholders	NCI	Total equity
Contribution EDAG GmbH & Co.KGaA	-	-	-	- 40,000	-	- 40,000
<b>As per 01/01/2014</b>	<b>- 3,187</b>	<b>126</b>	<b>-</b>	<b>62,769</b>	<b>153</b>	<b>62,922</b>
Profit or loss	-	-	-	59,867	- 43	59,824
Other comprehensive income	- 6,367	- 125	- 39	- 6,040	-	- 6,040
<b>Total comprehensive income</b>	<b>- 6,367</b>	<b>- 125</b>	<b>- 39</b>	<b>53,827</b>	<b>- 43</b>	<b>53,784</b>
Capital increase	-	-	-	746	-	746
Dividends	-	-	-	-	- 30	- 30
Transfer to legal reserve	-	-	-	-	-	-
Disposals of consolidated companies	-	-	-	-	- 11	- 11
<b>As per 12/31/2014</b>	<b>- 9,554</b>	<b>1</b>	<b>- 39</b>	<b>117,342</b>	<b>69</b>	<b>117,411</b>

For explanations concerning equity, see chapter [24] "Subscribed capital".



## 11 Notes

### 11.1 General information

The EDAG Group are experts in the development of vehicles, derivatives, modules and production facilities, specialising 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):

ISIN<sup>1</sup>: CH0303692047

WKN<sup>2</sup>: A143NB

Trading symbol: ED4

The shares are denominated in Swiss francs. The operating currency is the euro, and shares are traded in euros. The company's shares are briefed in a global certificate and deposited with Clearstream. Each company share entitles its holder to a vote at the company's general meeting. Restrictions on voting rights exist to the extent that the majority shareholders ATON GmbH ("ATON") and HORUS Vermögensverwaltungs-GbR ("HORUS") have entered into an agreement with the company in which they have undertaken for a period starting on the first day of trading of the shares of the company on the Frankfurt Stock Exchange (December 2, 2015) and ending on the second ordinary shareholders' meeting of the company after the first day of trading, however, at least for a period of 19 months after the first day of trading and with respect to such number of shares of the company directly or indirectly held by ATON or HORUS respectively upon settlement of the Offering to exercise its voting rights in ordinary shareholders' meetings of the company only with regard to half of the persons that are eligible as members for the Board of Directors.

For the financial year ending December 31, 2015, the company shares fully qualify for dividends.

The 2015 annual financial statements of EDAG Group AG and the consolidated financial statements of EDAG Group AG will be issued with an unqualified audit certificate by PricewaterhouseCoopers AG, Zurich (Switzerland), and submitted to the operator of the Electronic Federal Gazette in Germany.

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

The consolidated financial statements have been prepared using the euro as the reporting currency. Unless otherwise stated, all amounts are given in thousands of euros. Where percentage values and figures are given, differences of +/- € 1 thousand may occur due to rounding.

In order to improve the clarity and informational value of the consolidated financial statements, individual items consolidated both in the statement of financial position and in the statement of comprehensive income (including profit or loss), the cash flow statement and the statement of changes in equity will be disclosed and explained separately in the notes.

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

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

### 11.2 Legal reorganization

The legal reorganization of the EDAG Group is described below.

In the consolidated financial statements for 2014, **EDAG Engineering GmbH**, Wiesbaden (previously EDAG Engineering AG) was the parent company of the EDAG Group.

On the basis of a non-cash incorporation against the granting of new shares, ATON GmbH, Munich, the sole shareholder of EDAG Engineering GmbH (previously EDAG Engineering AG), the former parent company of the EDAG Group, transferred all of the shares in EDAG Engineering GmbH (non-cash contribution) to **EDAG Engineering Holding GmbH**,

<sup>1</sup> International Securities Identification Number

<sup>2</sup> Securities identification number



Munich on January 14, 2015. By resolution of the extraordinary general meeting of March 5, 2015 and with the commercial registration of March 18, 2015, the former EDAG Engineering AG was converted from a joint-stock company into a company with limited liability, in accordance with § 190 section 1 of the German Reorganisation of Companies Act (UmwG). The company is now called EDAG Engineering GmbH (in the following: EDAG GmbH), Wiesbaden.

**EDAG Engineering Schweiz Sub-Holding AG**, Arbon, Switzerland was founded under the name EDAG Engineering Group AG on September 14, 2015, and entered in the commercial register of the Swiss canton Thurgau on September 15, 2015 (the company's name was changed to EDAG Engineering Schweiz Sub-Holding AG on October 22, 2015). In accordance with the contract of September 14, 2015, the company, on its date of establishment, acquired an equity share in EDAG Engineering Holding GmbH, Munich, in the amount of € 1 million, for which 25 million bearer shares for CHF 1.00 were issued.

The new 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 03, 2015.

At the time when the company was founded, according to the contract of November 2, 2015, the former shareholder, ATON GmbH, Munich, purchased 100 percent of the shares by cash capital contribution. ATON GmbH provided the entire share capital, split into 25,000,000 bearer shares each with a nominal value of CHF 0.04, as a contribution (CHF 1,000,000). All shares of EDAG Engineering Schweiz Sub-Holding AG, Arbon - specifically 25,000,000 bearer shares, each with a nominal value of CHF 1.00 - were acquired by ATON GmbH, Munich for a transfer value of € 474,660 thousand, by means of a non-cash contribution and without any consideration in return on December 1, 2015. The contribution value was the product of the initial listing price multiplied by the number of shares, minus the net assets of EDAG Group AG.

Engineering Schweiz Sub-Holding AG, Arbon is a Swiss intermediate holding company. It holds 100 percent of the shares in EDAG Engineering Holding GmbH, Munich, which in turn holds 100 percent of the shares in EDAG Engineering GmbH, Wiesbaden, which, along with its subsidiaries, in turn embodies the entire operative business of the EDAG Group.

The positioning of EDAG Group AG as the new parent company of the EDAG Group by ATON GmbH, the sole shareholder, represents a common control transaction. The incorporation

of EDAG GmbH first in EDAG Engineering Holding GmbH, afterwards in EDAG Engineering Schweiz Sub-Holding AG (previously EDAG Engineering Group AG), and the subsequent incorporation of EDAG Engineering Schweiz Sub-Holding AG in EDAG Group AG is not the acquisition of a company as defined in IFRS 3. Neither EDAG Engineering Holding GmbH, EDAG Engineering Schweiz Sub-Holding AG, nor EDAG Group AG meet the requirements of a business concern as defined in IFRS 3. Instead, these transactions are to be represented as a reorganization of the company structure. In the process, the assets and liabilities are to be continued using the group book values of EDAG GmbH, and, with the exception of the subscribed capital of the individual financial statements of EDAG Group AG prepared according to national accounting laws, form the basis for the balance sheet values of the assets and liabilities as per January 1, 2014, December 31, 2014 and December 31, 2015, as well as for expenses and income, and cash inflows and outflows for the intermediate periods. The reconciliation of the offset equity from the legal reorganization can be seen in the equity analysis.

Following the representation of the legal reorganization, the Group equity level corresponds to that of EDAG Group AG in the subscribed capital and to that of EDAG GmbH in the capital reserves and further equity items. The differences arising from the representation of the legal reorganization were recognized in retained earnings.

## 11.3 Basic Principles and Methods

### Basic Accounting Principles

The consolidated financial statement of EDAG Group AG and its subsidiaries for December 31, 2015 has been prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), as they are to be applied pursuant to Directive No. 1606/2002 of the European Parliament and Council regarding the application of international accounting standards in the EU. In addition to the International Financial Reporting Standards, the term IFRS also includes the still valid International Accounting Standards (IAS), the Interpretations of the International Financial Reporting Committee (IFRIC) and those of the former Standing Interpretations Committee (SIC). The requirements of all accounting standards and interpretations resolved as of December 31, 2015 and adopted in national law by the European Commission have been fulfilled. Please also see on page 151 "Synoptic Presentation of the Main Differences between IFRS IASB and IFRS EU".

In addition to the statement of financial position and the statement of comprehensive income (including profit or loss), 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 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.

### **New, Changed or Revised Accounting Standards**

#### *a) New and changed standards in use in 2015*

EDAG has applied all accounting standards legally required to be applied since 2015. The following standards and interpretations were to be used for the first time in the financial year and in the comparative period, although they did not have any significant effect on the assets, financial position and financial performance of the consolidated financial statement.

- IAS 19 Change: Option with regard to accounting for defined benefit plans
- IFRSIC 21: Levies
- Annual improvements to IFRS (cycle 2010 – 2012)
- Annual improvements to IFRS (cycle 2011 – 2013)

#### *b) Standards, interpretations and changes to published standards, which are not yet mandatory for 2015, and which have not been applied prematurely by the company*

The new, changed or revised, published, but not yet compulsory standards and interpretations listed in the following table have not yet been applied: With the exception of IFRS 15, this is not expected to have any significant effect on the Group.

The new, changed or revised accounting standards will be applied, without exception, from the time when use is compulsory in each given case.

The regulations and definitions set out in IFRS 15 will in the future replace the contents of IAS 18 "Revenue" and of IAS 11 "Construction Contracts". The aim of the amended standards is to standardise the previous, somewhat limited provisions of the IFRS on the one hand and the extremely detailed, sometimes industry-specific US-GAAP provisions on the other, and in this way improve the transparency and comparability of financial information. According to IFRS 15, revenue is to be recognized when the customer obtains control of the promised goods and services, and can benefit from them. The critical point is no longer the transfer of significant chances and risks set out in the old regulations in IAS 18 "Revenue". Revenue is to be evaluated with the amount of consideration the company expects to receive. The new standard establishes a five-step model for recognising revenue, and first of all requires identification of the contract with a customer and of the performance obligations in the contract. Following this, the transaction price of the contract with the customer must be determined and the separate performance obligation allocated. Finally, the new standard requires recognition of revenue for each performance obligation in the amount of the allocated proportionate transaction price as soon as the promised goods have been delivered or services rendered, or the customer has obtained control of the goods/services. Predetermined criteria are applied to determine whether the satisfaction of a performance obligation occurs at a point in time or over time. With multi-component contracts in particular, this could lead to significant changes in evaluation, due to the different times at which revenue is recognized and to the distribution of the transaction price to separate performance obligations. As EDAG almost never enters into multi-component contracts with customers, the new standard is not expected to have any significant effect on the Group. The only differences that arise will be in the notes to be presented.



Standard/Interpretation <sup>1</sup>	Published by the IASB	Compulsory use	Endorsement by EU Commission		
			Effected on	Planned for	
IAS 1	Change: Disclosure initiative	12/18/2014	01/01/2016	12/18/2015	
IAS 16/ IAS 38	Change: IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets: Clarification of acceptable methods of depreciation and amortization	05/12/2014	01/01/2016	12/02/2015	
IAS 16/ IAS 41	Agriculture: Bearer plants	06/30/2014	01/01/2016	11/23/2015	
IAS 27	Change: Use of equity method in separate financial statements	08/12/2014	01/01/2016	12/18/2015	
IFRS 9	Financial instruments	07/24/2014	01/01/2018		1 HJ 2016
IFRS 10/ IAS 28	Change: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	09/11/2014	not known		not known
IFRS 10/ IFRS 12/ IAS 28	Change: Investment companies - applying the consolidation exception	12/18/2014	01/01/2016		Q2 2016
IFRS 11	Change: Accounting for acquisitions of interest in joint operations	05/06/2014	01/01/2016	11/24/2015	
IFRS 14	Regulatory deferral accounts	01/30/2014	01/01/2016		not known
IFRS 15	Revenue	05/28/2014	01/01/2018		Q2 2016
Various	Improvements to IFRS standards (2012 - 2014)	09/25/2014	01/01/2016	12/15/2015	

<sup>1</sup> Until 12/31/2014

c) Synoptic presentation of the main differences between IFRS IASB and IFRS EU

IFRIC 21 (IASB publication: May 20, 2013, EU endorsement: June 13, 2014 with diverging effective date on or after June 17, 2014): The interpretation provides guidance on when to recognise a liability for a levy imposed by a government.

IAS 19 Employee Contributions (IASB publication: November 21, 2013; EU endorsement: December 17, 2014 with diverging effective date on or after February 1, 2015): Clarification of the recognition of contributions from employees or third parties in respect of service, and simplification of accounting requirements when the amount of contributions is independent of the number of years of service.

Annual Improvements 2010-2012 (IASB publication: December 12, 2013; EU endorsement: December 17, 2014 with diverging effective date on or after February 1, 2015): Amendments and clarifications in

- IAS 16 and/or IAS 38 when using the revaluation method
- IAS 24: Related Parties
- IFRS 2: Share-based Payments
- IFRS 3: Business Combinations
- IFRS 8: Operating Segments
- IFRS 13: Fair Value Measurement

Annual Improvements 2011-2013 (IASB publication: December 12, 2013; EU endorsement: December 18, 2014 with diverging effective date on or after January 1, 2015): Amendments and clarifications in

- IAS 40: Investment Property
- IFRS 1: First-time Adoption of IFRS
- IFRS 3: Business Combinations
- IFRS 13: Fair Value Measurement

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

## Consolidation Principles

The basis for the preparation of the consolidated financial statement is formed by the individual financial statements of EDAG Group AG and its subsidiaries which have been presented pursuant to IFRS 10, according to standardised accounting and valuation methods. All the companies included - with the exception of EDAG Engineering & Design India Private Limited, New Delhi/India and EDAG Technologies India Private Limited, New Delhi/India - use the calendar year as their financial year.

The country-specific financial statements of the Indian companies are prepared as of March 31. However, as of the balance sheet date December 31, interim financial statements were prepared according to the IFRS requirements.

Capital consolidation is carried out according to the purchase method described in IFRS 3, by offsetting the acquisition costs for the company merger against the proportional equity capital of the subsidiary included in the consolidated financial statement upon first-time consolidation. In order to determine the proportional equity capital at the time of acquisition, a valuation of all identifiable assets, debts and contingent liabilities of the acquired company is carried out, including those which were not applied by the acquired company, at their fair values applicable at the date of acquisition. Non-current assets held for disposal pursuant to IFRS 5 are valued at their fair value less disposal costs.

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

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

of the parent company.

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

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

## Scope of Consolidation

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

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

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

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



As the inclusion of several companies individually and overall is of little importance with regard to the obligation to give a fair presentation of the net assets, financial position and financial performance of the Group, this has been waived. These subsidiaries have been reported at acquisition cost, as per IAS 39 (see notes).

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

- EDAG Engineering Holding GmbH, Munich
- EDAG Engineering GmbH, Wiesbaden
- EDAG Production Solutions GmbH & Co. KG, Fulda
- BFFT Holding GmbH, Munich
- BFFT Fahrzeugtechnik mbH, Gaimersheim

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

In the period January 1, 2014 to December 31, 2015, the group of combined or consolidated companies developed as follows:

	Switzer-land	Germany	Others	Total
<b>Fully consolidated companies</b>				
<b>Included as of 01/01/2014</b>	<b>1</b>	<b>17</b>	<b>34</b>	<b>52</b>
Included for the first time in current financial year	-	1	1	2
Withdrawn in current financial year	-	8	8	16
<b>Included as of 12/31/2014</b>	<b>1</b>	<b>10</b>	<b>27</b>	<b>38</b>
Included for the first time in current financial year	2	2	1	5
Withdrawn in current financial year	-	2	4	6
<b>Included as of 12/31/2015</b>	<b>3</b>	<b>10</b>	<b>24</b>	<b>37</b>
<b>Companies accounted for using the equity method</b>				
<b>Included as of 01/01/2014</b>	-	-	-	-
Included for the first time in current financial year	-	3	-	3
Withdrawn in current financial year	-	-	-	-
<b>Included as of 12/31/2014</b>	-	<b>3</b>	-	<b>3</b>
Included for the first time in current financial year	-	-	-	-
Withdrawn in current financial year	-	2	-	2
<b>Included as of 12/31/2015</b>	-	<b>1</b>	-	<b>1</b>
<b>Companies included at acquisition cost</b>				
<b>Included as of 01/01/2014</b>	-	<b>4</b>	<b>6</b>	<b>10</b>
Included for the first time in current financial year	-	-	-	-
Withdrawn in current financial year	-	2	4	6
<b>Included as of 12/31/2014</b>	-	<b>2</b>	<b>2</b>	<b>4</b>
Included for the first time in current financial year	-	1	-	1
Withdrawn in current financial year	-	-	2	2
<b>Included as of 12/31/2015</b>	-	<b>3</b>	-	<b>3</b>

The companies included at acquisition cost are for the most part non-operational companies and general partners. The company accounted for using the equity method that is included is an associated company.

VR-Leasing Malakon GmbH & Co Immo. KG is included as a fully consolidated company, although the Group holds only 25 percent of the voting rights. On the other hand, it has an 85 percent share in the capital. Agreements under company law, however, result in control by EDAG in accordance with IFRS 10.7. EDAG is under no obligation to grant the company financial assistance. EDAG has not in the past voluntarily granted any such financial assistance, nor does the company have any intention of doing so in the future.

The changes in the scope of consolidation occurred at the level of EDAG Engineering GmbH, which still continues to be the key operative company in the EDAG Group, even following the legal reorganization.

Rücker Gesellschaft m.b.H., Grambach, Austria was liquidated on February 28, 2015.

On March 26, 2015 BFFT Italia S.R.L, Bologna, Italy, was founded and included in the scope of consolidation for the first time on March 31, 2015.

EDAG Testing Solutions GmbH was merged with EDAG Engineering GmbH, Wiesbaden with retrospective effect from January 1, 2015.

EDAG Immobilien spol. s r.o., Mladá Boleslav, Czech Republic, was merged with EDAG Engineering CZ spol. s r.o., Mladá Boleslav, Czech Republic with retrospective effect from January 1, 2015.

With the sales agreement of April 2, 2015 and with effect from April 30, 2015 the operative business of iSILOG GmbH, Baden-Baden was acquired. The focus of its business activities is on the provision of software solutions and services relating to production and logistics systems. The acquisition was effected in such a way that, in the process of the transfer, EDAG Production Solutions GmbH & Co. KG acquired certain individual assets and took over the employees necessary and useful for carrying on the business. The acquisition costs amounted to € 1,400 thousand. The actual cash outflow amounted to € 1,161 thousand.

With the entry in the commercial register on July 1, 2015, Hövelmann GmbH was merged with EDAG Engineering GmbH, Wiesbaden with retrospective effect from January 1, 2015.

Rücker SR spol.s.r.o., Bratislava, Slovakia was liquidated on October 15, 2015, as was Star Design S.A. de C.V., Mexico City, Mexico on December 14, 2015.

On August 20, 2015, EDAG acquired 51 percent of the limited partner's shares in Zweite FOM Objekt GmbH & Co. KG, Wiesbaden (purchase price: € 510) and 51 percent of the company's shares in Zweite FOM Beteiligungs GmbH, Wiesbaden (purchase price: € 12,750). In this context, EDAG repaid a shareholder loan of the seller in the amount of € 1,250 thousand. Since this point in time, EDAG has been in possession of 100 percent of the limited partner's shares or company's shares and voting rights in both companies (transfer of control). Zweite FOM Beteiligungs GmbH will be recognized at acquisition cost.

Zweite FOM Objekt GmbH & Co. KG is fully consolidated. The acquisition of the shares is no business combination in accordance with IFRS 3, because it does not constitute a business. Therefore, this is shown as an acquisition of assets and liabilities. The acquired current assets in the amount of € 1,446 thousand include receivables towards the tax authorities for the reclaim of real estate transfer tax and sales tax. The acquired current liabilities in the amount of € 1,593 thousand consists mainly of liabilities towards EDAG, including the aforementioned shareholder loan of the seller and sales tax liabilities. As a result of the acquisition, the cash inflow at change of control was € 66 thousand.

#### Acquisitions

##### Acquisition of the operating business of iSILOG GmbH

The following table sets out the assets and liabilities identified for the acquisition of the companies and assumed at the time of acquisition.

The cash outflows due to the acquisition of the company were as follows:

Cash outflow due to the acquisition of the company	
in € thousand	2015
Outflow of cash and cash-equivalents, total	1,161
cash and cash-equivalents acquired with the subsidiary	0
Actual cash outflow	1,161



in € thousand	Historical book values (IFRS)	Adjustments to fair values	Fair values at time of acquisition
Intangible assets	196	873	1,069
Property, plant and equipment	24	-	24
<b>Non-current assets</b>	<b>219</b>	<b>873</b>	<b>1,093</b>
Accounts receivable and other receivables	19	-	19
<b>Current assets</b>	<b>19</b>	<b>-</b>	<b>19</b>
<b>TOTAL assets</b>	<b>239</b>	<b>873</b>	<b>1,112</b>
Provisions	3	-	3
Trade payables	50	-	50
Other current liabilities	40	-	40
<b>TOTAL liabilities and provisions</b>	<b>93</b>	<b>-</b>	<b>93</b>
<b>Acquired net assets</b>	<b>145</b>	<b>873</b>	<b>1,019</b>

in € thousand	2015
<b>Attributable fair value of the purchase price for net assets</b>	<b>1,354</b>
Net assets at book values	145
<b>Difference</b>	<b>1,209</b>
<b>Adjustment to fair values</b>	
Software	873
<b>Capitalized goodwill</b>	<b>336</b>

Synergies from the asset deal with iSILOG GmbH result from the experience and expertise of the employees in the field of process and distribution logistics. Of the remaining goodwill, € 323 thousand is tax-deductible. Subsequent changes of the acquisition costs may occur due to variable purchase price payments dependent on future revenue and profit as well as transition of employment contracts and customer relations. These contingent purchase price payments have been accrued with their expected discounted amount of € 193 thousand. The amount may vary from € 0 thousand to € 200 thousand. The income and profit or loss from the acquisition of the business since the acquisition date cannot be shown here, as the

business has been completely integrated into the Production Solutions segment, i.e. into the legal entity "EDAG Production Solutions GmbH & Co. KG".

#### Disinvestments

Disinvestments in the 2015 financial year did not have any significant effect on the Group.

#### Currency Conversion

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

The annual financial statements of the foreign Group companies are converted into euros, on the basis of the concept of functional currency, as per the modified reporting date rate method (functional currency of the key Group companies). Due to the fact that the subsidiaries conduct their business with financial, commercial and organizational independence, the functional currency is always identical to the national currency of the company in question. In the consolidated financial statements, therefore, the expenses and revenues from subsidiaries' financial statements drawn up in a foreign currency are converted at average rates of exchange for the year, while assets, liabilities and provisions are converted at year-end exchange rates. The currency difference arising from the conversion of equity is posted in other comprehensive income. The conversion differences resulting from differing exchange rates between the statement of financial position and the statement of comprehensive income are also disclosed in this separate item and recognized directly in equity. When dealing with the disposal of a subsidiary, the currency translation differences recorded in equity during the years it belonged to the group are reversed to profit or loss.

Currency conversion was based on the following exchange rates:

Country	Currency 1 EUR = Nat. currency	Spot rate on balance sheet date		Average exchange rate for period	
		12/31/2015	12/31/2014	2015	2014
Great Britain	GBP	0.7340	0.7789	0.7259	0.8064
Brazil	BRL	4.3117	3.2207	3.6912	3.1152
USA	USD	1.0887	1.2141	1.1095	1.3289
Malaysia	MYR	4.6959	4.2473	4.3313	4.3475
Australia	AUD	1.4897	1.4829	1.4765	1.4724
Hungary	HUF	315.9800	315.5400	309.8912	308.7250
India	INR	72.0215	76.7190	71.1648	81.0747
China	CNY	7.0608	7.5358	6.9720	8.1884
Mexico	MXN	18.9145	17.8679	17.5970	17.6633
Czech Republic	CZK	27.0230	27.7350	27.2841	27.5357
Switzerland	CHF	1.0835	1.2024	1.0676	1.2146
Poland	PLN	4.2639	4.2732	4.1827	4.1848
Romania	RON	4.5240	4.4828	4.4453	4.4444
Russia	RUB	80.6736	72.3370	68.0001	51.0183
Sweden	SEK	9.1895	9.3930	9.3538	9.0970
Japan	JPY	131.0700	145.2300	134.2736	140.3797
South Korea	KRW	1,280.7800	1,324.8000	1,255.5980	1,399.1114

## Accounting and Valuation Principles

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

When preparing the consolidated financial statement for the year ending December 31, 2015, the same basic accounting and valuation methods were applied as for calculating the comparative figures.

## Realization of Income and Expenses

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

With the sale of goods and services, this is the point in time at which ownership and risk are transferred, or the service is performed. Income from construction contracts is reported as income with reference to the stage of completion, if the result of the construction contract can be reliably estimated (percentage of completion method, PoC method). This is the case if the total income, any costs incurred up to the balance sheet date, any costs anticipated until the order has been completed, and the stage of completion can all be reliably ascertained. The degree of completion is ascertained on the basis of the costs incurred by the balance sheet date, as a percentage rate of the total costs estimated for the respective project. If the result of a construction contract cannot be reliably forecast, income is only posted to the extent to which the costs incurred can be recovered (zero-profit method).

In the Statement of Financial Position, the parts of the order for which income has been accounted for with the PoC method are posted to accounts receivable, after deducting the advance payments received. Expected losses from construction contracts are initially offset on the asset side with the status as of the reference date, and the remainder is immediately posted in its full amount as pending loss.

If the sale of products encompasses an ascertainable partial amount for subsequent services ("multi-component contracts"), the attributable sales revenues are accrued and released over the term of the contract, through profit or loss. Release is generally proportional to the anticipated cost behaviour pattern.

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

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

### Research and Development Costs

For accounting purposes, research costs are defined as costs relating to targeted investigations which are intended to deliver new scientific or technical findings and insights. Development costs are defined as expenses relating to the application of research results or technical knowledge in production, production processes, services or goods prior to the start of commercial production or use. The EDAG Group mainly provides customers with development services which can then be capitalized within the context of a customer project, and subsequently accounted for.

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

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

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

In the reporting year, research and development expenses amounted to € 2,917 thousand (2014: € 2,403 thousand).

### Other Intangible Assets

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

Group include customer relations, concessions, industrial property rights and similar rights, IT software, goodwill and capitalized development costs.

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

	Years
Customer relations	8 - 10
Capitalized orders on hand	1
Capitalized development services	3 - 5
Concessions, industrial property rights and similar rights	4 - 6
IT software	3 - 8

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

The development costs for a project are only capitalized as an intangible asset if the technical implementation, the intention of completion and the utilization or sale of the intangible asset can be demonstrated. Production costs cover the directly and indirectly attributable costs, and also, in the case of qualified assets in accordance with IAS 23, borrowing costs incurred during the production period. They are amortized on a straight-line basis over their estimated useful lives, which as a rule is not longer than five years.

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

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

## Impairment

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

The goodwill is divided up and assigned to the CGUs, and recoverability is checked at this level. The net book value of the CGUs is compared with their recoverable amount, i.e. the higher amount of fair value less the cost of disposal and value in use. The net selling price is the revenue which can be obtained by selling an asset in a transaction using market conditions between two qualified parties willing to enter into a contract (fair value), less disposal costs. The EDAG Group first determines the value in use in the course of the impairment test. Should this prove to be lower than the book value, the net disposal value after deduction of the disposal costs is determined. The cash generating unit's value in use is equal to the present value of the cash flow which, taking into account the continual usage of the strategic business unit and its disposal, can be expected at the end of its useful life. Payment prognosis is based on the current, long-term plans of the EDAG Group. The planning period is three years. At EDAG, the cost of capital is calculated as the weighted average of the equity and debt capital costs; the crucial factor here being the proportion of each of the total capital. The equity cost rate is determined with the Capital Asset Pricing Model (CAPM), from a zero-coupon bond interest rate with a time to maturity of 30 years plus a risk premium equivalent to one of the separate CGUs. The cost of equity amounts to 9.10 percent (2014: 9.70 percent). The borrowing costs used amount to 2.81 percent (2014: 1.33 percent), and represent the long-term funding conditions. Both components are derived from information on the capital market, and represent an interest rate before tax. The resulting WACC is 12.09 percent before taxes (2014: 12.09 percent). There are no specific capitalization rates for the segments, as the peer group is identical in all cases.

The planning is based on expectations with regard to the future development of the global economy, on assumptions derived from the development of the engineering market, and on concrete customer commitments relating to individual projects. A perpetuity growth rate of one percent (2014: also one percent) has been taken into account.

In cases in which the book value of the cash generating unit is higher than its recoverable amount, there is a depreciation loss in the amount of the difference. Taking the amount of this adjustment, which is posted as expense, the first step is to amortise the goodwill of the strategic business unit concerned. Any remaining sum is spread, proportional to the book values, across the other assets of the relevant strategic business unit. The following table shows the EDAG Group's CGUs along with their goodwill.

in € thousand	2015	2014
Vehicle engineering	44,336	44,340
Production solutions	521	185
Electrics/electronics	19,378	19,378
<b>Total</b>	<b>64,235</b>	<b>63,903</b>

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

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

Unscheduled depreciation and/or write-ups are recorded as operating results in the Statement of Comprehensive Income if continued operations are involved. This does not apply, however, to newly rated assets if the profit/loss arising from the revaluation is recorded under other comprehensive income. In this case, the depreciation is recorded in other comprehensive income, up to the amount from a previous revaluation.

### Property, Plant and Equipment

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

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

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

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

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

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

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

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

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

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

### Leasing

#### *Group as the Lessee*

Leasing transactions are classified either as finance leases or operating leases. Leasing transactions in which the Group, as the lessee, bears all the significant risks and rewards associated with ownership are treated as finance leases. Accordingly, the Group capitalises the leasing object at the time of concluding the leasing relationship at either the fair value or the net present value of the minimum leasing installments, whichever is lower, and then depreciates the leasing object over the estimated useful economic life or the shorter contractual period. At the same time, a corresponding liability is created which is repaid and carried forward during the subsequent period, according to the effective interest method. All other leasing transactions in which the Group acts as lessee are treated as operating leases. In this case, leasing payments are recognized as expenses on a straight line basis, throughout the contract period.

#### *Group as the Lessor*

Leases which do not substantially transfer all the risks and rewards associated with ownership from the Group to the lessee are classified as operating leases. Initial direct costs incurred on account of the negotiations relating to and the conclusion of an operating leasing contract are added to the book value of the leased object and recognized as expenses corresponding to the income from rents, throughout the contract period.



### **Public Sector Benefits**

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

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

### **Investment Property**

Investment property covers all real estate held for the purpose of earning income from rents, as long-term capital growth, or which is used for neither production nor administrative purposes. Property held as financial investments is valued at carried-forward acquisition or production cost in the statement of financial position, and depreciated on a straight line basis over 30 - 50 years.

### **Inventories**

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

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

### **Financial Instruments**

#### *General Information*

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

Financial instruments in the sense of IAS 39 include financial assets which are valued at the fair value, affecting net income, loans and receivables, financial investments held to maturity or financial assets available for sale. In particular, these include cash and cash-equivalents, accounts receivable, other granted loans and receivables and original and derivative financial assets held for trading.

Financial liabilities regularly constitute claims for repayment in cash or another financial asset. In the sense of IAS 39, these include financial liabilities valued at the fair value through profit or loss, and financial liabilities that are measured at amortized costs. In particular, these include accounts payable, liabilities due to credit institutions, liabilities from finance leases, bonded loans and derivative financial liabilities, as well as bonds and other secured liabilities.

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

As a rule, financial instruments are valued as soon as EDAG becomes a contractual partner under the regulations of the financial instrument (trading date). In general, financial assets and financial liabilities are not offset; they are only netted if a right to offsetting exists and the intent is to settle on a net basis. The company defines the categorisation of its financial assets and/or financial liabilities upon their initial recognition and reviews this classification at the end of each financial year, to the extent that this is admissible and appropriate. Reclassifications are carried out at the end of the financial year if these are admissible and appear necessary.

The fair values posted in the statement of financial position generally correspond to the market prices of the financial assets. If these should not be directly available, they are calculated on the basis of recognized valuation models and the current market parameters. To this end,



the cash flows that are already defined or determined on the basis of the current yield curve via forward rates are discounted on the valuation date, using the discount factors from the yield curve that applies on the reference date. The middle rates are used.

#### *Financial Assets*

##### *Financial assets at fair value through profit or loss*

The group of financial assets valued at the fair value, through profit or loss, includes the financial assets held for trading which are classified at financial assets to be valued at the fair value, upon first-time valuation. Financial assets are categorised as being held for trading if they are acquired for the purpose of disposal within the foreseeable future. Profits or losses from financial assets held for trading are posted to profit or loss. When recognized for the first time, financial assets may be designated as financial assets affecting income, at the fair value if the following criteria are fulfilled: (a) the classification eliminates or reduces significant incongruities which would arise with other valuations of assets or the posting of profits and losses at different valuation methods would result; or (b) the assets are part of a group of financial assets which are controlled according to a documented risk management strategy and their performance is assessed on the basis of the fair value; or (c) the financial asset includes an embedded derivative to be posted separately.

The financial assets that are valued at fair value through profit or loss mainly include derivative financial instruments, such as forward exchange contracts which are not involved in an effective collateral relationship pursuant to IAS 39 and must therefore be categorised as "held for trading", other investments or specific securities. So far, EDAG has not made any use of the option to designate financial assets being recognized for the first time as financial assets affecting income, at the fair value (Financial Assets at Fair Value Through Profit or Loss).

##### *cash and cash-equivalents*

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

#### *Receivables*

Accounts receivable and other current receivables are measured at amortized cost, using the effective interest method (net method) if applicable. The value adjustments which are carried out in the form of allowances for doubtful accounts sufficiently satisfy the anticipated risks of default; concrete defaults result in the derecognition of the relevant receivables.

Some of the value adjustments to accounts receivable and other receivables are carried out using value adjustment accounts. The decision regarding whether a default risk should be accounted for using a value adjustment account or by directly reducing the receivable depends on the degree of reliability of the assessment of the risk situation. Due to the various business fields and differing regional conditions involved, the final assessment is the responsibility of the persons responsible for the individual divisions. EDAG does not carry out any generalised or portfolio adjustments.

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

##### *Financial Investments Held to Maturity*

Financial investments held to maturity are non-derivative financial assets with fixed or determinable payments and fixed terms, which EDAG intends and is able to keep until their final maturity dates, but not any which are carried at fair value, classified as available for sale, or meet the criteria for the category "receivables" at the time of their first inclusion in the statement of financial position. These financial assets are measured using the effective interest method, with amortized costs. Certain securities, for instance, come under this category.

##### *Financial Investments Available for Sale*

The other original financial assets are categorised as "available for sale" and are always valued at either book value or fair value. Financial assets available for sale are non-derivative financial assets which are classified as being available for sale and do not come under one of the above-mentioned categories. The profits and losses resulting from the valuation with the fair value are posted to equity, without affecting income. This does not apply if permanent and/or significant impairments and currency-related changes in value of debt capital instruments which are posted with an effect on income are involved. The accumulated profits and losses from the valuation of the fair value shown in equity are not posted to the Statement of Comprehensive Income until the financial assets have been disposed of. Non-listed equity instruments are valued at their acquisition costs (less impairments, if applicable). Un-



der certain circumstances, other investments (e.g. non-operational companies) and certain securities, the acquisition cost of any one of which must not exceed € 30 thousand, also come under this category.

Interest received from or paid on financial investments is posted as interest income or interest expense. The effective interest method is used. Dividends from financial instruments are posted as "dividends received", affecting income, when the legal claim to payment is created.

#### *Impairment*

On each reporting date, the book values of the financial assets which cannot be valued at the fair value affecting net income are checked to see whether there are substantial, objective indications of impairment (such as the debtor being in serious financial difficulties, the high probability of insolvency proceedings being instituted against the debtor, the loss of an active market for the financial asset, significant changes to the technological, economical, legal or market environment of the issuer, a continuing fall in the fair value of the financial asset to below the amortized costs). Any impairment on account of a lower fair value, compared to the book value, are posted to profit or loss. Should any impairments of the fair value of financial assets available for sale have been posted to equity without affecting income, then the value of the impairment calculated for these is to be eliminated from equity and posted to the Statement of Comprehensive Income. If, during evaluations carried out at a later date, it should transpire that the fair value has objectively increased as a result of circumstances occurring after the impairment was determined, then the impairment is withdrawn from equity instruments accordingly, without affecting income; impairments of debt instruments, on the other hand, are withdrawn through profit and loss. Impairments pertaining to non-listed equity instruments which are available for sale and posted with the acquisition costs must not be withdrawn. The fair value of securities held to maturity and the fair value of loans and receivables measured at amortized costs, both to be defined during the impairment test, are equivalent to the cash value of the estimated future cash flows discounted at the value of the original effective annual interest rate. The fair value of non-listed equity instruments measured at amortized costs is the cash value of the expected future cash flows discounted at the value of the current interest rate, equivalent to the investment's specific risk situation.

#### *Derecognition*

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

- The contractual rights to draw on the cash flows from a financial asset have expired.
- Although the Group retains the rights to draw on the cash flows from financial assets, it has, however, accepted a contractual obligation requiring the immediate payment of the cash flows to a third party, within the context of an agreement which meets the requirements of IAS 39.19 ("pass-through arrangement"), and in doing so has essentially neither transferred nor retained all risks and chances appertaining to the ownership of the financial asset, but has nevertheless transferred the authority to dispose of the asset.
- The Group has transferred its contractual rights to draw on cash flows from a financial asset, and in doing so has either (a) essentially transferred all risks and chances appertaining to the ownership of the financial asset, or (b) essentially neither transferred nor retained all risks and chances appertaining to the ownership of the financial asset, but has nevertheless transferred the authority to dispose of the asset.

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

#### *Financial Liabilities*

##### *Financial liabilities measured at amortized costs*

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

#### *Derecognition*

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

If an existing financial liability is exchanged for another financial liability of the same loan creditor with substantial differences in contractual conditions, or if the conditions appertaining to an existing liability are considerably altered, then any such exchange or alteration is





treated as the derecognition of the original liability and the recognition of a new liability. The difference between the book values is posted to profit or loss.

#### *Derivative Financial Instruments*

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

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

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

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

EDAG therefore carries out hedging measures which, while not fulfilling the strict requirements of IAS 39, still contribute towards effectively hedging the financial risk, as per the principles of risk management. Nor does EDAG apply hedge accounting in accordance with IAS 39 to hedge foreign currency risks for monetary assets and liabilities in the statement of financial position, as the profits and losses affecting income in accordance with IAS 21 are shown in profit or loss along with the profits and losses from the derivatives used as hedging instruments.

#### **Share-based Payments**

Share-based payments for which the company or the counterparty is contractually entitled to choose whether the transaction is to be settled in cash (or other assets) or by issuing

equity instruments, the transaction - or its constituent parts - is to be accounted for as a share-based payment with cash settlement, provided that the company has an obligation to settle in cash or other assets, or, should no such obligation exist, as a share-based payment with settlement through equity instruments. For equity-settled share-based payments, the goods or services received and the corresponding increase in equity are recognized directly at the fair value of the goods or services received, unless this fair value cannot be estimated reliably.

#### **Provisions**

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

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

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



### **Pensions and Other Post-Employment benefits**

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

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

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

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

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

### **Payments Resulting from the Termination of Employment Relationships**

Payments resulting from the termination of employment relationships are made in the event of an employee being dismissed by a Group company before reaching regular pension age, or of an employee accepting the voluntary termination of the employment relationship in return for severance pay. The Group recognises severance pay if it is demonstrably obliged to terminate the employment of present employees in compliance with a detailed and irrevocable formal plan, or if it is demonstrably required to pay such benefits following the voluntary termination of employment by the employee. Payments which become due after more than 12 months after the effective date are discounted to their present value.

### **Income Taxes**

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

Deferred tax assets and deferred tax liabilities are formed pursuant to IAS 12 "Income taxes" for temporary valuation differences between IFRS and tax statements of financial position of the individual companies, as well as for consolidation processes affecting income. The deferred tax assets also include tax reduction claims which result from the anticipated future use of existing tax losses carried forward, if the realization of these is likely. Deferred tax assets are only to be reported if it is likely that future taxable income can be offset against tax credits and losses carried forward. A planning period of 3 years is always used as a basis here. This is in line with company planning, which is also used for the impairment tests, adjusted for tax effects.

To calculate deferred taxes, the tax rates applicable on the Statement of Financial Position date or applicable in future are used as a basis, provided these have already been legally defined, or the legislative process is essentially complete. Changes to deferred taxes in the Statement of Financial Position always result in deferred tax expenses or income. If entries that result in a change in deferred taxes are booked directly against the equity, the change to the deferred taxes is also directly accounted for in equity.



#### **Non-current Assets Held for Sale (Disposal Groups)**

Assets reported as being "held for sale" are those which can be disposed of in their current condition and the disposal of which is very likely. This can involve individual, non-current assets or groups of assets (disposal groups). Non-current assets held for sale are no longer subject to scheduled depreciation and amortization, but valued at their fair value less disposal costs, provided this is lower than the book value. In the event of an increase in the fair value less disposal costs, the previously reported impairment is reversed. The write-up is limited to the impairments previously recorded for the respective assets. Results from the valuation of certain individual assets held for sale and from disposal groups are reported in the result from continuing operations until final disposal.

#### **Borrowing Costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualified asset are to be capitalized as a part of the acquisition or production costs of this asset. As in the previous year, no interest on borrowed capital was capitalized. Other borrowing costs are to be recognized as expenses in the period in which they occur.

#### **Discretionary Decisions**

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

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

#### **Estimates (Assumptions)**

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

In the following situations, the assumptions made on the Statement of Financial Position date are of particular significance:

The estimate of order costs and income is an important criterion for realising profit according to the percentage of completion method, pursuant to IAS 11. The result of a construction contract can only be reliably estimated if the economic advantages arising from the contract are likely to go to the company. Assumptions are also to be used as the basis on which to assess probability. The management continually reviews all estimates required for construction contracts, adjusting them wherever necessary.

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

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

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



**Unscheduled amortization (impairments)** on assets is recorded in the case of impairment. An annual impairment test is carried out for the goodwill and intangible assets with an indefinite useful life and more often if specific events indicate a possible impairment. In the impairment test, the carried-forward book values of the assets are compared with the recoverable amount of the assets. The recoverable amount is either the net disposal price or value in use of the asset, whichever value is higher. In order to determine the value in use, it is necessary to estimate and discount cash flows. The estimated cash flows and the assumptions made are based on whatever information is available on the Statement of Financial Position date, and may deviate from actual developments.

**Assets, liabilities and provisions held for sale** are subject to two fundamental uncertainty factors: firstly, the way in which negotiations develop, with possible loss of control; and secondly changes in value from ongoing activities, with possible loss of control.

When accounting for **leases**, an assessment must be made of whether or not the main risks and rewards associated with the ownership have been transferred. On the basis of this assessment, the leasing object is then allocated to either the lessee or the lessor. If they are being recognized for the first time, assets and liabilities from finance leases are recorded at fair value or, if this is lower, at the present value of the minimum leasing payments. The determination of fair value is regularly associated with estimates regarding the cash flows resulting from utilization of the leasing object and the discount rate used.

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

## 11.4 Notes on the Statement of Comprehensive Income

### [1] Sales Revenues

In the financial year, the sales revenues amounted to € 722,137 thousand (2014: € 697,458 thousand). Sales revenues are realized with the provision of the service and/or the transfer of the risk to the customer. This disclosure occurs net of sales tax and all discounts and bonuses. In addition to this, services assessed according to the Percentage of Completion ("POC") method are also disclosed as sales revenues. The construction contracts revenue recognized under POC for the reporting year amounted to € 112,643 thousand (2014: € 101,534 thousand).

The group sales revenues are broken down in terms of sales into the individual markets as follows. This breakdown reflects the regional classification of the EDAG locations.

in € thousand	2015		2014	
<b>Sales revenue by markets (sales related)</b>				
Germany	555,775	77%	544,050	78%
Switzerland	2,536	0%	2,327	0%
Rest of Europe	90,183	12%	84,414	12%
North America	25,187	3%	17,935	3%
South America	14,689	2%	20,521	3%
Asia	33,767	5%	27,934	4%
Australia	-	0%	7	0%
Africa	-	0%	270	0%
<b>Total</b>	<b>722,137</b>	<b>100%</b>	<b>697,458</b>	<b>100%</b>

The following table reflects the concentration risk of the EDAG Group, divided according to the customer sales divisions, which are spread across all of the segments:

in € thousand	2015		2014	
Customer sales division A	144,500	20%	147,202	21%
Customer sales division B	122,421	17%	109,268	16%
Customer sales division C	18,576	3%	8,524	1%
Customer sales division D	110,695	15%	117,948	17%
Customer sales division E	38,115	5%	40,159	6%
Customer sales division F	25,594	4%	28,591	4%
Customer sales division G	17,441	2%	15,283	2%
Customer sales division H	44,505	6%	38,950	6%
Customer sales division I	36,290	5%	35,238	5%
Miscellaneous (OEMs and system suppliers)	164,000	23%	156,295	22%
<b>Total</b>	<b>722,137</b>	<b>100%</b>	<b>697,458</b>	<b>100%</b>

The EDAG Group generates over 50 percent of its sales revenues with two corporate groups.

## [2] Changes in Inventories

Shown here is the increase/decrease in inventory of unfinished and finished goods and services which have been determined on the basis of the acquisition cost method. Inventory of unfinished and finished goods and services in the reporting year 2015 decreased by € 170 thousand (2014: decreased by € 7,710 thousand).

## 3] Other Income

Other income is classified as follows:

in € thousand	2015	2014
<b>Operating income</b>		
Non-cash benefit from car leasing	3,523	3,287
Cost transfer income	2,936	1,362
Income from currency gains	2,585	1,261
Land and rental income	1,706	2,092
Catering/cafeteria income	745	659
Income from currency hedging transactions	128	-
Income from compensation payments	79	165
Income from recycling/scrap	18	210
Income from investment properties	-	551
Income from insurance reimbursements	-	19
Miscellaneous operating income	507	1,017
<b>Total operating income</b>	<b>12,227</b>	<b>10,623</b>
<b>Non-operating income</b>		
Income from the reversal of provisions	4,436	863
Public sector benefits	1,302	1,131
Income from the disposal/ subsequent capitalization of fixed assets	306	18,555
Income from impaired receivables	298	153
Deconsolidation income	-	26,966
Miscellaneous non-operating income	1,540	577
<b>Total non-operating income</b>	<b>7,882</b>	<b>48,245</b>
<b>Total other income</b>	<b>20,109</b>	<b>58,868</b>

During the reporting year, public sector benefits of € 1,302 thousand (2014: € 1,131 thousand) were recognized through profit or loss in the Statement of Comprehensive Income. These benefits consist of public sector subsidies for training, research and development.

There are no unfulfilled conditions or miscellaneous contingencies in relation to these benefits. Income from the reversal of provisions to the amount of € 4,436 thousand (2014: € 863 thousand) are made up of the unwinding of other provisions for personnel and miscellaneous provisions (see point 11.5, page 225 "Other provisions [26]"). Other items cover income from the reversal of provisions for pensions in the amount of € 207 thousand (2014: € 225 thousand) and onerous contracts in the amount of € 382 thousand (2014: € 2 thousand).

#### [4] Material Expenses

in € thousand	2015	2014
Expenses for materials and supplies and for purchased goods	26,814	35,231
Expenses for purchased goods and services	73,220	80,592
<b>Total</b>	<b>100,034</b>	<b>115,823</b>

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

#### [5] Personnel Expenses

in € thousand	2015	2014
Wages and salaries	373,035	349,526
Social security contributions	69,161	62,493
Expenses on retirement pension plans and support	4,232	3,502
Wage-related and salary-related taxes	583	1,787
<b>Total</b>	<b>447,011</b>	<b>417,308</b>

Expenses for retirement pension plans and support include, but are not restricted to, expenses for defined benefit commitments. The interest portion of the valuation of retirement obligations is posted as a financing cost, as per the financing character. Anticipated income from the associated fund assets are stated as financing income. The presentation of guaranteed pension payments is explained in detail under point 11.5, page 217 "Pensions and other post-employment benefits [24]".

Wages and salaries include expenses in conjunction with the termination of employment contracts in the amount of € 1,081 thousand (2014: € 1,028 thousand). Expenses in conjunction with the termination of employment contracts to the amount of € 654 thousand (2014: € 3,224 thousand) are included in the miscellaneous non-operating expenses which are shown in the adjusted EBIT.



In the 2015 financial year, an average of 7,820 employees were employed in the EDAG Group (2014: 7,484 employees). The following table provides a detailed overview:

	2015	2014
<b>Breakdown according to contractual relationship</b>		
Salaried employees	7,313	6,978
Apprentices	507	506
<b>Total</b>	<b>7,820</b>	<b>7,484</b>
<b>Breakdown into divisions</b>		
Vehicle Engineering	4,830	4,806
Production Solutions	1,300	1,120
Electrics/Electronics	1,690	1,292
Miscellaneous	-	266
<b>Total</b>	<b>7,820</b>	<b>7,484</b>
<b>Geographical breakdown</b>		
Germany	6,032	5,782
Rest of Europe	967	941
North America	169	131
South America	254	301
Asia	398	329
Africa	-	-
<b>Total</b>	<b>7,820</b>	<b>7,484</b>

The table above does not include any employees from discontinued operations.

## [6] Depreciation, Amortization and Impairment

The depreciation and amortization of fixed assets in the amount of € 25,564 thousand (2014: € 25,613 thousand) include both amortization of intangible assets and depreciation of property, plant and equipment. In the reporting year, one property was qualified as an asset held for sale in accordance with IFRS 5.6 and was valued at fair value according to IFRS 5.15. An impairment loss in the amount of € 115 thousand (2014: € 865 thousand) occurred here which is included in the adjusted EBIT reconciliation.

The depreciation and amortization includes depreciation and amortization from the purchase price allocation in total of € 7,235 thousand (2014: € 6,965 thousand) which is also included in the adjusted EBIT reconciliation.

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

## [7] Other expenses

The breakdown of the miscellaneous operating expenses for the financial year 2015 of results in:

in € thousand	2015	2014
<b>Operating expenses</b>		
Rents and leases	32,760	26,684
Maintenance	16,045	16,384
Travel expenses	13,935	14,283
Miscellaneous ancillary personnel expenses	7,100	5,987
General administration expenses	5,846	6,034
Sales and marketing expenses	4,408	4,079
Consulting, contributions and fees	4,288	4,396
Expenses from currency losses	2,678	542
Personnel training and development expenses	2,512	2,094
Vehicle fuel expenses/miscellaneous vehicle expenses	1,934	1,653
Miscellaneous taxes and duties	1,312	1,289
Surveillance and security expenses	1,167	1,201
Insurance	973	1,656
Guarantees	156	294
Expenses from currency hedging transactions	-	266
Expenses from investment properties	-	72
Miscellaneous operating expenses	5,595	5,800
<b>Total operating expenses</b>	<b>100,709</b>	<b>92,714</b>
<b>Non-operating expenses</b>		
Expenses from impaired receivables	437	208
Expenses from bad debt loss	120	413
Expenses from the disposal of assets	168	234
Deconsolidation expenses	-	743
Restructuring expenses	-	188
Miscellaneous non-operating expenses	7,821	7,729
<b>Total non-operating expenses</b>	<b>8,546</b>	<b>9,515</b>
<b>Total other expenses</b>	<b>109,255</b>	<b>102,229</b>

Expenses from provisions for land transfer tax the amount of € 4,525 thousand and restructuring costs in the amount of € 3,132 thousand included in the miscellaneous non-operating expenses. These expenses were settled in the adjusted EBIT.

## [8] Reconciliation of the Adjusted Operating Profit (Adjusted EBIT)

In addition to the data required according to the IFRS, the group profit or loss also includes a reconciliation to the adjusted earnings before interest and taxes (adjusted EBIT). Among the adjustments, initial and deconsolidation income, restructuring in the scope of the company merger and all effects from the purchase price allocations on the EBIT are shown.

in € thousand	Note	2015	2014
<b>Earnings before interest and taxes (EBIT)</b>		<b>60,212</b>	<b>87,643</b>
Adjustments:			
Expenses (+) from purchase price allocation	(6)	7,235	6,965
Income (-) / expenses (+) from deconsolidation	(3), (7)	-	- 26,224
Income (-) / expenses (+) from initial consolidation	(7)	-	30
Income (-) from reversal of provisions	(3)	- 2,324	-
Expenses (+) from additional selling costs from M&A transactions	(7)	71	866
Expenses (+) from restructuring	(7)	7,162	4,845
Income (-) from the sale of real estate	(3)	- 300	- 18,405
Expenses (+) from the sale of real estate	(7)	424	1,292
Expenses (+) from impairment of real estate	(6)	115	865
<b>Total adjustments</b>		<b>12,383</b>	<b>-29,766</b>
<b>Adjusted earnings before interest and taxes (adjusted EBIT)</b>		<b>72,595</b>	<b>57,877</b>



The "expenses (+) from the purchase price allocation" and the "expenses (+) from impairment of real estate" are stated under the amortization. The "income (-)/expenses (+) from deconsolidations" are each shown separately in the non-operating expenses and non-operating income. The "income (-) from the sale of real estate" is shown separately under the non-operating income and under the separately shown position of "income from the disposal/subsequent capitalization of fixed assets". The "income (-)/expenses (+) from initial consolidations", the "expenses (+) of additional selling costs from M&A transactions", the "expenses (+) from restructuring" are subsumed under the non-operating expenses in the positions of "miscellaneous non-operating expenses" and "restructuring expenses".

### [9] Result from Investments Accounted for Using the Equity Method

The result from investments accounted for using the equity method in the amount of € 1,213 thousand in the 2015 financial year (2014: € 0 thousand) contains the proportionate result, each with 49 percent from EDAG Werkzeug + Karosserie GmbH, Fulda.

The group share in the individual items of the statement of recognized income and expense can be seen in the section "Investments accounted for using the equity method [19]", page 207.

### [10] Financial Income

in € thousand	2015	2014
Income from participations and profit transfer agreement	41	-
Income from other securities/loans from financial assets	-	205
Interest income earned from discounting	85	112
Interest and similar income	2,230	718
<b>Total</b>	<b>2,356</b>	<b>1,035</b>

### [11] Financing Expenses

in € thousand	2015	2014
Depreciation of financial assets and securities of the current assets	17	-
Interest and similar expenses	10,349	11,726
Miscellaneous financial expenses	21	26
<b>Total</b>	<b>10,387</b>	<b>11,752</b>

Of the interest and similar expenses, € 472 thousand (2014: € 416 thousand) is related to the interest percentage pension provisions.

### [12] Income Taxes

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

The main components of income tax expense for the 2015 to 2014 financial years are composed as follows:

in € thousand	2015	2014
Actual income tax expense/income	18,404	22,548
Adjustment for actual income taxes attributable to prior periods	497	463
Deferred tax expense/income		
from the emergence and/or reversal of temporary differences	- 1,678	- 4,363
from losses carried forward	- 177	40
<b>Income taxes</b>	<b>17,046</b>	<b>18,688</b>
Discontinued operations	-	679
<b>Total</b>	<b>17,046</b>	<b>19,367</b>

The tax effect on continuing operations which refers to the discontinued operations amounts to € 0 thousand (2014: € 0 thousand).

Actual income tax for the current financial year includes corporate tax incurred in Germany,

the solidarity contribution, trade tax and other income tax incurred abroad.

Due to changes to the tax law implemented at the end of 2006, existing rights from the tax credit method in Germany will be paid out over a period of ten years, in equal annual amounts, from 2008 onwards. The annual accrued interest on the present value of these entitlements has a positive effect on the financial result.

**Income taxes in the reporting year** from continued activities amounting to € 17,046 thousand (2014: € 18,688 thousand) are derived as follows from "expected" income tax expenses which would have resulted from applying the average rate of income tax of the EDAG Group to the earnings before income taxes. To determine the expected tax expense, the pre-tax earnings from continuing operations are multiplied by a weighted average combined tax rate of 31.00 percent. To calculate the expected tax expense in the previous year, the income tax rate of the then parent company (30.02 percent) was used.

	2015		2014	
	in € thousand	in %	in € thousand	in %
<b>Earnings before tax</b>	<b>53,394</b>		<b>76,926</b>	
Expected tax rate	-	31.00%	-	30.02%
<b>Expected tax expense</b>	<b>16,552</b>		<b>23,091</b>	
Tax-free earnings and non-deductible expenses, and effects of § 8a and § 8b of the German Corporate Tax Law	674	1.26%	- 5,400	-7.02%
Tax effects from equity investments (+)	- 376	-0.70%	-	0.00%
Tax rate deviations	4	0.01%	- 256	-0.33%
Tax effects from losses carried forward	- 359	-0.67%	652	0.85%
Taxes for previous year	497	0.93%	463	0.60%
Miscellaneous tax effects	54	0.10%	138	0.18%
<b>Income taxes as disclosed in the statement of comprehensive income</b>	<b>17,046</b>		<b>18,688</b>	
Effective tax rate	-	31.93%	-	24.29%

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

in € thousand	2015	2014
Deferred tax assets	780	681
Deferred tax liabilities	- 9,208	- 10,155
<b>Net</b>	<b>- 8,428</b>	<b>- 9,474</b>
Difference to previous year	1,046	6,205
Through profit or loss	1,854	4,323
Recognized directly in equity	- 766	2,710
Discontinued operations	-	- 679
Acquisitions/disposals	-	- 269
Currency differences	- 42	120

Deferred taxes are allotted to the following statement of financial position positions, losses carried forward, and tax credits. In discontinued operations, the values which are still recorded under assets held for sale are included in the reconciliation.

in € thousand	12/31/2015		12/31/2014	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
<b>Assets</b>				
Other intangible assets	2	- 8,706	-	- 10,188
Property, plant and equipment	-	- 3,124	14	- 2,790
Financial assets	11	- 22	44	-
Inventories, receivables, other financial assets	13,963	- 23,323	1,939	- 16,275
<b>Liabilities and provisions</b>				
Provisions	5,108	- 9,949	5,996	- 8,309
Liabilities	17,282	- 270	20,396	- 406
Tax losses carried forward	600	-	105	-
<b>Gross amount</b>	<b>36,966</b>	<b>- 45,394</b>	<b>28,494</b>	<b>- 37,968</b>
Offsetting	- 36,186	36,186	- 27,813	27,813
<b>Statement of financial position valuation</b>	<b>780</b>	<b>- 9,208</b>	<b>681</b>	<b>- 10,155</b>

Apportioning the net tax items to individual statement of financial position items can lead to correspondingly deferred tax liabilities.

The deferred taxes are regularly assessed. The ability to realize tax income from deferred taxes depends on the ability to achieve taxable income in the future and to use tax losses carried forward before they expire. Deferred tax assets are only recognized to the extent that it is likely that a taxable income will be available, can be used against the deductible temporary differences, and it can be assumed that they will be reversed in the foreseeable future.

An offsetting of deferred tax assets and liabilities occurs if an offsetting of actual tax assets is enforceable against actual tax liabilities. In addition to this, the tax assets and liabilities

must also refer to income taxes on the same tax subject which are levied by the same tax authority.

For deductible temporary differences totalling € 64 thousand (12/31/2014: € 79 thousand) no deferred tax asset was recorded in the statement of financial position, since no tax relief is to be expected.

As at December 31, 2015 the corporate income tax losses carried forward amount to € 14,668 thousand. (12/31/2014: € 14,874 thousand). In addition to this, there were also trade tax losses carried forward totalling € 171 thousand (12/31/2014: € 985 thousand), which can be carried forward for an indefinite period.

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

in € thousand	12/31/2015	12/31/2014
<b>Losses carried forward from corporate business tax (not usable)</b>	<b>12,704</b>	<b>14,451</b>
Expiry within		
1 year	207	430
2 - 3 years	631	753
4 - 5 years	301	172
6 - 10 years	947	1,201
more than 10 years	9,094	7,759
able to be carried forward for an unlimited period	1,524	4,136

Further, no deferred taxes have been recorded for business tax losses carried forward, in the amount of € 60 thousand (12/31/2014: € 790 thousand).

### [13] Assets Held for Sale and Discontinued Operations

In 2015 there were no business transactions from discontinued operations. Provisions for the "Production" business area from the share purchase agreement were be completely reversed in 2014. The other expenses from 2014 were the result of an indemnity payment.

The result from the discontinued operations is as follows:

in € thousand	2015	2014
Other income	-	2,715
<b>Gross profit</b>	<b>-</b>	<b>2,715</b>
Other expenses	-	- 450
<b>Operating profit (EBIT)</b>	<b>-</b>	<b>2,265</b>
<b>Earnings before tax from continuing operations</b>	<b>-</b>	<b>2,265</b>
Income taxes	-	- 679
<b>Earnings after tax from discontinued operations</b>	<b>-</b>	<b>1,586</b>

The net cash flows from the discontinued operations are as follows:

in € thousand	2015	2014
cash inflow/outflow from operating activities/ operating cash flow	- 450	-
cash inflow/outflow from investing activities/ investing cash flow	-	-
cash inflow/outflow from financing activities/ financing cash flow	-	-
<b>Net cash changes in financial funds</b>	<b>- 450</b>	<b>-</b>

in € thousand	12/31/2015			12/31/2014		
	Book value	Value adjustment	Fair value	Book value	Value adjustment	Fair value
<b>Assets</b>						
Property, plant and equipment	750	115	635	1,615	865	750
<b>Assets classified as held for disposal</b>	<b>750</b>	<b>115</b>	<b>635</b>	<b>1,615</b>	<b>865</b>	<b>750</b>
<b>Liabilities and provisions</b>						
<b>Liabilities and provisions classified as held for sale</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net assets directly related to disposal</b>	<b>750</b>	<b>115</b>	<b>635</b>	<b>1,615</b>	<b>865</b>	<b>750</b>

In the previous year, one property was qualified as a non-current asset held for sale according to IFRS 5.6 and valued at fair value according to IFRS 5.15. The fair value was derived by a property broker on the basis of a range of discussions with prospective buyers. In this context, an impairment loss in total of € 865 thousand recognized.

Unfavorable market changes meant that the property had not been sold by December 31, 2015. The Executive Board still intends to sell the property, and took appropriate measures in the financial year just ended. In this context, an additional impairment loss in total of € 115 thousand was recognized.

#### [14] Non-controlling interests

The non-controlling interest includes shares held by third-parties in initial and generated equity of the fully consolidated subsidiaries.

The total comprehensive income to be attributed to non-controlling interests for the 2015 financial year is € 47 thousand (2014: € -43 thousand).

The dividends to be allocated to the controlling shares for 2015 are € 179 thousand (2014: € 179 thousand).

The following table shows the fundamental financial information of VR-Leasing Malakon GmbH & Co Immo. KG, Eschborn, which is not controlled in full (non-controlling interest 15 percent).

in € thousand	12/31/2015	12/31/2014
Current assets	49	50
of which cash	49	50
Non-current assets	6,098	6,471
<b>Total assets</b>	<b>6,147</b>	<b>6,521</b>
Current liabilities and provisions	3,676	3,464
of which financial liabilities	673	641
Non-current liabilities and provisions	1,919	2,605
of which financial liabilities	1,446	2,118
<b>Total liabilities and provisions</b>	<b>5,595</b>	<b>6,069</b>
<b>Net assets</b>	<b>552</b>	<b>452</b>

#### [15] Earnings per Share

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

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

in € thousand	2015	2014
<b>Basic Earnings per Share (EPS)</b>		
Earnings after tax	36,348	59,824
less non-controlling interest (monority shares)	- 47	43
Earnings after tax, attributable to shareholders of EDAG AG	36,301	59,868
less earnings after tax from discontinuing operations	-	1,586
Earnings after tax from continuing operations, attributable to shareholders of EDAG AG	36,301	58,282
Weighted average number of shares (basic; in thousand)	25,000	25,000
Effect from diluted equity instruments (in thousand)	-	-
Weighted average number of shares (diluted; in thousand)	25,000	25,000
Basic earnings per share from continuing operations	1.45	2.33
Basic earnings per share	1.45	2.39
Diluted earnings per share from continuing operations	1.45	2.33
Diluted earnings per share	1.45	2.39

The earnings per share (diluted/undiluted) from discontinued operations amounts to € 0.00 (2014: € 0.06).

## 11.5 Notes on the Statement of Financial Position

### [16] Intangible Assets

Intangible assets have developed as follows:

in € thousand	Concessions, industrial property rights and similar rights	IT software	Goodwill	Advance payments on intangible assets	Capitalized development costs	Intangible assets from purchase price allocation	Total
<b>(Historical) cost</b>							
<b>As per 12/31/2013/ 01/01/2014</b>	<b>142</b>	<b>26,036</b>	<b>63,903</b>	<b>87</b>	<b>1,729</b>	<b>41,162</b>	<b>133,059</b>
Currency conversion difference	-	138	-	10	-	10	158
Additions	-	7,728	-	-	-	-	7,728
Disposals	-	-99	-	-	-108	-63	-270
Transfers	-	95	-	-97	-	-	-2
Changes in the scope of consolidation	-	-420	-	-	-224	-210	-854
<b>As per 12/31/2014/ 01/01/2015</b>	<b>142</b>	<b>33,478</b>	<b>63,903</b>	<b>-</b>	<b>1,397</b>	<b>40,899</b>	<b>139,819</b>
Currency conversion difference	-	-181	-4	-	-	301	116
Additions	-	5,197	-	865	-	-	6,062
Disposals	-112	-164	-	-	-	-	-276
Transfers	-	-	-	-	-	-	-
Changes in the scope of consolidation	-	1,055	336	-	-	-	1,391
<b>As per 12/31/2015</b>	<b>30</b>	<b>39,385</b>	<b>64,235</b>	<b>865</b>	<b>1,397</b>	<b>41,200</b>	<b>147,112</b>

in € thousand	Concessions, industrial property rights and similar rights	IT software	Goodwill	Advance payments on intangible assets	Capitalized development costs	Intangible assets from purchase price allocation	Total
<b>Accumulated amortization and impairments</b>							
<b>As per 12/31/2013/ 01/01/2014</b>	<b>- 122</b>	<b>- 13,185</b>	<b>-</b>	<b>-</b>	<b>- 982</b>	<b>- 5,377</b>	<b>- 19,666</b>
Currency conversion difference	-	-82	-	-	-	-	-82
Additions (scheduled amortization)	-3	-5,926	-	-	-115	-4,650	-10,694
Disposals	-	14	-	-	107	63	184
Transfers	-	-2	-	-	-	-	-2
Changes in the scope of consolidation	-	111	-	-	155	39	305
<b>As per 12/31/2014/ 01/01/2015</b>	<b>- 125</b>	<b>- 19,070</b>	<b>-</b>	<b>-</b>	<b>- 835</b>	<b>- 9,925</b>	<b>- 29,955</b>
Currency conversion difference	-	166	-	-	-	-70	96
Additions (scheduled amortization)	-3	-7,038	-	-	-102	-4,602	-11,745
Disposals	112	-	-	-	-	-	112
Changes in the scope of consolidation	-	14	-	-	-	-	14
<b>As per 12/31/2015</b>	<b>- 16</b>	<b>- 25,928</b>	<b>-</b>	<b>-</b>	<b>- 937</b>	<b>- 14,597</b>	<b>- 41,478</b>
<b>Book value 12/31/2014</b>	<b>17</b>	<b>14,408</b>	<b>63,903</b>	<b>-</b>	<b>562</b>	<b>30,974</b>	<b>109,864</b>
<b>Book value 12/31/2015</b>	<b>14</b>	<b>13,457</b>	<b>64,235</b>	<b>865</b>	<b>460</b>	<b>26,603</b>	<b>105,634</b>

The intangible assets from the purchase price allocations are the result of the purchase of the Rucker Group in 2012 and the BFFT Group in 2013, and primarily include the orders on hand and customer lists. The following shows the details of how these have developed:

in € thousand	Customer list	Other	Total
<b>(Historical) cost</b>			
<b>As per 12/31/2013/1/1/2014</b>	<b>41,099</b>	<b>64</b>	<b>41,163</b>
Currency conversion difference	9	-	9
Disposals	-	- 64	- 64
Changes in the scope of consolidation	- 210	-	- 210
<b>As per 12/31/2014/1/1/2015</b>	<b>40,898</b>	<b>-</b>	<b>40,898</b>
Currency conversion difference	301	-	301
<b>As per 12/31/2015</b>	<b>41,199</b>	<b>-</b>	<b>41,199</b>
<b>Accumulated amortization and impairments</b>			
<b>As per 12/31/2013/1/1/2014</b>	<b>- 5,345</b>	<b>- 32</b>	<b>- 5,377</b>
Additions (scheduled amortization)	- 4,618	- 32	- 4,650
Disposals	-	64	64
Changes in the scope of consolidation	39	-	39
<b>As per 12/31/2014/1/1/2015</b>	<b>- 9,924</b>	<b>-</b>	<b>- 9,924</b>
Currency conversion difference	- 70	-	- 70
Additions (scheduled amortization)	- 4,602	-	- 4,602
<b>As per 12/31/2015</b>	<b>- 14,596</b>	<b>-</b>	<b>- 14,596</b>
<b>Book value 1/1/2014</b>	<b>35,754</b>	<b>32</b>	<b>35,786</b>
<b>Book value 12/31/2014</b>	<b>30,974</b>	<b>-</b>	<b>30,974</b>
<b>Book value 1/1/2015</b>	<b>30,974</b>	<b>-</b>	<b>30,974</b>
<b>Book value 12/31/2015</b>	<b>26,603</b>	<b>-</b>	<b>26,603</b>

As at December 31, 2015, the remaining amortization period for customer lists amounts to 7 years.

in € thousand	Customer list
<b>Book value 12/31/2015</b>	<b>26,603</b>
<b>Remaining amortization period</b>	
2016	4,600
2017	4,600
2018	4,600
2019	4,600
2020	4,398
2021	2,176
2022	1,629

No ownership restrictions exist on intangible assets. No assets acquired within the context of leasing arrangements and lease-to-buy contracts are included in intangible assets.

During the 2015 financial years, no public sector benefits were offset from the acquisition costs for intangible assets.

## [17] Property, Plant and Equipment

As in the previous year, no further ownership restrictions exist on property, plant and equipment.

Property, plant and equipment includes all leased assets, where the Group companies are the economic owners of the assets. The book values of land and buildings, technical equipment and operating and office equipment held within the context of financing leases and lease-to-buy contracts amounted to € 2,227 thousand as at December 31, 2015 (12/31/2014: € 196 thousand). During the financial year, additions in the amount of € 2,979 thousand (2014: € 59 thousand) were recorded. These result from hardware leasing.

During the 2015 financial year, impairment costs in the amount of € 374 thousand were incurred for property. This is recognized under Others in the segment reporting. In the previous year, no impairment costs were incurred.

During the reporting year, no public sector benefits (2014: € 51 thousand) were offset from acquisition costs for property, plant and equipment. As in the previous year, no repayments

were made on public sector benefits.

As at December 31, 2015 - as at December 31, 2014, no investment property was held.

Property, plant and equipment have developed as follows:

in € thousand	Land and buildings	Technical equipment and machinery	Other equipment, operating and office equipment	Advance payments and construction in progress	Total property plant and equipment	Investment property
<b>(Historical) cost</b>						
<b>As per 12/31/2013/1/1/2014</b>	<b>55,311</b>	<b>54,009</b>	<b>57,477</b>	<b>369</b>	<b>167,166</b>	<b>3,808</b>
Currency conversion difference	- 6	18	268	-	280	-
Additions	1,663	5,767	9,353	757	17,540	-
Disposals	- 24,744	- 212	- 8,470	- 285	- 33,711	- 3,808
Transfers	1,034	159	- 861	- 330	2	-
Changes in the scope of consolidation	- 3,523	- 20,171	- 970	-	- 24,664	-
Assets held for sale/discontinued operations	- 1,901	-	-	-	- 1,901	-
<b>As per 12/31/2014/1/1/2015</b>	<b>27,834</b>	<b>39,570</b>	<b>56,797</b>	<b>511</b>	<b>124,712</b>	<b>-</b>
Currency conversion difference	- 372	- 339	- 124	-	- 835	-
Additions	3,801	5,273	14,323	3,566	26,963	-
Disposals	- 480	- 6	- 5,997	- 173	- 6,656	-
Transfers	1,712	192	- 2,208	303	- 1	-
Changes in the scope of consolidation	-	-	3	-	3	-
<b>As per 12/31/2015</b>	<b>32,495</b>	<b>44,690</b>	<b>62,794</b>	<b>4,207</b>	<b>144,186</b>	<b>-</b>

in € thousand	Land and buildings	Technical equipment and machinery	Other equipment, operating and office equipment	Advance payments and construction in progress	Total property plant and equipment	Investment property
<b>Accumulated depreciation</b>						
<b>As per 12/31/2013/1/1/2014</b>	<b>- 8,946</b>	<b>- 31,947</b>	<b>- 38,744</b>	<b>-</b>	<b>- 79,637</b>	<b>- 804</b>
Currency conversion difference	6	- 13	- 209	-	- 216	-
Additions (scheduled depreciation)	- 2,269	- 4,877	- 6,829	-	- 13,975	- 79
Disposals	1,284	173	7,892	-	9,349	883
Transfers	- 104	18	88	-	2	-
Changes in the scope of consolidation	543	14,454	90	-	15,087	-
Assets held for sale/discontinued operations	286	-	-	-	286	-
<b>As per 12/31/2014/1/1/2015</b>	<b>- 9,200</b>	<b>- 22,192</b>	<b>- 37,712</b>	<b>-</b>	<b>- 69,104</b>	<b>-</b>
Currency conversion difference	161	311	84	-	556	-
Additions (scheduled depreciation)	- 1,710	- 3,770	- 7,854	-	- 13,334	-
Additions (non-scheduled depreciation)	- 374	-	-	-	- 374	-
Disposals	409	-	5,548	-	5,957	-
Transfers	- 738	- 3	741	-	-	-
Changes in the scope of consolidation	-	-	21	-	21	-
<b>As per 12/31/2015</b>	<b>- 11,452</b>	<b>- 25,654</b>	<b>- 39,172</b>	<b>-</b>	<b>- 76,278</b>	<b>-</b>
<b>Book value 12/31/2014</b>	<b>18,634</b>	<b>17,378</b>	<b>19,085</b>	<b>511</b>	<b>55,608</b>	<b>-</b>
<b>Book value 12/31/2015</b>	<b>21,043</b>	<b>19,036</b>	<b>23,622</b>	<b>4,207</b>	<b>67,908</b>	<b>-</b>



### [18] Non-current Financial Assets and Current Other Financial Assets

in € thousand	12/31/2015			12/31/2014		
	Current	Non-current	Total	Current	Non-current	Total
Shares in affiliated companies	-	77	77	-	53	53
Shares in investments	-	-	-	-	-	-
Loans	-	105	105	-	118	118
Securities - available for sale	68	-	68	92	-	92
<b>Total</b>	<b>68</b>	<b>182</b>	<b>250</b>	<b>92</b>	<b>171</b>	<b>263</b>

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

As at December 31, 2015, net lending amounted to € 105 thousand (December 31, 2014: € 118 thousand) and was primarily the result of loans extended to employees. The loans were not past due on the balance sheet date and are being repaid as scheduled.

Where securities positions are concerned, securities of € 68 thousand (December 31, 2014: € 92 thousand) are available for sale. These are marketable debt and equity securities.

### [19] Investments Accounted for Using the Equity Method

As at December 31, 2015, the EDAG Group holds 49 percent of EDAG Werkzeug & Karosserie GmbH. The addition to investments was made in 2014. In 2014, 49 percent investments in Zweite FOM Objekt GmbH & Co. KG, Wiesbaden and in Zweite FOM Beteiligungs GmbH, Wiesbaden were included. As the remaining 51 percent of the shares of the two investments were acquired in 2015, they are no longer accounted for using the equity method as at December 31, 2015.

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

in € thousand	2015	2014
<b>Book value 01/01</b>	<b>15,519</b>	-
Changes in the scope of consolidation	-	-
Additions	-	15,153
Disposals	- 13	-
Adjustment	1,227	366
Assets held for sale	-	-
<b>Book value 12/31</b>	<b>16,733</b>	<b>15,519</b>

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

in € thousand	12/31/2015	12/31/2014
Current assets	28,505	15,236
of which cash	20	77
Non-current assets	10,786	48,326
<b>Total assets</b>	<b>39,291</b>	<b>63,562</b>
Current liabilities and provisions	15,572	8,005
of which financial liabilities	4,442	937
Non-current liabilities and provisions	4,600	38,916
of which financial liabilities	4,029	38,400
<b>Total liabilities and provisions</b>	<b>20,172</b>	<b>46,921</b>
<b>Net assets</b>	<b>19,119</b>	<b>16,641</b>
Sales revenues	49,826	14,466
Scheduled depreciation and amortization	1,507	443
Interest income	-	-
Interest expenses	334	10
Income tax expenses/income [+/-]	1,193	385
<b>Profit or loss</b>	<b>2,476</b>	<b>826</b>
Other comprehensive income	28	- 80
<b>Total comprehensive income</b>	<b>2,504</b>	<b>746</b>

In the case of accounting using the equity method, intercompany profits must be eliminated in consolidation on a pro rata basis. For material reasons, this did not result in any adjustments. The following table shows the reconciliation of the net assets of the investment accounted for using the equity method:

in € thousand	2015	2014
Opening net assets 01/01/	16,641	-
Addition	-	15,895
Profit/loss for the period	2,476	826
Other comprehensive income	28	- 80
Dividends paid	-	-
Disposals	- 26	-
<b>Closing net assets 12/31/</b>	<b>19,119</b>	<b>16,641</b>

## [20] Accounts Receivable and Other Receivables

in € thousand	12/31/2015			12/31/2014		
	Short-term	Long-term	Total	Short-term	Long-term	Total
<b>Accounts receivable and other receivables</b>						
due from third parties	98,990	-	98,990	134,844	-	134,844
due from affiliated companies	2	-	2	1,987	-	1,987
due from other related parties	3,340	-	3,340	4	-	4
<b>Total</b>	<b>102,332</b>	<b>-</b>	<b>102,332</b>	<b>136,835</b>	<b>-</b>	<b>136,835</b>
<b>Future receivables from construction contracts</b>						
with positive balance due from customers	139,234	-	139,234	108,758	-	108,758
advance payments received on construction contracts with positive balance due from customers	- 45,977	-	- 45,977	- 58,385	-	- 58,385
<b>Total</b>	<b>93,257</b>	<b>-</b>	<b>93,257</b>	<b>50,373</b>	<b>-</b>	<b>50,373</b>
<b>Other receivables</b>						
due from affiliated companies	-	-	-	104	-	104
due from employees	1,023	1	1,024	831	1	832
due from plan assets	-	1,011	1,011	-	998	998
other remaining receivables	4,467	311	4,778	50,233	351	50,584
Accrued items	3,970	-	3,970	3,542	-	3,542
<b>Total</b>	<b>9,460</b>	<b>1,323</b>	<b>10,783</b>	<b>54,710</b>	<b>1,350</b>	<b>56,060</b>
Interest-bearing receivables < 3 months	-	-	-	5,539	-	5,539
<b>Total receivables</b>	<b>205,049</b>	<b>1,323</b>	<b>206,372</b>	<b>247,457</b>	<b>1,350</b>	<b>248,807</b>

In the reporting year, non-financial assets in the amount of € 8,457 thousand (12/31/2014: € 8,772 thousand) are included in the total receivables. In addition to the asset-side accruals and deferrals, these also include other taxes that are included in the other remaining receivables.

Due to the fact that the general terms and conditions of the OEMs come to bear, there is no collateral pledged for receivables. The OEMs do not provide for any prolonged or extended retention of title for suppliers.

The gross amount due from construction contracts is composed of the following net amounts:

in € thousand	12/31/2015	12/31/2014
Accrued costs including partial profits and losses	765,511	576,901
Partial invoices	- 626,277	- 468,143
<b>Total amount due from customers for construction contracts</b>	<b>139,234</b>	<b>108,758</b>
Advance payments received from construction contracts with positive balance	45,977	58,385
<b>Future receivables from construction contracts</b>	<b>93,257</b>	<b>50,373</b>

As at December 31, 2015, accounts receivable with a nominal value of € 1,132 thousand (12/31/2014: € 1,040 thousand) and other receivables with a nominal value of € 1,000 thousand (12/31/2014: € 1,000 thousand) were impaired.

The development of the valuation allowances is shown in the following table:

in € thousand	2015	2014
<b>As per 01/01</b>	<b>2,073</b>	<b>2,193</b>
Currency conversion difference	4	8
Additions	437	208
Utilization	- 188	- 197
Reversals	- 152	- 132
Changes to scope of consolidation	-	- 7
<b>As per 12/31</b>	<b>2,174</b>	<b>2,073</b>

The total amount of the additions, € 437 thousand (2014: € 208 thousand), consists in its entirety of additions from specific valuation allowances. Should there be clear evidence of customers failing to fulfill their payment obligations, this is taken into due account.



As at December 31, 2015, the analysis of overdue, non-impaired accounts receivable and other receivables was as follows:

in € thousand	12/31/2015		12/31/2014	
	Terms to maturity		Terms to maturity	
	up to 1 year	more than 1 year	up to 1 year	more than 1 year
<b>Book value, net</b>	<b>107,821</b>	<b>1,323</b>	<b>193,542</b>	<b>1,350</b>
<b>of which at reporting date</b>				
neither impaired nor overdue	85,801	1,323	168,180	1,350
not impaired but overdue				
≤ 1 month	15,745	-	18,822	-
1 - 2 months	2,789	-	3,307	-
2 - 3 months	837	-	616	-
3 - 6 months	1,317	-	1,228	-
6 - 9 months	380	-	939	-
9 - 12 months	654	-	358	-
1 - 2 years	263	-	63	-
2 - 4 years	28	-	21	-
> 4 years	7	-	8	-

With regard to the balance of accounts receivable and other receivables which are neither overdue nor impaired, there is no indication on the reporting date that the debtors will not be fulfilling their payment obligations. Delays in payment are the result of, amongst other things, security deposits. We still expect to receive payment as the customers have good credit ratings.

The Group has established an internal risk monitoring system geared to individual customer risks. All receivables which are neither overdue nor impaired are assigned to the risk category of contractual partners with good credit ratings.

## [21] Income and Deferred Tax Assets

in € thousand	12/31/2015	12/31/2014
Deferred tax assets	780	681
Income tax assets	4,979	6,679
<b>Total</b>	<b>5,759</b>	<b>7,360</b>

The assets from future income tax relief include deferred tax assets from temporary differences between the book values reported in the Group statement of financial position and the tax bases, as well as tax savings from losses carried forward assessed as being realisable in the future. Details of deferred tax assets are given in section "Income Taxes". Of the deferred tax assets, € 4,409 thousand will be realisable after more than twelve months (12/31/2014: € 5,313 thousand). Provided that the conditions for offsetting are met, deferred tax assets are shown on the statement of financial position set off against deferred tax liabilities.

## [22] Inventories

The book value of the inventories in the amount of € 1,599 thousand (12/31/2014: € 6,884 thousand) is broken down as follows:

in € thousand	12/31/2015	12/31/2014
Raw materials and supplies	1,081	1,143
Unfinished goods and services	257	301
Finished goods	30	207
Merchandise	1	-
Advance payments made	230	5,233
<b>Total</b>	<b>1,599</b>	<b>6,884</b>

The difference to the changes in inventories of unfinished and finished goods and services shown in the statement of comprehensive income results from changes in the scope of consolidation and currency conversion differences. The raw materials and supplies as well as merchandise are capitalized at acquisition cost; the unfinished goods and services and finished goods at the lower of production cost or net disposal value. During the reporting year, impairments in the amount of € 29 thousand (2014: € 30 thousand) were carried out on inventories with a book value before impairment of € 64 thousand (2014: € 63 thousand), and accordingly posted as material expense. As in previous years, no impairments on inventories were posted as depreciation on current assets.

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

### [23] Cash and Cash-equivalents

The cash and cash-equivalents are composed as follows:

in € thousand	12/31/2015	12/31/2014
Deposits with banks and cash in hand	70,453	39,168
cash-equivalents	11	329
Money transfer	190	5
<b>Statement of financial position valuation/financial funds</b>	<b>70,654</b>	<b>39,502</b>

In the 2015 financial year, the Group held cash or cash-equivalents in the amount of € 92 thousand (CHF 100 thousand) which are not at its unrestricted disposal. Deposits with credit institutions are held at banks with first class credit ratings.

### [24] Equity

#### Subscribed capital

The fully paid-in subscribed capital of EDAG Group AG in the amount of € 920 thousand as at December 31, 2015 is backed by 25 million bearer shares with a nominal value of CHF 0.04. In the consolidated financial statements for 2014, EDAG Engineering GmbH, Wiesbaden was the parent company of the EDAG Group. The subscribed capital in the amount of € 20,000 thousand as at December 31, 2014 was backed by 20 million bearer shares with a nominal value of € 1.00.

The shares are denominated in Swiss francs. The operating currency is the euro, and shares are traded in euros. The company's shares are briefed in a global certificate and deposited with Clearstream. Each company share entitles its holder to a vote at the company's general meeting. Restrictions on voting rights exist to the extent that the majority shareholders ATON GmbH ("ATON") and HORUS Vermögensverwaltungs-GbR ("HORUS") have entered into an agreement with the company in which they have undertaken for a period starting on the first day of trading of the shares of the company on the Frankfurt Stock Exchange (December 02, 2015) and ending on the second ordinary shareholders' meeting of the company after the first day of trading, however, at least for a period of 19 months after the first day of trading and with respect to such number of shares of the company directly or indirectly held by ATON or HORUS respectively upon settlement of the Offering to exercise its voting rights in ordinary shareholders' meetings of the company only with regard to half of the persons that are eligible as members for the Board of Directors.

For the financial year ending December 31, 2015, the company shares fully qualify for dividends.

#### Consolidated Equity Development

Details of the development of the equity capital in 2014 and 2015 is shown in the Group's statement of changes in equity.

The positioning of EDAG Group AG as the new parent company of the EDAG Group by ATON GmbH, the sole shareholder, represents a common control transaction. The incorporation of EDAG GmbH first in EDAG Engineering Holding GmbH, afterwards in EDAG Engineering Schweiz Sub-Holding AG (previously EDAG Engineering Group AG), and the subsequent incorporation of EDAG Engineering Schweiz Sub-Holding AG in EDAG Group AG are transactions that are to be represented as a reorganization of the complex company structure.

Following the representation of the legal reorganization, the Group equity level corresponds to that of EDAG Group AG in the subscribed capital and to that of EDAG Engineering GmbH in the capital reserves and further equity items. The differences arising from the representation of the legal reorganization were recognized in retained earnings.

Retained earnings comprise the other retained earnings, the reserve for conversion effects as per IFRS 1, and reserves from transactions under joint control, as well as the annual results of the previous years after dividend distributions and the profit of the current year.

#### **Reserves from Profits and Losses Recognized Directly in Equity (OCI)**

As per IAS 39, unrealized profits and losses from changes to market values of securities available for disposal are posted to a separate item in equity capital, provided no impairments exist. Furthermore, this includes direct changes to equity capital resulting from the valuation of pension obligations.

#### **Currency Conversion Difference**

Differences from currency conversion include differences from the currency conversion of financial statements of non-domestic subsidiaries.

#### **Paid and Proposed Dividends**

The shareholders' general meeting of EDAG Engineering GmbH (parent company of the EDAG Group in the previous year) decided that no dividends would be paid for the 2014 financial year.

Subject to approval of the general meeting, the Board of Directors of EDAG Group AG recommends paying a dividend of € 0.75 (CHF 0.81) per share for the 2015 financial year, which will result in an overall payout of € 18,750 thousand (CHF 20,018 thousand). The Board of Directors recommends that the entire dividend payout in the amount of € 0.75 (CHF 0.81) per share proposed for 2015 should be withdrawn from the capital reserves of EDAG Group AG. Subject to this proposal being passed at the general meeting, any such payout will not be subject to Swiss withholding tax.

#### **Non-controlling Interests**

The non-controlling interest includes shares held by third-parties in initial and generated equity of the fully consolidated subsidiaries.

## **[25] Pensions and other Post-Employment Benefits**

EDAG has a company pension scheme for its employees, which takes the form of defined benefit and/or defined contribution plans. In this way, care is taken of virtually all employees for the period after their retirement.

#### **Defined Contribution Plans**

The defined contribution benefits are benefits from state and private retirement insurers, to whom payments are made on the basis of statutory regulations, or on a voluntary basis. The employer contributions paid to the statutory pension scheme on a domestic level may be viewed as defined contribution plans of this nature. Payments to defined contribution pension plans in the Group predominantly refer to contributions to statutory pension schemes in Germany. The Group has no further payment obligations besides the payment of the contributions. In the reporting year, contributions amounting to € 30,743 thousand were paid (2014: € 27,395 thousand).

#### **Defined Benefit Plans**

The defined benefit plans involve both direct benefits (direct pension commitments) and indirect benefits made through VKE Versorgungskasse EDAG-Firmengruppe e.V. (VKE).

The direct benefits are guaranteed life-long pension payments. In some cases, this means benefits at a fixed amount; in others, benefits that vary according to the length of service to the company and the employee's salary. Old-age, disability and surviving dependents' pensions are assured.

The purpose of VKE - a group support fund - is to serve as a social institution of EDAG and related companies wishing to have their company retirement pension schemes managed by VKE. The sponsors (members using VKE to handle their company retirement pension schemes) are the following companies:

- EDAG Engineering GmbH, Wiesbaden
- EDAG Production Solutions GmbH & Co. KG, Fulda
- EDAG Werkzeug + Karosserie GmbH, Fulda
- FFT GmbH & Co. KG, Fulda<sup>3</sup>

The exclusive and unchangeable purpose of VKE is to manage the support fund which grants to beneficiaries voluntary, one-off, recurring or ongoing benefits pursuant to the VKE benefit plan in the event of assistance being required, occupational incapacity or occupational

<sup>3</sup> related company

disability, and during old age. Beneficiaries can be employees and/or former employees of the sponsor companies and their families (spouses, children) and/or surviving dependants. Members of the sponsor companies are also persons with whom the sponsor companies are, or have been, in an employment-type relationship. EDAG will no longer be entering into pension commitments for employees recruited on or after June 1, 2006. In accordance with the provisions of the pension scheme, employees who are entitled to benefits receive old-age and surviving dependents' benefits in the form of a lump-sum payment. The benefits are financed through an external fund, with the fund assets being re-invested in the form of loans in the sponsor companies.

In accordance with the provisions of this pension scheme, the employee receives old-age and surviving dependents' benefits. Each of the benefits due is paid as a lump sum.

Pension obligations in **Germany** are subject to the provisions of the German company Pensions Act. Due to the pension adjustment obligation required by law, pension commitments are subject to inflation risk. Furthermore, there is the risk that, due to changes in life expectancy, the likelihood of becoming disabled and the likelihood of dying, the actual payment obligations are different from what was expected at the time when the commitment was made.

In **Switzerland**, the Group's company pension scheme is handled by AXA Stiftung Berufliche Vorsorge. Assets are invested jointly for all accounts in a collective fund. This collective fund may change its financing system at any time. For the duration of a coverage deficit, and provided other measures do not lead to the desired result, the collective fund can levy restructuring contributions from the employer and the employees.

In **Italy**, benefits are paid upon termination of the employment (Trattamento di Fine Rapporto [TFR]). Every employee is entitled to benefits in such cases. For each year of service, severance provisions must be created on the basis of total annual remuneration divided by 13.5. When setting aside these provisions, the employer must pay a proportion (0.5 percent of the salary) of this to the Italian National Social Security Institute or to an external pension fund over the course of the year. This amount is deducted from the severance provisions. On December 31 of each year, the severance pay accrued in the previous year is revalued using an index prescribed by law (1.5 percent plus 75 percent of the increase in the consumer price index for families of workers and employees based on the last 12 months).

In **India**, the 1972 Gratuity Act requires post-employment benefits to be paid to employees, provided they have rendered continuous service for at least 4.5 years. Payment is based on the basic monthly salary divided by 26 days and multiplied by 15 days for each complete year; although if six months have been completed, this is regarded as a year.

Old-age pension obligations are determined on the basis of the actuarial expert report that is produced each year. The benefit amount is determined using the duration of employment as well as the estimated future salary and pension trends.

The pension provision recorded on the statement of financial position is shown as follows:

in € thousand	12/31/2015	12/31/2014
Present value of obligations financed through a fund	35,117	34,876
Fair value of plan assets	24,783	24,448
<b>Financing deficit/surplus</b>	<b>10,334</b>	<b>10,428</b>
Present value of obligations not financed through a fund	11,657	11,930
<b>Total deficit of the defined benefit obligations [recognized pension provision]</b>	<b>21,991</b>	<b>22,358</b>



The pension provision developed as follows:

in € thousand	12/31/2015	12/31/2014
Pension provision at the beginning of the financial year	22,358	12,018
Ongoing service cost	1,726	1,386
Past service cost	- 104	- 32
Net interest expenses (+)/income (-)	456	416
Revaluations	- 2,614	9,479
Effects of currency conversion	131	13
Benefits payments from company assets	- 281	- 265
Employer contributions to the fund	- 145	- 172
Employer contributions from the fund	320	-
Changes in the scope of consolidation	-	- 486
Administration costs	2	1
Other changes	142	-
<b>Recognized pension provision</b>	<b>21,991</b>	<b>22,358</b>

The past service period cost in the 2015 and 2014 reporting years is based on a change of scheme for the supplementary conversion rates in Switzerland.

The vested net present value of the pension obligation and the fair value of the plan assets developed as follows:

in € thousand	2015			2014		
	Total	VKE	Direct benefits	Total	VKE	Direct Benefits
<b>Changes to vested net present value</b>						
<b>Vested net present value as at January 1</b>	<b>46,806</b>	<b>30,532</b>	<b>16,274</b>	<b>36,577</b>	<b>23,373</b>	<b>13,204</b>
Changes in the scope of consolidation	-	-	-	- 1,423	- 1,423	-
Ongoing service period cost	1,725	1,119	606	1,386	969	417
Past service cost	- 104	-	- 104	- 32	-	- 32
Interest expense	937	611	326	1,247	814	433
Revaluations of defined benefit plans						
from changes to the financial assumptions	- 2,098	- 1,310	- 788	9,600	6,815	2,785
from adjustments made on the basis of experience	- 55	287	- 342	59	448	- 389
Effects of currency conversion	349	-	349	62	-	62
Contributions from plan participants	141	-	141	95	-	95
Benefit payments from company assets	- 281	-	- 281	- 265	-	- 265
Benefit payments from the fund	- 791	- 541	- 250	- 501	- 464	- 37
Administration costs	2	-	2	1	-	1
Other changes	142	-	142	-	-	-
<b>Vested net present value as at December 31</b>	<b>46,773</b>	<b>30,698</b>	<b>16,075</b>	<b>46,806</b>	<b>30,532</b>	<b>16,274</b>
<b>Change in plan assets</b>						
<b>Fair value as at January 1</b>	<b>24,448</b>	<b>20,105</b>	<b>4,343</b>	<b>24,559</b>	<b>20,666</b>	<b>3,893</b>
Changes in the scope of consolidation	-	-	-	- 936	- 936	-
Interest income	481	402	79	832	720	112
Profit (+)/loss (-) from plan assets excluding the amount included in the interest income	461	398	63	178	119	59
Effects of currency conversion	218	-	218	49	-	49
Employer contributions to the funds	145	-	145	172	-	172
Repayment from the funds	- 320	-	- 320	-	-	-
Contributions from plan participants	141	-	141	95	-	95
Benefit payments from the fund	- 791	- 541	- 250	- 501	- 464	- 37
<b>Fair value as at December 31</b>	<b>24,783</b>	<b>20,364</b>	<b>4,419</b>	<b>24,448</b>	<b>20,105</b>	<b>4,343</b>



In 2014, the changes in the scope of consolidation in the amount of € 1,423 thousand affect the net value of the pension obligations and, in the amount of € 936 thousand, the fair value of the plan assets of EDAG Werkzeug + Karosserie GmbH, Fulda, which was deconsolidated on December 31, 2014.

The fair value of the plan assets is distributed as follows across the individual asset categories.

in € thousand	12/31/2015		12/31/2014	
	Values	%	Values	%
Debt securities (Germany)	20,364	82%	139	1%
of which investments in the employer or related parties (without quoted market price)	20,364	-	139	-
Reinsurance cover asset values (Germany)	1,590	6%	1,856	8%
of which without quoted market price in an active market	1,590	-	1,856	-
Collective fund (Switzerland)	2,829	11%	2,487	10%
of which without quoted market price in an active market	2,829	-	2,487	-
cash and cash-equivalents	-	0%	19,966	0%
<b>Total plan assets</b>	<b>24,783</b>	<b>100%</b>	<b>24,448</b>	<b>100%</b>

The following sensitivity analysis shows the effects of an increase or decrease in the actuarial assumptions on the vested net present value:

in € thousand	2015	2014
Ø Actuarial interest rate		
+0,50 %	43,499	43,562
- 0,50 %	50,277	50,500
Ø Life expectancy		
+ 1 year	46,963	47,338
- 1 year	45,934	46,273

The sensitivities were determined in the same way as the scope of obligations. In the process, one assumption was changed while the remaining assumptions and the evaluation methodology remained unchanged. If multiple assumptions change at the same time, the effect does not necessarily agree to the sum of the individual effects. Additionally, the effects of the individual assumption changes are not linear.

As the benefits from VKE take neither a vesting trend nor a pension trend into account, a change to this assumption has no significant effects on the total obligation.

The average weighted duration of the vested net present value of the defined benefit pension plans of EDAG as at December 31, 2015 was 15 years (2014: 15 years).

For the 2016 financial year, the Group is expecting disbursements from company assets for pension commitments in the amount of € 332 thousand (2014: € 282 thousand).

For the 2016 financial year, the Group is expecting disbursements from the pension fund in the amount of € 465 thousand (2014: € 468 thousand).

The following key actuarial assumptions are the basis of the calculation of the vested net present value:

	12/31/2015	12/31/2014
Ø Discount rate		
Germany	2.36%	2.00%
Switzerland	1.00%	1.50%
Italy	1.95%	1.80%
India	8.00%	0.00%
Vested trend		
Germany	0.00%	0.00%
Switzerland	1.00%	1.00%
Italy	2.50%	2.50%
Pension trend		
Germany	1.75%	1.75%
Switzerland	0.00%	0.00%
Italy	2.63%	2.63%
Inflation rate		
Germany	1.50%	1.50%
Switzerland	0.50%	0.50%
Italy	1.50%	1.50%
Biometric basis for calculation		
Germany	Heubeck Tables 2005 G	Heubeck Tables 2005 G
Switzerland	BVG 2010 GT	BVG 2010 GT
Italy	RG48	RG48
India	100% of IALM (2006-08)	n.a.

The valuation of retirement obligations was carried out on the basis on a discounting interest rate, which was determined in accordance with the Mercer Yield Curve Approach (MYC) adapted on June 30, 2015. As a result of this adjustment, now only one data provider is used for the required market information, which leads to an amended choice in the company loans used. In addition, a number of criteria in the selection procedure were adjusted. These changes represent a change in accounting estimate as per IAS 8. If the pension obligations

on the reporting date been valued with a discount rate that had been determined using the same method as in the previous year, this would have resulted in pension obligations that were € 232 thousand lower.

## [26] Other provisions

The development of other provisions is shown in the following provision schedule:

in € thousand	As at 01/01/2015	Changes in the scope of consolidation	Currency conversion differences	Discounting	Addition	Utilization	Reversal	Transfer	As at 12/31/2015
<b>Non-current provisions</b>									
Personnel	745	-	- 40	11	76	- 54	- 112	230	856
Disinvestments	2,267	-	-	-	-	-	- 1,924	-	343
Other provisions	1,992	-	37	1	34	- 19	-	-	2,045
<b>Total non-current provisions</b>	<b>5,004</b>	<b>-</b>	<b>- 3</b>	<b>12</b>	<b>110</b>	<b>- 73</b>	<b>- 2,036</b>	<b>230</b>	<b>3,244</b>
<b>Current provisions</b>									
Taxes	1,761	-	- 16	-	5,588	- 352	-	-	6,981
Personnel	4,222	-	- 230	-	1,423	- 1,934	- 1,222	-	2,259
Warranty obligations	280	-	-	-	156	-	- 80	-	356
Onerous contracts	1,834	-	-	-	30	- 1,324	- 382	-	158
Restructuring	324	-	- 41	-	-	- 53	-	- 230	-
Legal disputes	342	-	- 134	-	113	-	-	214	535
Disinvestments	200	-	-	-	-	-	- 100	-	100
Other current provisions	3,804	26	- 11	-	473	- 1,006	- 999	- 214	2,073
<b>Total current provisions</b>	<b>12,767</b>	<b>26</b>	<b>- 432</b>	<b>-</b>	<b>7,783</b>	<b>- 4,669</b>	<b>- 2,783</b>	<b>- 230</b>	<b>12,462</b>

in € thousand	As at 01/01/2014	Changes in the scope of con- solidation	Currency conversion differences	Discounting	Addition	Utilization	Reversal	Transfer	As at 12/31/2014
<b>Non-current provisions</b>									
Personnel	683	- 46	-	10	376	- 72	- 206	-	745
Disinvestments	2,267	-	-	-	-	-	-	-	2,267
Other provisions	1,449	- 1	110	1	554	-	- 173	52	1,992
<b>Total non-current provisions</b>	<b>4,399</b>	<b>- 47</b>	<b>110</b>	<b>11</b>	<b>930</b>	<b>- 72</b>	<b>- 379</b>	<b>52</b>	<b>5,004</b>
<b>Short-term provisions</b>									
Taxes	2,070	- 122	- 4	-	256	- 277	- 162	-	1,761
Personnel	1,536	-	- 18	-	3,709	- 997	- 8	-	4,222
Warranty obligations	180	-	-	-	100	-	-	-	280
Onerous contracts	2,613	- 187	-	-	394	- 984	- 2	-	1,834
Restructuring	-	-	- 11	-	335	-	-	-	324
Legal disputes	352	- 15	4	-	14	- 6	- 7	-	342
Disinvestments	4,508	-	-	-	100	- 1,362	- 3,046	-	200
Other current provisions	1,824	-	29	-	2,278	- 256	- 19	- 52	3,804
<b>Total current provisions</b>	<b>13,083</b>	<b>- 324</b>	<b>-</b>	<b>-</b>	<b>7,186</b>	<b>- 3,882</b>	<b>- 3,244</b>	<b>- 52</b>	<b>12,767</b>

The **other tax provisions** include possible obligations from other taxes (including but not limited to land transfer tax and tax on wages).

The **personnel provision** includes other long-term benefits to employees, within the meaning of IAS 19.153. At the time of reporting, personnel provisions in the amount of € 3.115 thousand (12/31/2014: € 4.967 thousand) exist. Severance pay is also taken into account in this provision position.

The provision for **warranties** exists for statutory and contractual guarantee obligations, as well as for goodwill towards customers.

Provisions were recognized for warranty obligations from products sold within the last two years. The valuation is carried out on the basis of values derived from experience of repairs

and complaints in the past. It is anticipated that the majority of these costs will be incurred within the next financial year, and the entire provisioned amount will be incurred within two years after the balance sheet date. The assumptions underlying the calculations for provisions for warranty obligations are based on the current level of sales and the currently available information regarding complaints for the products sold within the two-year warranty period.

Provisions for warranty obligations for specific customer projects were also established according to the expected value calculated for potential goodwill gestures.

Provisions for **onerous contracts** are formed when excess costs are incurred for pending sales transactions. As a general rule, losses from construction contracts are calculated on the basis of the production costs. A liability is only recognized if the costs are higher than the receivable on the reporting date.

Provisions for **disinvestments** have been created for potential obligations arising from various company sales.

As an internationally active company, the EDAG Group is exposed to numerous **legal risks**. In particular, these can include risks from the areas of competition and anti-trust law, patent law, etc. As the results of currently pending and/or future legal action cannot be forecast with any certainty, it is possible that legal or official decisions or settlement agreements might lead to costs being incurred which are either not, or not fully, covered by insurance benefits.

In the case of current provisions, we work on the basis that the cash outflow is to be expected in the following year.

Non-current personnel provisions are primarily anniversary provisions that will be paid out within the next 2 - 25 years. Where the remaining non-current provisions are concerned, we work on the basis that these will be paid out within the next 2 - 4 years.

## [27] Financial liabilities

in € thousand	12/31/2015	12/31/2014
Liabilities due to credit institutions	7,665	6,350
Liabilities from loans	154,189	160,169
due to third parties	10	17
due to affiliated companies	-	160,013
due to related parties	154,179	139
Liabilities from financing leases	2,247	206
Liabilities from derivative financial instruments	8	136
<b>Total</b>	<b>164,109</b>	<b>166,861</b>

The liabilities due to credit institutions (current and non-current) include a property loan in the amount of € 2,118 thousand (12/31/2014: € 2,759 thousand). This property loan is interest-bearing at an unchanged average interest rate of 4.82 percent p.a. and has been repaid with an unchanged monthly annuity installment of € 64 thousand. As in the previous year, as at December 31, 2015, there are no liabilities from current account agreements. Bank liabilities exist with credit institutions with first class credit ratings.

The Group has provided the following securities as collateral for the bank liabilities:

in € thousand	12/31/2015	12/31/2014
Registered land charges		
Nominal	1,350	1,200
Credit exposure	90	250
cash deposit	92	125
Securities		
Nominal	-	4,242
Credit exposure	-	2,002

In 2015, the liabilities due to related companies increased due to the reclassification of the non-current loan to ATON Group Finance GmbH, Going am Wilden Kaiser, Austria, from the liabilities due to affiliated companies. As at December 31, 2015, the loan shows a net book value of € 133,814 thousand (12/31/2014: € 160,013 thousand). Of this amount, € 132,800 thousand (12/31/2014: € 158,800 thousand) is to be classified as non-current financing.

In addition, the loan to VKE Versorgungskasse EDAG-Firmengruppe e.V. was increased here. The average applicable interest rate is 4.2 percent.

The liabilities from leases exist primarily due to hardware financing. The average interest rate is 4.4 percent. See Chapter 11.8 "Leases", page 241. for additional information on leases.

Derivatives include the cash outflow of derivative financial instruments with a negative fair value as well as the cash outflow of derivatives with a positive fair value, for which gross settlement has been arranged.

in € thousand	Liabilities due to credit institutions	Liabilities from loans to			Liabilities from financing leases	Liabilities from derivative financial instruments	Total
		third parties	affiliated companies	related parties			
<b>Term to maturity as at 12/31/2015</b>							
≤ 1 year	6,031	6	-	21,379	1,518	8	28,942
> 1 year to ≤ 5 years	1,634	4	-	132,800	729	-	135,167
> 5 years	-	-	-	-	-	-	-
<b>Total</b>	<b>7,665</b>	<b>10</b>	<b>-</b>	<b>154,179</b>	<b>2,247</b>	<b>8</b>	<b>164,109</b>
<b>Term to maturity as at 12/31/2014</b>							
≤ 1 year	3,325	7	1,213	139	38	136	4,858
> 1 year to ≤ 5 years	3,025	10	158,800	-	168	-	162,003
> 5 years	-	-	-	-	-	-	-
<b>Total</b>	<b>6,350</b>	<b>17</b>	<b>160,013</b>	<b>139</b>	<b>206</b>	<b>136</b>	<b>166,861</b>

It is the aim of the EDAG Group to preserve the equilibrium between the ongoing coverage of funding requirements, and ensure flexibility through the use of current account overdraft, loans, financing leases and lease-to-buy contracts.

The following table shows the liquidity risk of EDAG. With this, the contractually agreed (non-discounted) interest and principal payments of the original financial liabilities and the derivative financial instruments are shown with their positive and negative attributable fair value. All instruments which were held on December 31, 2015, and for which payments were already contractually agreed, have been included. Plan figures for future new liabilities are not included. Foreign currency amounts have been converted at the exchange rate valid on the reporting date. Financial liabilities repayable at any time are always allocated to the earliest time scale.

There were no defaults on the recognized loans during the reporting year.

in € thousand	Book value 12/31/2015	Cash-flows 2016			Cash-flows 2017			Cash-flows 2018 - 2020			Cash-flows 2021 onwards			Without fixed principal repay- ments
		Interest fixed	Inter- est var	Principal repay- ment	Inter- est fixed	Inter- est var	Principal repay- ment	Interest fixed	Inter- est var	Principal repay- ment	Inter- est fixed	Inter- est var	Principal repay- ment	
Liabilities due to credit institutions	7,665	98	-	6,031	59	-	894	22	-	740	-	-	-	-
Liabilities from loans	154,190	7,534	-	1,021	6,679	-	3	6,678	-	132,800	-	-	-	20,365
due to third parties	11	1	-	7	1	-	3	-	-	-	-	-	-	-
due to affiliated companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
due to associated parties	154,179	7,533	-	1,014	6,678	-	-	6,678	-	132,800	-	-	-	20,365
Liabilities from financing leases	2,247	90	-	1,518	31	-	612	2	-	36	-	-	81	-
Liabilities from derivative financial instruments	8	-	-	8	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>164,110</b>	<b>7,722</b>	<b>-</b>	<b>8,578</b>	<b>6,769</b>	<b>-</b>	<b>1,509</b>	<b>6,702</b>	<b>-</b>	<b>133,576</b>	<b>-</b>	<b>-</b>	<b>81</b>	<b>20,365</b>
Receivables from derivative financial instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-

in € thousand	Book value 12/31/2014	Cash-flows 2015			Cash-flows 2016			Cash-flows 2017 - 2019			Cash-flows 2020 onwards			Without fixed principal repay- ments
		Interest fixed	Inter- est var	Principal repay- ment	Inter- est fixed	Inter- est var	Principal repay- ment	Interest fixed	Inter- est var	Principal repay- ment	Inter- est fixed	Inter- est var	Principal repay- ment	
Liabilities due to credit institutions	6,350	173	-	3,325	108	1	1,342	81	-	1,683	-	-	-	-
Liabilities from loans	160,169	-	-	1,359	2,618	-	6	5,222	-	158,804	-	-	-	-
due to third parties	17	-	-	7	-	-	6	-	-	4	-	-	-	-
due to affiliated companies	160,013	-	-	1,213	2,618	-	-	5,222	-	158,800	-	-	-	-
due to associated parties	139	-	-	139	-	-	-	-	-	-	-	-	-	-
Liabilities from financing leases	206	14	-	38	3	-	35	28	-	133	-	-	-	-
Liabilities from derivative financial instruments	136	-	-	136	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>166,861</b>	<b>187</b>	<b>-</b>	<b>4,858</b>	<b>2,729</b>	<b>1</b>	<b>1,383</b>	<b>5,331</b>	<b>-</b>	<b>160,620</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Receivables from derivative financial instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-

In contrast to cash outflow due to derivatives for which gross settlement has been arranged, there are also cash inflows; these are not, however, shown in this settlement analysis. If the cash inflows were also to be taken into account, the cash outflows presented would be reduced considerably.

## [28] Accounts Payable and Other Liabilities

in € thousand	12/31/2015			12/31/2014		
	Total	Term to maturity		Total	Term to maturity	
		≤ 1 Year	> 1 Year ≤ 5 Years		≤ 1 Year	> 1 Year ≤ 5 Years
<b>Accounts payable</b>						
due to third parties	19,524	19,524	-	18,421	18,421	-
due to affiliated companies	-	-	-	246	246	-
due to related parties	324	324	-	6	6	-
from construction contracts with a negative balance	3,874	3,874	-	12,349	12,349	-
advance payments received on construction contracts with a negative balance	20,410	20,410	-	49,269	49,269	-
<b>Total</b>	<b>44,132</b>	<b>44,132</b>	<b>-</b>	<b>80,291</b>	<b>80,291</b>	<b>-</b>
<b>Other liabilities</b>						
advance payments received on orders	282	282	-	467	467	-
due to affiliated companies	-	-	-	1,376	1,376	-
due to related companies	238	238	-	-	-	-
due to employees	29,356	29,353	3	21,921	21,918	3
within the context of social security	1,318	1,318	-	1,516	1,368	148
deferred income	304	304	-	407	407	-
from value-added tax	16,111	16,111	-	16,620	16,620	-
from other taxes	6,530	6,530	-	8,035	8,035	-
other liabilities	4,808	4,808	-	4,218	4,218	-
<b>Total</b>	<b>58,947</b>	<b>58,944</b>	<b>3</b>	<b>54,560</b>	<b>54,409</b>	<b>151</b>
<b>Overall</b>	<b>103,079</b>	<b>103,076</b>	<b>3</b>	<b>134,851</b>	<b>134,700</b>	<b>151</b>

The gross amount due to customers for construction contracts is composed of the following net amounts.

in € thousand	12/31/2015	12/31/2014
Accrued costs including partial profits and losses	173,320	229,679
Partial settlements and advance payments received from construction contracts with a negative balance	- 197,604	- 291,297
<b>Future liabilities from construction contracts</b>	<b>- 24,284</b>	<b>- 61,618</b>

The liabilities due to employees are primarily composed of special salary payments (€ 5,526 thousand; 12/31/2014: € 958 thousand), obligations from overtime and flexi-time credits (€ 11,007 thousand; 12/31/2014: € 10,013 thousand), obligations from outstanding holiday allowances (€ 6,841 thousand; 12/31/2014: € 6,572 thousand), profit share obligations (€ 3,811 thousand; 12/31/2014: € 2,381 thousand) and obligations from holiday pay and Christmas bonuses (€ 1,137 thousand; 12/31/2014: € 617 thousand).

Deferred income is mainly comprised of large advance payments from customers which were received prior to the balance sheet date and not converted to revenue until the new year.

The other liabilities include accounts payable to employers' insurance associations, the integration agencies and overpayments.

## [29] Income and Deferred Tax Liabilities

in € thousand	12/31/2015	12/31/2014
Deferred tax liabilities	9,208	10,155
Non-current income tax liabilities	1,460	1,460
Current income tax liabilities	4,748	13,690
<b>Total</b>	<b>15,416</b>	<b>25,305</b>

In addition to the deferred taxes explained under the section entitled "Income Tax", the income tax liabilities include income taxes from the current year and the previous years. Of the deferred tax liabilities, € 8,926 thousand will be realisable after more than twelve months (12/31/2014: € 9,352 thousand). Provided that the conditions for offsetting are met, deferred tax assets are shown on the statement of financial position set off against deferred tax liabilities.

## 11.6 Notes regarding Segment Reporting

The segment reporting was prepared in accordance with IFRS 8 "Operating Segments". Individual consolidated results are reported by company divisions in conformity with the internal reporting and organizational structure of the group. The key performance indicator for the executive board at segment level is the EBIT, as the adjusted effects are presented under "Others". Therefore at segment level, the EBIT shown is basically equal to the adjusted EBIT. The only exception to this rule are the effects of the purchase price allocation shown in the segment EBIT. This reporting structure was developed in 2014. The segment presentation is designed to show the profitability as well as the assets and financial situation of the individual business activities. Intercompany sales are accounted for at customary market prices and are equivalent to sales towards third parties (arm's length principle).

In the reporting year, the non-current assets amounted to € 192.6 million (12/31/2014: € 183.2 million). Of these, € 2.2 million are domestic, € 174.2 million are German, and € 16.2 million are other non-domestic (12/31/2014: domestic: € 2.3 million; Germany: € 171.9 million; other non-domestic: € 9.0 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 (in short: VE) consists of services along the vehicle development process as well as responsibility for derivative and complete vehicles. The segment is divided into the following divisions:

In the Design Concepts department, we offer a full range of styling and design services, and in our design studios we are able to support the virtual design process and realize large model building volumes. Our Body Engineering department brings together all of our services such as package & ergonomics, body assembly as well as interior and exterior. This also includes the development of door systems. Our Vehicle Integration department is responsible for the complete functional integration and for vehicle validation. Extensive testing services are provided in our certified test laboratories. Calculation and simulation are likewise included in our range of services. Complete vehicle development and large-scale interdisciplinary module packages, some of them calling for the involvement of our international subsidiaries, are managed by the Project Management division. The Product Quality & Care department provides assistance with consulting and support for quality-related matters, as well as services which explain a product and enable it to be used effectively.

The "**Production Solutions**" segment (in short: PS) - operating through the independent company EDAG Production Solutions GmbH & Co. KG (EDAG PS), its international subsidiaries and profit centers, which as an all-round engineering partner accepts responsibility for the development and implementation of production processes at 18 sites in Germany and at international sites in South Korea, India, the Czech Republic, Russia, Hungary, Brazil, Mexico and China. In addition to handling the individual stages in the product creation process and all factory and production systems-related services, Production Solutions are also able to optimally plan complete factories over all fields, including cross processes, and to provide the realization from a single source.

In the field of concept engineering, Production Solutions provides its customers with an integral approach to process planning. This means that Production Solutions provides companies with factory and production planning support – with both the implementation of new plans and with the conversion, expansion or optimization of existing systems while operation is in progress. By offering support from concept engineering to the preparation of detailed product specifications, it is possible to cover all the steps required for the production process, and to design optimum interfaces with other media, buildings and logistics. In the context

of "Simultaneous Engineering", Production Solutions favors an integrative approach, with the product development, systems planning and production simulation divisions all working together to design optimum project interfaces.

In the Implementation Engineering department, to guarantee that the functional requirements of body in white facilities are met, we use digital factory methods in all production lines: digital, virtual and real-life. To meet customers' requirements, Production Solutions engineers develop realistic 3D simulation cells in which the planning, design and technological concepts are implemented and validated in line with process requirements. Early involvement during the engineering process enables Production Solutions to systematically optimize production processes. This places Production Solutions in a position to develop ideal production concepts for customers.

Productions Solutions' portfolio is also complemented by "Feysinn", a process consulting and CAx development department. Here, IT-supported sequences and methods are developed, as are software for product design, development, production and marketing. Feysinn also offers consulting, conceptual and realization services in the field of visualization technologies. Customised training opportunities complete the portfolio.

The range of services offered by the "**Electrics/Electronics**" segment (in short: E/E) includes the development of electrical and electronic systems for the comfort, driver assistance and safety functions of a vehicle, and the development of cable harnesses. These services are provided by four divisions focusing on the following competencies:

The E/E Vehicle Engineering division is responsible for function development in the course of complete vehicle or derivative projects. The range of tasks extends from the concept phase to production support. Further fields of activity include the development of new electronic architectures, and approval, drafting and control activities in the development or integration of physical vehicle electrical systems.

The E/E Systems Engineering division works on the elaboration and definition of demands on the electrical and electronic systems. They also deal with the integration of several system components (control unit, sensors, actuators) to give a whole system, and with the subsequent validation of the system with regard to function, networking and diagnosis. A further skill is the physical and functional integration of E/E systems in vehicles and their subsequent validation by means of appropriate test procedures.

E/E Embedded Systems develops and validates hardware and software for electronic control units, from the conceptual design, through production-ready development, to model set-up and commissioning.

E/E Car IT markets services and software developed in-house as products for the networked mobility industry. The division's range of services also includes development and standardization services, and networking advice for vehicle manufacturers, system suppliers and IT companies.

Under "**Others**", it is primarily the subsidiary Haus Kurfürst GmbH that is presented. All of the essential non-operating expenses and income are also reported here. Among other things, this includes income/expenses from deconsolidations, from company sales, from the sale of property and buildings, and from restructuring costs (severance pay, consulting costs). In the previous year, the small batch production of chassis modules at our Eisenach branch was reported under "Others", until the deconsolidation of the branch on December 31, 2014. This also includes EKS InTec GmbH, Weingarten, which was sold on May 31, 2014, and the Aerospace business which was sold on March 31, 2014.





	01/01/2015 - 12/31/2015						
in € thousand	Vehicle Engineering	Production Solutions	Electrics/ Electronics	Others	Total Segments	Consolidation	Total Group
Sales revenues	449,884	113,342	158,784	127	722,137	-	722,137
Sales revenues with other segments	5,279	6,408	129	190	12,006	- 12,006	-
Changes in inventories	- 205	-	35	-	- 170	-	- 170
<b>Total sales revenues and changes in inventories</b>	<b>454,958</b>	<b>119,750</b>	<b>158,948</b>	<b>317</b>	<b>733,973</b>	<b>- 12,006</b>	<b>721,967</b>
<b>EBIT</b>	<b>40,292</b>	<b>15,538</b>	<b>9,926</b>	<b>- 5,544</b>	<b>60,212</b>	<b>-</b>	<b>60,212</b>
EBIT margin [%]	8.9%	13.0%	6.2%	n/a	8.2%	-	8.3%
Purchase price allocation (PPA)	5,425	194	1,616	-	7,235	-	7,235
Other adjustments	-	-	-	5,148	5,148	-	5,148
<b>Adjusted EBIT</b>	<b>45,717</b>	<b>15,732</b>	<b>11,542</b>	<b>- 396</b>	<b>72,595</b>	<b>-</b>	<b>72,595</b>
Adjusted EBIT margin [%]	10.0%	13.1%	7.3%	-124.9%	9.9%	-	10.1%
Depreciation, amortization and impairment	18,830	2,479	4,047	208	25,564	-	25,564

	01/01/2014 - 12/31/2014						
in € thousand	Vehicle Engineering	Production Solutions	Electrics/ Electronics	Others	Total Segments	Consolidation	Total Group
Sales revenues	409,992	100,768	123,696	63,002	697,458	-	697,458
Sales revenues with other segments	7,375	5,607	149	564	13,695	- 13,695	-
Changes in inventories	237	-	- 11	- 7,936	- 7,710	-	- 7,710
<b>Total sales revenues and changes in inventories</b>	<b>417,604</b>	<b>106,375</b>	<b>123,834</b>	<b>55,630</b>	<b>703,443</b>	<b>- 13,695</b>	<b>689,748</b>
<b>EBIT</b>	<b>26,027</b>	<b>11,974</b>	<b>8,219</b>	<b>41,423</b>	<b>87,643</b>	<b>-</b>	<b>87,643</b>
EBIT margin [%]	6.2%	11.3%	6.6%	74.5%	12.5%	-	12.7%
Purchase price Allocation (PPA)	5,317	-	1,648	-	6,965	-	6,965
Other adjustments	-	-	-	- 36,731	- 36,731	-	- 36,731
<b>Adjusted EBIT</b>	<b>31,344</b>	<b>11,974</b>	<b>9,867</b>	<b>4,692</b>	<b>57,877</b>	<b>-</b>	<b>57,877</b>
Adjusted EBIT margin [%]	7.5%	11.3%	8.0%	8.4%	8.2%	-	8.4%
Depreciation, amortization and impairment	17,803	1,647	3,356	2,807	25,613	-	25,613

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

## 11.7 Notes on the Cash Flow Statement

A positive operating cash flow of € 27.6 million was achieved in the reporting year (2014: € 56.7 million). Significant for the reduction in operating cash flow compared to the previous year were a considerable increase in working capital, which had a diminishing effect on the operating cash flow.

At € 30.3 million, gross investments in the reporting year were some € 5.1 million up on the previous year. Deposits from disposals of tangible fixed assets totaling € 44.8 million resulted from the receipt of payments for buildings sold in the previous year.

In the financing cash flow, we had a cash outflow total of € 9.7 million (2014: cash outflow of € 54.8 million). Current and non-current financial liabilities of € 4.2 million and € 26.0 million respectively were repaid. Overall, free cash flow [operating cash flow less investing cash flow] was increased by € 17.1 million compared to the previous year.

The changes to the statement of financial position items which are shown in the cash flow statement are not directly derivable from the statement of financial position, as effects from the currency conversion and from changes in the scope of consolidation are non-cash and disclosed separately.

## 11.8 Other Notes

### Contingent Liabilities/Receivables and Other Financial Obligations

#### Contingent Liabilities

As in the previous year, there were no material contingent liabilities on the reporting date.

#### Other Financial Obligations

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

in € thousand	12/31/2015	12/31/2014
Obligations from the renting of property	173,635	89,451
Obligations from miscellaneous renting and leasing contracts	8,922	8,862
Open purchase orders	2,387	1,179
Other miscellaneous financial obligations	1,085	538
<b>Total</b>	<b>186,029</b>	<b>100,030</b>

The great increase in obligations from the renting of property is the result of the construction of a new development site in Wolfsburg-Warmenau, which is to provide 22,000 m<sup>2</sup> office space and approx. 6,500 m<sup>2</sup> for factory and workshop areas. This will lead to the bundling of the engineering activities of the existing sites in Wolfsburg. The basic rental period set out in the contract with the owner of the building is 13.5 years. Further, a rental contract at a strategically important location has been extended (for more details, please see Related Parties).

The increase in obligations from miscellaneous renting and leasing contracts is due to an increased volume in the fields of IT and vehicle leasing. The increase in open purchase orders as per December 31, 2015 results, among other things, from installations at the Ingolstadt and Gifhorn branches.

### Contingent Receivables

As in the previous year, there were no material contingent receivables on the reporting date.

### Leases

#### EDAG as the lessee

##### Financing Leases

If the lessee bears the main rewards and risks associated with the leasing object, then the economic ownership of the leased objects is attributed to the lessee. The Group has concluded financing leases and lease-to-buy contracts for various items of technical equipment and operating and office equipment, as well as for a building complex, with third party lessors. This increase in the 2015 financial year is primarily due to new IT leasing contracts. The net book values of the leasing objects capitalized within the context of financing leasing activity on the reporting date are shown in the following schedule:

in € thousand	12/31/2015	12/31/2014
Other equipment, operating and office equipment	2,227	196
<b>Total</b>	<b>2,227</b>	<b>196</b>

The payment obligation resulting from finance leasing as of the reporting date is posted as a liability in the amount of the net present value of the future minimum leasing payments. In subsequent years, this liability will be reduced by the repayment portion as part of the leasing installments. The interest share of the payments is posted to the statement of comprehensive income. In individual detail, the following future obligations result for the balance sheet date:

in € thousand	12/31/2015			12/31/2014		
	Minimum leasing payments	Interest portion	Present values	Minimum leasing payments	Interest portion	Present values
<b>Due date</b>						
up to 1 year	1,608	90	1,518	52	14	38
1 to 5 years	762	33	729	198	30	168
over 5 years	-	-	-	-	-	-
<b>Total</b>	<b>2,370</b>	<b>123</b>	<b>2,247</b>	<b>250</b>	<b>44</b>	<b>206</b>

As at the balance sheet date, there are no obligations from sale-and-lease-back contracts.

### Operating Leases

The economic ownership of leasing transactions is attributed to the lessor if the lessor bears the main rewards and risks associated with the leasing object. The obligations of EDAG from non-cancelable operating leases mainly exist for commercial property rental agreements, motor vehicles and technical equipment. At the year-end, the expenses of operating leases posted to profit or loss amounted to € 32,760 thousand (2014: € 26,684 thousand).

The future minimum leasing payments from operating-leasing business areas are as follows:

in € thousand	2015	2014
Future expenses from reporting year + 1	29,023	22,663
Future expenses from reporting year + 2 to 4	71,566	36,694
Future expenses from reporting year + 5 et seqq.	82,113	38,956
<b>Total</b>	<b>182,702</b>	<b>98,313</b>

Of these, as at the balance sheet date the following future minimum leasing payments exist which result from sale-and-lease-back transactions:

in € thousand	2015	2014
Future expenses from reporting year + 1	3,159	3,983
Future expenses from reporting year + 2 to 4	9,477	15,140
Future expenses from reporting year + 5 et seqq.	33,961	31,900
<b>Total</b>	<b>46,597</b>	<b>51,023</b>

The obligations from non-cancelable operating leases mainly exist for commercial property rental agreements, IT leasing, motor vehicles and technical equipment.

As in the previous year, neither contingent lease payments nor expenses from non-cancelable sub-leases were posted as costs.

### EDAG as the Lessor

#### Financing Leases

EDAG does not act as a lessor with regard to financing leases.

#### Operating Leases

EDAG acts as a lessor with regard to operating leases, and continues to include the assets let in this respect in its statement of financial position. The leasing installments received are posted through profit or loss. By and large, this involves the rental of buildings. As a general rule, leasing contracts tend to be short-term. At the year-end, the income from operating leasing amounted to € 1,706 thousand (2014: € 2,092 thousand). The future minimum leasing payments from non-cancelable operating leases are as follows:

in € thousand	2015	2014
Future income from reporting year + 1	5,612	3,435
Future income from reporting year + 2 to 4	650	986
Future income from reporting year + 5 et seqq.	-	-
<b>Total</b>	<b>6,262</b>	<b>4,421</b>

As in the previous year, no contingent rental income was recorded through profit or loss in the 2015 financial year.

### Financial Instruments

#### Capital Risk Management

The Group manages its capital with the aim of maximising the earnings of those involved in the company by optimising the ratio of equity to borrowed capital. In the process, care is taken to ensure that the group companies can all operate on the assumption that the company is a going concern.

The Group capital structure is composed of debts, financing receivables, securities/derivative financial instruments, cash and cash-equivalents, and also the equity due to the parent company's equity investor. This consists of the subscribed capital, the capital reserves and the retained earnings.

The capital structure of the Group is reviewed by the Executive Board on a half-yearly basis. During this review, the committee considers the cost of capital and the risks connected with each capital category. The Executive Board's aim is to keep the net financial debt as low as possible in relation to the equity ratio (net gearing). In the reporting period it proved possible to reduce the financial liabilities on account of miscellaneous loan repayments.

in € thousand	12/31/2015	12/31/2014
Non-current financial liabilities	- 135,167	- 162,003
Current financial liabilities	- 28,942	- 4,857
Financial receivables from the cash pool towards the shareholders	-	5,539
Securities/derivative financial instruments	68	92
cash and cash-equivalents	70,654	39,502
<b>Net financial debt/credit [-/+]</b>	<b>- 93,387</b>	<b>- 121,727</b>
Equity	155,243	117,411
<b>Net gearing</b>	<b>60%</b>	<b>104%</b>
Liabilities due to the credit institutions	- 7,665	- 6,350
cash and cash-equivalents	70,654	39,502
<b>Net financial balances with banks</b>	<b>62,989</b>	<b>33,152</b>

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

in € thousand	12/31/2015	12/31/2014
Inventories	1,599	6,884
+ Future receivables from construction contracts	93,257	50,373
+ Current accounts receivable	102,332	136,835
- Future liabilities from construction contracts	- 24,284	- 61,618
- Current accounts payable	- 19,848	- 18,673
<b>= Trade working capital (TWC)</b>	<b>153,056</b>	<b>113,801</b>
+ Non-current accounts receivable and other receivables	1,323	1,350
+ Deferred tax assets	780	681
+ Current other receivables excl. Interest-bearing receivables	9,460	54,710
+ Income tax assets	4,979	6,679
- Non-current accounts payable and other liabilities	- 3	- 151
- Non-current income tax liabilities	- 1,460	- 1,460
- Deferred tax liabilities	- 9,208	- 10,155
- Current other liabilities	- 58,944	- 54,409
- Income tax liabilities	- 4,748	- 13,690
<b>= Other working capital (OWC)</b>	<b>- 57,821</b>	<b>- 16,445</b>
<b>Net working capital (NWC)</b>	<b>95,235</b>	<b>97,356</b>

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

The book values and fair values of all financial instruments recorded in the consolidated financial statements are shown in the following table.

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

With the exception of accounts receivable and other receivables, none of the other financial instruments are either overdue or impaired on the reporting date. For the analysis of

overdue, non-impaired accounts receivable and other receivables, see point 11.5, page 209 "Accounts Receivable and Other Receivables [20]").

The fair values of other receivables and financial assets held to maturity 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.

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

A distinction is made between the following financial assets and financial liabilities, aggregated as per valuation category:

[LaR]	Loans and Receivables
[HtM]	Held-to-Maturity Investments
[FAHfT]	Financial Assets Held for Trading
[AfS]	Available-for-Sale financial assets
[FLAC]	Financial Liabilities measured at Amortized Cost
[FLHfT]	Financial Liabilities Held for Trading

in € thousand	Valuation category as per IAS 39	Book value 12/31/2015	Valuation category of balance sheet as per IAS 39				Valuation statement of financial position as per IAS 17 balance sheet as per IAS 17
			Amortized Costs	Acquisition Costs	Fair value recognized directly in equity	Fair value through profit or loss	
<b>Financial assets</b>							
cash and cash-equivalents	[LaR]	70,654	70,654	-	-	-	-
Accounts receivable and other receivables in terms of IAS 32.11	[LaR]	104,658	104,658	-	-	-	-
Future receivables from construction contracts	[LaR]	93,257	93,257	-	-	-	-
Loans	[LaR]	105	105	-	-	-	-
Assets available for sale	[AfS]	145	77	-	68	-	-
<b>Financial liabilities (liabilities)</b>							
Financial liabilities							
Credit institutions	[FLAC]	7,665	7,665	-	-	-	-
Other interest-bearing liabilities	[FLAC]	154,189	154,189	-	-	-	-
Liabilities from financing leases	[n.a.]	2,247	-	-	-	-	2,247
Derivative financial liabilities	[FLHfT]	8	-	-	-	8	-
Accounts payable and other liabilities in terms of IAS 32.11	[FLAC]	22,709	22,514	-	-	195	-
<b>Financial assets and financial liabilities, aggregated according to valuation category in accordance with IAS 39</b>							
Loans and Receivables	[LaR]	268,674	268,674	-	-	-	-
Financial Assets Held for Trading	[FAHfT]	-	-	-	-	-	-
Available-for-Sale financial assets	[AfS]	145	77	-	68	-	-
Financial Liabilities measured at Amortized cost	[FLAC]	184,563	184,368	-	-	195	-
Financial Liabilities Held for Trading	[FLHfT]	8	-	-	-	8	-

in € thousand	Valuation category as per IAS 39	Book value 12/31/2014	Valuation category of balance sheet as per IAS 39				Valuation statement of financial position as per IAS 17 balance sheet as per IAS 17
			Amortized Costs	Acquisition Costs	Fair value recognized directly in equity	Fair value through profit or loss	
<b>Financial assets (assets)</b>							
cash and cash-equivalents	[LaR]	39,502	39,502	-	-	-	-
Accounts receivable and other receivables in terms of IAS 32.11	[LaR]	189,662	189,662	-	-	-	-
Future receivables from construction contracts	[LaR]	50,373	50,373	-	-	-	-
Loans	[LaR]	118	118	-	-	-	-
Assets available for sale	[AFS]	145	53	-	92	-	-
<b>Financial liabilities (liabilities)</b>							
Financial liabilities							
Credit institutions	[FLAC]	6,350	6,350	-	-	-	-
Other interest-bearing liabilities	[FLAC]	160,169	160,169	-	-	-	-
Liabilities from financing leases	[n.a.]	206	-	-	-	-	206
Derivative financial liabilities	[FLHFT]	136	-	-	-	136	-
Accounts payable and other liabilities in terms of IAS 32.11	[FLAC]	22,168	22,168	-	-	-	-
<b>Financial assets and financial liabilities, aggregated according to valuation category in accordance with IAS 39</b>							
Loans and Receivables	[LaR]	279,654	279,654	-	-	-	-
Financial Assets Held for Trading	[FAHFT]	-	-	-	-	-	-
Available-for-Sale financial assets	[AFS]	145	53	-	92	-	-
Financial Liabilities measured at Amortized cost	[FLAC]	188,687	188,687	-	-	-	-
Financial Liabilities Held for Trading	[FLHFT]	136	-	-	-	136	-

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 and other financial liabilities are calculated as present values of the debt-related payments, based on the EDAG current yield curve valid at the time. By and large, the fair value of the financial liabilities corresponds to the book value. As at December 31, 2015 however, the fair value of the other interest-bearing liabilities [FLAC] amounted to € 158,524 thousand (31.12.2014: € 165,183 thousand), with a book value of € 154,189 thousand (31.12.2014: € 160,169 thousand). The valuation of the fair value took place according to the "Level 2" valuation 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 evaluation categories:

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

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

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

in € thousand	Assessed at fair value 12/31/2015			
	Level 1	Level 2	Level 3	Total
<b>Financial assets (assets)</b>				
Assets available for sale	68	-	-	68
<b>Financial liabilities (liabilities)</b>				
Derivative financial liabilities	-	8	-	8
Other Liabilities	-	-	195	195

in € thousand	Assessed at fair value 12/31/2014			Total
	Level 2	Level 3		
<b>Financial assets (assets)</b>				
Assets available for sale	92	-	-	92
<b>Financial liabilities (liabilities)</b>				
Derivative financial liabilities	-	136	-	136

#### Offsetting of Financial Assets and Liabilities

The financial assets and liabilities are generally shown with the gross value. A netting is only possible if, and only if, the netting of the recognized amounts can be legally realized at the present point in time and it is intended to carry out the settlement on a net basis, or to realize the asset and extinguish the liability at the same time.

As at December 31, 2014 and 2015, there were no offsetting effects on the consolidated statement of financial position.

#### Net Results as per Valuation Category

With the exception of the adjustments attributable to the valuation category "accounts receivable and other receivables", which are posted under non-operating expenses (see chapter 11.4, page 188 "Other Receivables [7]") or non-operating revenues (page 183 "Other Income [3]"), EDAG records interest from financial instruments and the other components of the net result in the financial results.

The net profit or loss from assets and liabilities which are valued at the attributable fair value through profit or loss includes not only the results from changes in market value, but also interest paid or received on these financial instruments.

The net profit or loss from financial assets held for sale includes, but is not limited to, earnings from investments and profits from the disposal of such shares.

The net interest profit/loss from financial liabilities valued at amortized acquisition cost mainly includes interest expenses from financial liabilities. Interest earned from the addition and deduction of accrued interest on accounts payable is also included here.

The net results, according to valuation category, are as follows:

in € thousand	From interest, dividends	From subsequent evaluation			From disposal	Net results 2015
		At fair value	Currency conversion	Value adjustment		
Loans and Receivables (LaR)	2,259	-	- 94	- 285	26	1,906
Financial Instruments Held for Trading (FAHfT und FLHfT)	-	128	-	-	-	128
Available-for-Sale Financial Assets (AfS)	-	-	-	- 17	-	- 17
Financial Liabilities measured at Amortized Cost (FLAC)	- 9,798	-	-	-	-	- 9,798
<b>Total</b>	<b>- 7,539</b>	<b>128</b>	<b>- 94</b>	<b>- 302</b>	<b>26</b>	<b>- 7,781</b>

in € thousand	From interest, dividends	From subsequent evaluation			From disposal	Net results 2014
		At fair value	Currency conversion	Value adjustment		
Loans and Receivables (LaR)	761	-	719	- 78	- 390	1,012
Financial Instruments Held for Trading (FAHfT und FLHfT)	-	- 266	-	-	-	- 266
Available-for-Sale Financial Assets (AfS)	-	-	-	-	205	205
Financial Liabilities measured at Amortized Cost (FLAC)	- 11,315	-	-	-	-	- 11,315
<b>Total</b>	<b>- 10,554</b>	<b>- 266</b>	<b>719</b>	<b>- 78</b>	<b>- 185</b>	<b>- 10,364</b>

## Financial Risk Management Objectives and Methods

### Risk Management Principles

The primary financial instruments used by the Group are - with the exception of derivative financial instruments - bank loans and current account overdraft, financing leases, accounts payable, and loans which have been granted. The main purpose of these financial instruments is to finance the business activities of the Group. Further, the Group has at its disposal various financial assets such as securities, accounts receivable, cash and short-term deposits resulting directly from its business activities.

With regard to financial instruments, EDAG is particularly subject to risks resulting from changes in exchange rates and interest rates, as well as to liquidity and credit risks. The aim of financial risk management is to limit these risks by means of on-going operating and finance-oriented activities. Selected derivative hedging instruments are employed to this effect. As a general rule, collateral is provided only against risks that will affect the cash flow of the Group. Foreign exchange futures and interest rate caps are two of the main derivative financial instruments. The purpose of the derivative financial instruments is to provide security against interest and currency risks resulting from the business activities of the Group and its funding sources. Derivative financial instruments are used solely as hedging instruments, i.e. they are not implemented for trading or other speculative purposes.

Every year, the basic intentions underlying company financial policy are defined by the Executive Board and monitored by the Supervisory Board. Group Treasury is responsible for the implementation of the financial policy and for on-going risk management.

### Credit Risk

As a result of its operating business and certain financial activities, EDAG is at risk of default. In the funding area, business is done only with contracting parties whose creditworthiness is impeccable. In the operating area, the Group does business with creditworthy third parties only. A credit assessment is carried out on almost all customers wishing to do business on a credit basis.

For the most part, EDAG does business with large customers, particularly with international OEMs (Original Equipment Manufacturers) from the automotive industry. The resulting risk is generally assessed as low, and as such is not subject to any separate monitoring of creditworthiness.

As a general rule, the creditworthiness of any other customers is automatically monitored. Any risk of default is addressed by specific valuation adjustments.

In addition, accounts receivable are continually monitored by the divisions, and not centrally, which means that the Group is not at any great risk of default.

The maximum risk in the event of non-payment by a contracting party is reflected in the book values of the financial assets recorded in the statement of financial position (including derivative financial instruments with positive market values). On the reporting date, there are no significant agreements in existence that would reduce the maximum default risk (such as offsetting agreements).

Assessments indicate that there is little probability of any default risk occurring. For further details, see point 11.8, page 240 "Contingent Liabilities/Receivables and Other Financial Obligations".

### Liquidity Risk

The liquidity risk is shown separately under point 11.5, page 228 "Financial Liabilities [27]". As a general rule, it is the responsibility of the management of each individual company to keep a constant check on solvency.

The centrally specified objective of the EDAG Group is to guarantee that funding requirements are continually met by making use of current account overdraft, intercompany loans and leases. Reports are sent to the parent company on a weekly basis, to enable the liquidity of the individual Group companies to be monitored centrally. Each week, the information gained from these is submitted to Group management for risk control purposes. Although the liquidity risk is currently classified as slight, liquidity nevertheless continues to be secured by appropriate lines of credit from external sources.

The company objective is to ensure that sufficient open lines of credit are available at any time. To this end, appropriate measures, such as intensive working capital management, are constantly implemented. Suitable measures are applied in good time, to guarantee the financing of any pending investments.





## Market Risks

### Interest Risks

Due to the fact that the Group is primarily financed through fixed interest loans from the shareholder or one of his subsidiaries and/or related companies such as ATON Group Finance GmbH as well as the VKE Versorgungskasse EDAG-Firmengruppe e.V., we are of the opinion that any risk posed by fluctuations of market interest rates is not significant.

Changes to market interest rates of original, fixed-interest financial instruments do not affect the results unless they are valued at their attributable fair values. Accordingly, no financial instruments with a fixed interest rate valued at amortized acquisition costs are subject to risk due to changes in interest, in terms of IFRS 7.

The table below point 11.5, page 228 "Financial Liabilities [27]" shows the book values of the Group's financial instruments that are subject to risk from changes in interest, organized according to their contractually defined maturity dates.

There are no variable interest-bearing financial instruments. The interest rate for current account overdraft is derived from a standard, fluctuating reference rate and a company-specific credit margin. The interest rate for fixed-interest financial instruments is defined up to the maturity date of the particular financial instrument. The Group's other financial instruments, which are not included in the table under point 11.5, page 228 "Financial Liabilities [27]" are not interest-bearing, and therefore not subject to risk from changes in interest.

### Currency Risks

Currency-related risks to EDAG result from financing measures and operating activities. Insofar as they have a significant effect on the Group cash flow, foreign currency risks are always hedged. On the other hand, foreign currency risks not affecting the Group cash flow (i.e. risks resulting from the conversion of assets and liabilities of group companies located abroad into the reporting currency of the Group), are not generally hedged.

Foreign currency risks from financing activities result from financial liabilities in foreign currencies and foreign currency loans.

These risks are covered by the Treasury Department. Currency derivatives are used to convert financial obligations and intra-group loans denominated in foreign currencies into the Group entities' functional currencies.

On the balance sheet date, the receivables and liabilities denominated in foreign currencies, and for which the currency risks have been hedged, exist in USD, JPY, PLN, SEK, GBP, MXN and RUB. Due to these hedging activities, EDAG was not exposed to any significant currency risks from financing activities as per the reporting date.

In the operating area, the individual group companies do most of their business in their own functional currencies. This means that any currency risk to EDAG from current operating activities is assessed as being moderate. Some group companies are, however, exposed to foreign currency risks in connection with planned payments not in their own functional currencies.

For the presentation of market risks, IFRS 7 requires sensitivity analyzes that show the effects of hypothetical changes of relevant risk variables on profit or loss and equity. The periodic effects are determined by relating the hypothetical changes in the risk variables to the balance of financial instruments on the reporting date. It is assumed that the balance on the reporting date is representative of the entire year.

Currency risks as defined by IFRS 7 arise as a result of financial instruments being denominated in a currency that is not the functional currency and being of a monetary nature; differences resulting from the translation of financial statements into the Group's presentation currency are not taken into consideration. Relevant risk variables are generally all non-functional currencies in which EDAG has financial instruments.



The currency sensitivity analysis is based on the following assumptions:

Major non-derivative monetary financial instruments (liquid assets, receivables, interest-bearing liabilities, finance lease liabilities, non-interest-bearing liabilities) are either directly denominated in the functional currency, or transferred to the functional currency through the use of derivatives. Changes in exchange rates therefore have no effect on profit or loss or equity.

EDAG is subject only to currency risks from certain currency derivatives. These are currency derivatives which are part of neither a hedging relationship as defined by IAS 39, nor a hedging relationship with on-balance-sheet underlying transactions (natural hedge). These derivatives serve as hedges for planned items. Exchange rate fluctuations in the currencies on which such financial instruments are based affect other operating expenses/income, as any currency losses/gains from the underlying transactions are also shown here (net gain/loss from the adjustment of financial assets to fair value).

#### *Sensitivity Analysis*

If each of the functional currencies had increased or decreased in value by 10 percent compared with the other currencies, the following effects on the profit or loss for the period after income tax and on equity would have resulted in relation to the currency relations outlined below. For the effects of the sensitivities on the profit or loss for the period, a group tax rate of 31.0 percent was anticipated (2014 30.0 percent). It would not be useful to add together the individual values, as, depending on the functional currency in question, the results are based on different scenarios.

in € thousand	12/31/2015	12/31/2014
<b>Currency sensitivities</b>		
<b>10% appreciation</b>		
EUR / HUF	- 7	- 5
EUR / JPY	32	47
EUR / PLN	88	- 37
EUR / RUB	3	7
EUR / SEK	- 2	5
EUR / USD	- 145	75
EUR / CHF	- 169	- 131
EUR / CNY	- 34	172
EUR / BRL	1	- 80
EUR / CZK	- 307	- 251
EUR / GBP	18	-
EUR / INR	- 12	- 31
EUR / RON	88	78
MXN / USD	147	12
MYR / USD	-	- 33
<b>Total revaluation</b>	<b>- 299</b>	<b>- 172</b>
<b>10% devaluation</b>		
EUR / HUF	9	6
EUR / JPY	- 59	- 56
EUR / PLN	- 108	45
EUR / RUB	7	- 9
EUR / SEK	1	- 6
EUR / USD	177	- 699
EUR / CHF	206	160
EUR / CNY	42	- 205
EUR / BRL	- 7	97
EUR / CZK	346	309
EUR / GBP	- 22	-
EUR / INR	25	69
EUR / RON	- 107	- 95
MXN / USD	- 180	- 12
MYR / USD	-	40
<b>Total devaluation</b>	<b>330</b>	<b>- 356</b>

### Other price risks

In the presentation of market risks, IFRS 7 also requires details of the effects hypothetical changes of risk variables would have on the prices of financial instruments. Important risk variables are stock exchange prices or indices. There are no substantial risks in this area in the EDAG Group.

### Related Parties

In the course of its regular business activities, EDAG correlates either directly or indirectly not only with the subsidiaries included in the consolidated financial statements, but also with subsidiaries which are affiliated but not consolidated, and with other related companies and persons. The disclosure requirements set out in IAS 24 apply with regard to these relations. Related companies which are controlled by the EDAG Group, or upon which the EDAG Group can exercise significant influence, are listed in section 11.3, page 153 "Scope of Consolidation".

Since January 14, 2015, the sole shareholder of EDAG GmbH has been the company EDAG Engineering Holding GmbH, all the shares of which have been held by EDAG Schweiz Sub-Holding AG since its foundation on September 14, 2015. EDAG Group AG was founded on November 2, 2015, and has since then held a 100 percent interest in EDAG Engineering Schweiz Sub-Holding AG. EDAG Group AG is the ultimate group company and therefore the parent company of the EDAG Group.

Within the context of the IPO of the EDAG Group AG on December 2, 2015, the previous sole shareholder, ATON GmbH, released approx. 40 percent of its shares, which meant that the company was still the major shareholder in the EDAG Group on December 31, 2015. ATON GmbH is a pure holding company, this is wholly owned by the family of Dr. Helmig. In accordance with an agreement with ATON GmbH entered into on July 30, 2015, the IPO auditing services of the auditing company PwC, which amounted to € 1,701 thousand, were charged to ATON GmbH as part of a service purchasing commission in accordance with § 3 section 11 of the German VAT Act (UStG). A simplified payment method was used here, with ATON GmbH transferring the sum to PwC direct.

The volumes of the services rendered by the EDAG Group to, and the services it received from related companies and individuals, are as follows:

in € thousand	2015	2014
<b>EDAG Group with boards of directors (EDAG Group AG &amp; EDAG Schweiz Sub-Holding AG)</b>		
Work-related expenses	238	-
Travel and other expenses	2	-
Rental expenses	69	-
Consulting expenses	85	-
Liabilities from remuneration	238	-
<b>EDAG Group with supervisory boards (EDAG GmbH &amp; EDAG Holding GmbH)</b>		
Work-related expenses	475	479
Travel and other expenses	6	6
Compensation costs	640	237
<b>EDAG Group with group executive management</b>		
Liabilities from remuneration	-	150
Goods and services received	13	13
<b>EDAG Group with ATON GmbH</b>		
Goods and services rendered	35	8
Goods and services received	-	1
Interest income	75	127
Interest expenses	16	93
Other operating income	46	-
Other operating expenses	156	-
Receivables	79	66
Cash pool receivables	-	5,539
Liabilities	85	67

in € thousand	2015	2014
<b>EDAG Group with ATON subsidiary</b>		
Goods and services rendered	41,191	35,892
Goods and services received	1,048	1,394
Interest expense	7,852	9,618
Other operating income	899	1,963
Other operating expenses	623	256
Receivables	2,762	2,010
Advance payments made	-	4,412
Advance payments made (posted as liabilities)	6,086	-
Liabilities	205	249
Current loan obligations	1,014	1,213
Non-current loan obligations	132,800	158,800
<b>EDAG Group with unconsolidated subsidiaries</b>		
Goods and services rendered	-	30
Goods and services received	-	164
Other operating income	2	11
Other operating expenses	2	433
Income from investments	41	-
Receivables	3	8
Liabilities	-	273
<b>EDAG Group with associated companies</b>		
Goods and services rendered	2,187	87
Goods and services received	210	40
Interest income	1,203	1
Other operating income	2,088	-
Other operating expenses	2,156	-
Income from investments	1,213	-
Receivables	499	38,454
Liabilities	34	1,316

EDAG Group with other related companies and persons	2015	2014
Goods and services rendered	27	39
Goods and services received	31	-
Interest income	386	-
Interest expense	820	-
Other operating income	15	2
Other operating expenses	1,226	413
Receivables	-	1,254
Liabilities	20,364	139

Standard market conditions apply to the sale or delivery of products and services to, and the purchase of products or services from related companies and persons.

The sale of shares to ATON subsidiaries or related companies that was carried out in 2014 and 2015 is discussed in chapter 11.3, page 153 "Scope of Consolidation".

With the contract signed on December 12, 2014, as part of a sale & lease back transaction, long-term real estate leases were entered into with Zweite FOM Objekt GmbH & Co. KG. These have a term from December 29, 2014 until December 31, 2029. The majority shareholder of Zweite FOM Objekt GmbH & Co. KG and its general partner Zweite FOM Beteiligungs GmbH resigned from his contractual obligations during the first half of 2015, and exercised his right to return the respective shares. However, HORUS Vermögensverwaltungs GmbH & Co. KG, Munich, a company closely associated with EDAG, has taken over control of Zweite FOM Objekt GmbH & Co. KG within the framework of an undertaking made to EDAG. The undertaking was to the effect that, if the right to return is exercised, then all rewards and risks connected with the transfer of the property would be taken over. As a result of the resignation, EDAG has a takeover obligation with regard to the remaining 51 percent of the shares of Zweite FOM Beteiligungs GmbH as the general partner, however an agreement concerning the joint management of this company does exist with HORUS Vermögensverwaltungs GmbH & Co. KG, Munich. Both of these circumstances led to the fact that EDAG was not able to exercise any independent control over Zweite FOM Objekt GmbH & Co. KG. On August 20, 2015, EDAG acquired 51 percent of the limited partner's shares in Zweite FOM Objekt GmbH & Co. KG, Wiesbaden (purchase price: € 510). Since this point in time, EDAG has been in possession of 100 percent of the limited partner's shares and voting

rights in the company (transfer of control). Due to the takeover of the rewards and risks by HORUS Vermögensverwaltungs GmbH & Co. KG, the properties were managed by EDAG for HORUS Vermögensverwaltungs GmbH & Co. KG until September 8, 2015. On September 9, the five properties were transferred to five subsidiaries of KINREFD GmbH, Munich, on the same terms - as originally to those of Zweite FOM Objekt GmbH & Co. KG. A company and a person closely associated with EDAG have shares in this company: HORUS Vermögensverwaltungs GmbH & Co. KG has a 49.9 percent share, and the Chairman of the Board of Directors of EDAG Engineering Group AG, has a 7.6 percent share. On the reporting date, other financial obligations (including incidental expenses) totaling € 46.6 million arise from the lease for EDAG with a contract period from September 15, 2015 to September 15, 2030.

MD 7 Immobilien GmbH, Munich, has acquired Max-Diamand-Straße 7, 80937 Munich from our previous landlord. EDAG has entered into a leasing contract with the new landlord, valid for a period of 16 years and with effect from November 1, 2015. A company and a person closely associated with EDAG have shares in MD 7: HORUS Vermögensverwaltungs GmbH & Co. KG has a 49.9 percent share, and the Chairman of the Board of Directors of EDAG Engineering Group AG, has a 10.1 percent share. On the reporting date, other financial obligations totaling € 17.3 million arise from the lease for EDAG.

There are two long-term, unsecured fixed interest loans with the ATON Group Finance GmbH which are due on November 6, 2018. These loans carry an interest rate of 5 percent, and can be redeemed in part prior to maturity. On the reporting date, the book value including interest amounts to € 133.8 million.

Group liquidity was extended with a current, unsecured loan from VKE Versorgungskasse EDAG-Firmengruppe e.V. This loan will run until further notice, and carries an interest rate of 4.2 percent per annum. On the reporting date, the book value including interest amounts to € 20.4 million.

The cash pool agreement between EDAG GmbH and ATON GmbH for the short-term treasury management was terminated on December 2, 2015, with the EDAG Group's successful IPO. The other items which were open at the end of the financial year are not collateralised, nor are they interest-bearing, and they are paid in cash.

As far as the receivables refer to down payments that have been made, these are balanced through services rendered. As in the previous years, receivables due from related companies and persons were not impaired in the 2015 fiscal year. An impairment test is carried out annually. This includes an assessment of the financial position of the related company or person, and the development of the market in which they are active.

## Remuneration of the Members of the Executive Board and Supervisory Board

Details of the remuneration of the members of the Group Executive Board and Board of Directors in accordance with the requirements of the Swiss Code of Obligations and the Swiss regulation to counter excessive remuneration in listed companies are disclosed in the remuneration report.

The following persons are members of the **board of directors** of EDAG Group AG:

- Thomas Eichelmann  
Chairman of the board of directors, chairman of the nomination and remuneration committee  
Managing Director of ATON GmbH, Munich  
Mandates in other in management committees:
  - EDAG Engineering Schweiz Sub-Holding AG, Arbon (chairman of the board of directors)
  - EDAG Engineering Holding GmbH, Munich (chairman of the supervisory board)
  - EDAG Engineering GmbH, Wiesbaden (chairman of the supervisory board)
  - ATON US Inc., Wilmington, Delaware, USA (member of the board of directors)
  - Bankhaus Ellwanger & Geiger KG (chairman of the administrative council)
  - FFT GmbH & Co. KGaA (member of the supervisory board)
  - HAEMA AG (member of the supervisory board)
  - J.S. Redpath Holdings, Inc. (member of the board of directors)
  - OrthoScan, Inc. (member of the board of directors)
  - V-Bank AG (deputy chairman of the supervisory board)
  - Wüstenrot & Württembergische AG (member of the supervisory board)
- Sylvia Schwing  
Member of the audit committee  
Group Accounting ATON GmbH, Munich  
Mandates in other in management committees:
  - EDAG Engineering Schweiz Sub-Holding AG, Arbon (member of the board of directors)
  - EDAG Engineering Holding GmbH, Munich (member of the supervisory board)
  - EDAG Engineering GmbH, Wiesbaden (member of the supervisory board)

- Dr. Michael Hammes  
Chairman of the audit committee  
Managing director of senco Management Consultants GmbH, Frankfurt/Main  
Mandates in other in management committees:
  - EDAG Engineering Schweiz Sub-Holding AG, Arbon (member of the board of directors)
  - EDAG Engineering Holding GmbH, Munich (member of the supervisory board)
  - EDAG Engineering GmbH, Wiesbaden (member of the supervisory board)
  - Bankhaus Ellwanger & Geiger KG (member of the board of directors)
  - V-Bank AG, Munich (member of the supervisory board)
  - Spiekermann & Co. AG, Osnabrück (chairman of the supervisory board)

- Dr. Philippe Weber  
Member of the nomination and remuneration committee  
Managing partner and chairman of the executive board of Niederer Kraft & Frey AG, Zurich  
Mandates in other in management committees:
  - EDAG Engineering Schweiz Sub-Holding AG, Arbon (member of the board of directors)
  - Robert Aebi AG (member of the board of directors)
  - Newron Suisse SA (member of the board of directors)

The remuneration of members of the board of directors is regulated in § 25 of the articles of incorporation of EDAG Group AG. The level of remuneration is set at the general meeting in accordance with article 12 of the articles of incorporation.

For taking over the function of the ultimate control and management organ of EDAG Group AG and EDAG Engineering Schweiz Sub-Holding AG, and for committee activities in the supervisory boards of EDAG Engineering Holding GmbH and EDAG Engineering GmbH, the members of the Board of Directors only receive short-term benefits. In the 2015 financial year, these amounted to € 396 thousand (2014: € 166 thousand). Employer's social security contributions amounted to € 3 thousand (2014: € 0 thousand). For the personal performance of services above and beyond board activities, particularly consulting and rental services, the members of the board of directors are remunerated at the usual market rates. In the reporting year, costs of € 154 thousand (Vorjahr: € 0 thousand) were incurred. No advances or loans were granted to members of the board of directors of EDAG Group AG. No share-based payments were received by members of the board of directors.

The members of the board of directors are insured for legal expenses and D&O liability through the company insurance policies.

The **Group Executive Board** consists of the following persons:

- Jörg Ohlsen, Diplom-Ingenieur  
Chairman of the Executive Board, CEO  
Mandates in other in management committees:
  - none
- Jürgen Vogt, Diplom-Kaufmann  
Member of the Executive Board, CFO  
Mandates in other in management committees:
  - none

In the reporting year, the short-term remuneration of the executive board (payments due at short notice) amounted to € 1,604 thousand (2014: € 1,882 thousand).

New management contracts were concluded for both members of the executive board of EDAG Engineering GmbH in the first half of 2015.

These contain an undertaking to effect share-based payment transactions in accordance with IFRS 2, and the company shall have the right to choose whether a share-based transaction is settled in cash or by issuing equity instruments. The payment system states that the two members of the executive board and another member of the executive board of EDAG Engineering GmbH shall each receive a special bonus of € 500 thousand, either in cash or in shares or share options, should the EDAG Group go public by December 31, 2016. Should equity instruments be issued, the company may define a minimum holding period for these. These undertakings replace the previous agreements, which became obsolete when the legal form of EDAG Engineering GmbH changed. As neither the scope nor the modalities of the undertakings were changed in the process, no additional advantage was allocated to the members of the executive board. This means that, on the basis of the agreement set out above including an interest rate of 0.24 percent p.a., the equity instruments had an attributable fair value of € 1,493 thousand at the time of the original undertaking. The increase in capital reserves for 2015 supplements the amounts of the previous year already recognized in equity (€ 746 thousand), with the event of vesting occurring with the IPO in December 2015, and the expense being recognized accordingly. Total expenses for share-based payment transactions recognized during the reporting period amounted to € 754 thousand



(€ 502 thousand of which was for the Group Executive Board). With the approval of the extraordinary general meeting of EDAG Group AG of November 2, 2015, cash payment of the special bonus of € 500 thousand each for the IPO was made in December 2015. No other share-based payments were received by the Executive Board.

The remuneration of the Executive Board does, however, include non-cash benefits (including non-cash benefits for company cars). It does not include the aggregated expenses for accident, legal protection and D&O insurance in the amount of € 77 thousand (2014: € 45 thousand). Furthermore, EDAG Group AG does not grant the members of the Executive Board credits or loans. As at December 31, 2015, the present value of current pension obligations for active members of the Executive Board totaled € 2,497 thousand (2014: € 2,360 thousand). In 2015, the ongoing service cost for the pension obligations according to IFRS amounted to € 151 thousand (2014: € 129 thousand). There were no expenses resulting from the termination of employment relationships during the reporting year.

At the end of the financial year, the individual members of the Board of Directors and Executive Board hold the following number of shares in EDAG Engineering Group AG:

Number of shares	12/31/2015	12/31/2014
<b>Board of Directors</b>		
Thomas Eichelmann	87,500	-
Sylvia Schwing	-	-
Dr. Michael Hammes	-	-
Dr. Philippe Weber	-	-
<b>Total Board of Directors</b>	<b>87,500</b>	-
<b>Group Executive Management</b>		
Jörg Ohlsen	13,157	-
Jürgen Vogt	2,631	-
<b>Total Group Executive Management</b>	<b>15,788</b>	-

## Auditor's Fees and Services

The following table provides a breakdown of the auditor's fees for the consolidated financial statement for the financial year as per § 314, section 1, No. 9 HGB (German Commercial Code):

in € thousand	2015			2014		
	Total	thereof		Total	thereof	
		Switzerland	Germany		Switzerland	Germany
Auditing services	433	(90)	(253)	432	(13)	(312)
Miscellaneous auditing services	316	(0)	(316)	118	(118)	(0)
Tax consulting services	58	(0)	(3)	120	(120)	(0)
Miscellaneous services	4	(0)	(4)	87	(0)	(87)
<b>Total</b>	<b>811</b>	<b>(90)</b>	<b>(576)</b>	<b>757</b>	<b>(251)</b>	<b>(399)</b>

In particular, the fees for the auditing services include fees for the statutory auditing of annual and consolidated financial statements.

The miscellaneous auditing services include auditing and review fees for interim financial statements according to the HGB (German Commercial Code) and IFRS.

Tax consulting fees primarily include fees for tax consulting services performed in connection with training courses as well as current or planned transactions and/or restructuring activities.

The remaining fees predominantly encompass project-related consulting services as well as the payroll accounting of federal guarantees.

## Subsequent Events

No important events took place after the reporting period.

### Utilization of the Annual Result

According to Art. 698 section 2 No. 4 of OR (Swiss Code of Obligations), the decision concerning the payment of a dividend is made at the general meeting. According to Art. 675 section 2 of OR (Swiss Code of Obligations), dividends may only be paid from the retained earnings and reserves established by EDAG Group AG for this purpose.

Subject to approval of the general meeting, the Board of Directors recommends that the net loss of € 2,470 thousand (CHF 2,637 thousand) of EDAG Group AG should be carried forward to the new statement as a negative retained profit, and is in favor of a dividend payout of € 0.75 (CHF 0.81) per share, which will result in an overall payout of € 18,750 thousand (CHF 20,018 thousand). The Board of Directors recommends that the entire dividend payout in the amount of € 0.75 (CHF 0.81) per share proposed for 2015 should be withdrawn from the capital reserves. Subject to this proposal being passed at the general meeting, any such payout will not be subject to Swiss withholding tax.

Arbon, den 19. April 2016

EDAG Engineering Group AG



Thomas Eichelmann, Chairman of the Board of Directors



Dr. Michael Hammes, member of the Board of Directors and  
Chairman of the Audit Committee



Jürgen Vogt, CFO





## 12 Shareholdings

Registered in Switzerland and Germany	Domicile	Capital share in %		Voting right	Currency	Equity <sup>1</sup> 12/31/2015	Result <sup>1</sup> 2015
		Direct	Indirect				
1. EDAG Engineering Group AG <sup>2</sup>	Switzerland	-	-	-	EUR	473,009,735	- 2,490,265
2. EDAG Engineering Schweiz Sub-Holding AG	Switzerland	100	-	100	EUR	474,457,848	- 214,282,960
3. EDAG Engineering Holding GmbH	Germany	-	100	100	EUR	87,699,272	25,274,593
4. EDAG Engineering GmbH	Germany	-	100	100	EUR	248,759,316	-
5. EDAG-Beteiligung GmbH	Germany	-	100	100	EUR	43,387	- 44
6. Zweite FOM Objekt GmbH & Co.KG	Germany	-	100	100	EUR	- 136,212	- 48,798
7. Zweite FOM Beteiligungs GmbH	Germany	-	100	100	EUR	25,000	-
8. EDAG Production Solutions GmbH & Co.KG	Germany	-	100	100	EUR	1,121,845	14,073,940
9. EDAG Production Solutions Verwaltungs GmbH	Germany	-	100	100	EUR	23,195	- 136
10. Haus Kurfürst GmbH	Germany	-	100	100	EUR	21,698	-
11. EDAG Werkzeug + Karosserie GmbH	Germany	-	49	49	EUR	18,263,687	1,057,894
12. BFFT Gesellschaft für Fahrzeugtechnik mbH	Germany	-	100	100	EUR	21,048,864	-
13. BFFT aeromotive GmbH	Germany	-	100	100	EUR	- 128,052	101,917
14. BFFT Holding GmbH	Germany	-	100	100	EUR	3,658,958	1,640,951
15. Rücker Akademie GmbH	Germany	-	100	100	EUR	212,432	-
16. EDAG Engineering Schweiz GmbH	Switzerland	-	100	100	CHF	2,248,443	60,178
17. VR-Leasing Malakon GmbH & Co Immo. KG <sup>3</sup>	Germany	-	85	25	EUR	34,067	212,158

Registered in Switzerland and Germany	Domicile	Capital share in %		Voting right	Currency	Equity <sup>1</sup> 12/31/2015	Result <sup>1</sup> 2015
		Direct	Indirect				
18. EDAG Engineering Limited	Great Britain	-	100	100	GBP	29,621	- 218,982
19. EDAG do Brasil Ltda.	Brazil	-	100	100	BRL	14,538,438	3,499,466
20. EDAG, Inc.	USA	-	100	100	USD	283,798	21,325
21. EDAG HOLDING SDN. BHD.	Malaysia	-	100	100	MYR	2,713,455	460,918
22. EDAG Hungary Atófejllesztő Mérőki Kft.	Hungary	-	100	100	EUR	2,219,105	706,903
23. EDAG Production Solutions India Pvt. Ltd.	India	-	100	100	INR	234,803,037	26,054,670
24. EDAG Slovakia spol. s.r.o.	Republic of Slovakia	-	100	100	EUR	53,528	-
25. EDAG Technologies India Priv. Ltd.	India	-	100	100	INR	26,499,184	11,305,279
26. EDAG Production Solutions CZ s.r.o.	Czech Republic	-	100	100	CZK	24,953,559	16,795,214
27. EDAG Japan Co., Ltd.	Japan	-	100	100	JPY	84,748,727	- 518,346
28. EDAG Production Solutions Korea Ltd.	South Korea	-	100	100	KRW	- 80,795,425	- 222,193,279
29. EDAG Engineering and Design (Shanghai) Co., Ltd.	China	-	100	100	CNY	19,026,551	10,176,872
30. EDAG México S.A. de C.V.	Mexico	-	100	100	MXN	16,602,247	8,441,474
31. EDAG Servicios México S.A. de C.V.	Mexico	-	100	100	MXN	140,407	- 495
32. BFFT Italia S.R.L.	Italy	-	100	100	EUR	299,372	19,372
33. BFFT of America, Inc.	USA	-	100	100	USD	184,234	39,297
34. EDAG Engineering S.R.L.	Romania	-	100	100	RON	- 3,635,772	- 733,846
35. Rücker Vehicle Design (Shanghai) Co., Ltd.	China	-	100	100	CNY	2,864,933	- 91,715
36. EDAG Italia S.R.L.	Italy	-	100	100	EUR	865,198	245,207
37. EDAG Engineering CZ spol. s r.o.	Czech Republic	-	100	100	CZK	45,720,987	- 3,106,280
38. EDAG Engineering Polska Sp.z.o.o.	Poland	-	100	100	PLN	5,879,663	1,105,002
39. Rücker Lypsa S.L.	Spain	-	100	100	EUR	11,694,965	2,525,959
40. EDAG Engineering AB	Sweden	-	100	100	SEK	30,940,661	81,317
41. OOO EDAG Production Solutions RU	Russia	-	100	100	RUB	- 4,067,714	- 1,496,875

<sup>1</sup> National trade law

<sup>2</sup> The company EDAG Engineering GmbH, Wiesbaden is part of the EDAG Group. However, the company is not a component of the Shareholdings as defined in Art. 959c sec. 2 No. 3 OR.

<sup>3</sup> VR-Leasing Malakon GmbH & Co Immo. KG is included as a fully consolidated company, although only 25 percent of voting rights are held. For a more detailed explanation, see chapter 11.3 "Companies included in Consolidation".

# AUDITOR'S REPORT (CONSOLIDATED FINANCIAL STATEMENTS)

REPORT OF THE STATUTORY AUDITOR  
TO THE GENERAL MEETING OF  
EDAG ENGINEERING GROUP AG, ARBON

## Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the accompanying consolidated financial statements of EDAG Engineering Group AG, which comprise the statement of financial position, statement of comprehensive income, cash flow statement, statement of changes in equity and notes, for the year ended December 31, 2015.

### Board of Directors' responsibility

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

### Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and

disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements for the year ended December 31, 2015 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

### Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors. We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

PATRICK BALKANYI      MATTHIAS KLEINLOSEN  
Audit expert  
Auditor in charge

Zurich, April 19, 2016





## INDIVIDUAL FINANCIAL STATEMENT OF EDAG ENGINEERING GROUP AG

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**EDAG Engineering Group AG**

From November to December 2015

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# ANNUAL FINANCIAL STATEMENT

## 1 Statement of Financial Position

in €/CHF thousand	Note	12/31/2015 € thousand	12/31/2015 CHF thousand
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash-equivalents		704	763
Current accounts receivable	(1)	1	1
Other current receivables	(1)	12	13
Accrued items	(2)	37	40
<b>TOTAL current assets</b>		<b>754</b>	<b>817</b>
<b>Non-current assets</b>			
Investment	(3)	474,660	514,294
Property, plant and equipment		58	63
Intangible assets		1	1
<b>TOTAL non-current assets</b>		<b>474,719</b>	<b>514,358</b>
<b>TOTAL assets</b>		<b>475,473</b>	<b>515,175</b>

in €/CHF thousand	Note	12/31/2015 € thousand	12/31/2015 CHF thousand
<b>Liabilities, provisions and equity</b>			
<b>Current liabilities and provisions</b>			
Current accounts payable	(4)	1,618	1,753
Other current liabilities	(4)	117	127
Current tax provisions	(5)	500	542
Other current provisions	(5)	106	115
Accrued items	(6)	102	111
<b>TOTAL current liabilities and provisions</b>		<b>2,443</b>	<b>2,647</b>
<b>Equity</b>			
Share capital	(7)	920	1,000
Capital reserves	(8)	474,580	514,207
thereof capital insertion reserves		(474,660)	(514,294)
thereof other reserves		(- 80)	(- 87)
Retained earnings		- 2,470	- 2,675
Currency conversion difference		-	- 4
<b>TOTAL equity</b>		<b>473,030</b>	<b>512,528</b>
<b>TOTAL liabilities, provisions and equity</b>		<b>475,473</b>	<b>515,175</b>

## 2 Income Statement

in €/in CHF thousand	Note	2015 € thousand	2015 CHF thousand
Other operating income	(9)	2	2
Personnel expenses	(10)	- 1,622	- 1,757
Other expenses	(11)	- 348	- 377
Depreciation and impairment	(12)	- 1	- 1
Direct taxes	(13)	- 501	- 543
<b>Profit or Loss</b>		<b>- 2,470</b>	<b>- 2,675</b>

## 3 Cash Flow Analysis

in €/in CHF thousand	2015 € thousand	2015 CHF thousand
<b>Profit or loss</b>	<b>- 2,470</b>	<b>- 2,675</b>
+/- Depreciation and amortization/Write-ups on tangible and intangible assets	1	1
+/- Other non-cash expenses/income	- 80	- 87
-/+ Increase/decrease in future receivables from construction contracts, receivables and other assets that are not attributable to investing or financing activities	- 49	- 53
+/- Increase/decrease in current provisions	606	656
+/- Increase/decrease in accounts payables and other liabilities and provisions that are not attributable to investing or financing activities	1,837	1,989
<b>= Cash inflow/outflow from operating activities/operating cash flow</b>	<b>- 155</b>	<b>- 168</b>
- Payments for investments in tangible fixed assets	- 59	- 64
- Payments for investments in intangible fixed assets	- 2	- 2
<b>= Cash inflow/outflow from investing activities/investing cash flow</b>	<b>- 61</b>	<b>- 66</b>
+ Deposits from capital increases and grants from the shareholders	920	1,000
<b>= Cash inflow/outflow from financing activities/financing cash flow (direct determination,)/financing cash flow</b>	<b>920</b>	<b>1,000</b>
<b>Net cash changes in financial funds</b>	<b>704</b>	<b>766</b>
-/+ Effect of changes in currency exchange rate and other effects from changes of financial funds	-	-3
+ Financial funds at the start of the period	-	-
<b>= Financial funds at the end of the period [cash &amp; cash-equivalents]</b>	<b>704</b>	<b>763</b>
<b>= Free cash flow (FCF) - equity approach</b>	<b>- 216</b>	<b>- 234</b>

## 4 Notes

### 4.1 General Information

EDAG Engineering Group AG, Arbon ("EDAG Group AG") was founded on November 2, 2015, and entered in the commercial register of the Swiss canton Thurgau on November 3, 2015. The registered office of the company is: Schlossgasse 2, 9320 Arbon, Switzerland. At the time when the company was founded, according to the contract of November 2, 2015, the former shareholder, ATON GmbH, Munich, purchased 100 percent of the shares by cash capital contribution. ATON GmbH provided the entire share capital, split into 25,000,000 bearer shares each with a nominal value of CHF 0.04, as a contribution (CHF 1,000,000).

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

ISIN<sup>1</sup>: CH0303692047

WKN<sup>2</sup>: A143NB

Trading symbol: ED4

The shares are denominated in Swiss francs. The operating currency is the euro, and shares are traded in euros. The company's shares are briefed in a global certificate and deposited with Clearstream. Each company share entitles its holder to a vote at the company's general meeting. Restrictions on voting rights exist to the extent that the majority shareholders ATON GmbH ("ATON") and HORUS Vermögensverwaltungs-GbR ("HORUS") have entered into an agreement with the company in which they have undertaken for a period starting on the first day of trading of the shares of the company on the Frankfurt Stock Exchange (December 2, 2015) and ending on the second ordinary shareholders' meeting of the company after the first day of trading, however, at least for a period of 19 months after the first day of trading and with respect to such number of shares of the company directly or indirectly held by ATON or HORUS respectively upon settlement of the Offering to exercise its voting rights in ordinary shareholders' meetings of the company only with regard to half of the persons that are eligible as members for the Board of Directors.

According to the company's statutes, the company's objective is the holding and administration of domestic and foreign investments. The company performs no operative business activities. With the establishment of the price on December 1, 2015, ATON GmbH, by way of

the non-cash contribution, placed all shares of EDAG Engineering Schweiz Sub-Holding AG in the statutory capital reserves of the company, although no new shares were issued. Also, no other consideration was made by the company in return. EDAG Engineering Schweiz Sub-Holding AG was founded on September 14, 2015, and, through EDAG Engineering Holding GmbH, a German intermediate holding company based in Munich, indirectly holds all the shares in EDAG Engineering GmbH, Wiesbaden. In principle, this company, with its subsidiaries, manages the entire operative business of the corporate group. Its main activities are the development of vehicles, derivatives, modules and production facilities. The EDAG Group is divided into the following three segments:

- Vehicle Engineering
- Production Solutions
- Electrics/Electronics

This annual financial statement was prepared in compliance with the regulations governing commercial accounting set out in the Swiss Code of Obligations (articles 957 – 963b of the Swiss Code of Obligations (OR), valid from January 1, 2013).

The financial year is the same as the calendar year. The reporting period is from November 2, 2015 to December 31, 2015 (short financial year). The functional currency of the company is the euro.

If not otherwise stated, all amounts are given in thousands of euros and in thousands of francs. Where percentage values and figures are given, differences of +/- € 1 thousand (CHF 1 thousand) may occur due to rounding.

In the interests of clarity and transparency, any comments legally required to be added when posting items in the statement of financial position and income statement, along with any comments that may optionally be included in the statement of financial position and income statement, will, for the most part, be included in the Notes.

<sup>1</sup> International Securities Identification Number

<sup>2</sup> Securities identification number



## 4.2 Information on Accounting, Valuation and Disclosure Methods

### General Information

The income statement has been prepared in accordance with the nature of expense method (production income statement) in accordance with article 959b No. 2 of the Swiss Code of Obligations (OR). The annual financial statements were prepared on the assumption that the company is a going concern, according to article 958a No. 1 of the Swiss Code of Obligations (OR).

### Foreign Currency Translation

Foreign currency transactions are always recognized at the historical exchange rate on the date of initial booking. Balance sheet items are valued as follows on the reporting date:

Current foreign currency liabilities and receivables and liquid funds or other current assets in foreign currencies are converted using the spot exchange rate on the balance sheet date. According to article 958d No. 3 of the Swiss Code of Obligations (OR), if the house currency is not the Swiss franc, values in the statement of financial position and income statement must also be given in the national currency. In this case, the following conversion rates are used:

- Statement of financial position € into CHF 1.0835 (spot exchange rate on accounting date)
- Income statement € into CHF 1.0830 (average exchange rate for the 2015 abridged financial year)

### Accounting for and Valuation of Assets

**Cash and cash-equivalents** are recognized at their nominal values on the accounting date.

**Receivables and other assets** are recognized at their nominal values, or at their attributable values on the accounting date, if these are lower. Should the collectability of receivables be at risk, the value of such receivables is reduced proportionately; uncollectable receivables are written off. No flat-rate value adjustment is formed to cover the general credit risk.

Expenses before the accounting date are recognized as accrued income, provided they do not represent expenditure for a certain period after this date.

For **investments** purchased by way of the non-cash contribution when the company was

founded, the transfer value of the items contributed always counts as the acquisition value according to the audited formation report (according to article 634 No. 3 of the Swiss Code of Obligations [OR]). Due to the fact that investments are not typically subject to a decrease in value due to either use or age, there is no scheduled depreciation of the acquisition costs in the subsequent valuation; instead, adjustments, or impairments, are made for any decrease in value (cf. article 960 section 3 and 960a section 3 of the Swiss Code of Obligations [OR]). Should the book value of the investment be lower than the recoverable amount of the investment, then impairment is not required. Investments are subject to the principle of individual evaluation (according to article 960 section 1 of the Swiss Code of Obligations [OR]).

**Property, plant and equipment** are valued at acquisition or production cost less scheduled, straight-line depreciation. Depreciation, amortization and impairments of additions to property, plant and equipment are always reported on a pro rata temporis basis.

The depreciation schedule is based predominantly on the following estimated service lives:

	Years
Other operating and office equipment	3 - 13

### Accounting for and Valuation of Liabilities

**Liabilities** are recognized at their nominal values.

For past events which are expected to result in a cash outflow in future years, provisions amounting to the sum which, based on sound commercial judgement, the company can expect to have to pay (expected value) are formed.

Expenses relating to the reporting year for which the corresponding invoice has not yet been received from the supplier are recognized as **deferred income**. The expenditure is concretized in terms of reason and amount.

**Share capital** is recognized at nominal value.

<sup>3</sup> Recoverable amount = the lower of the two values utility value (overall company value) and net market value (market value less selling costs)



## 4.3 Notes on the Balance Sheet Items

### (1) Receivables and other assets

All receivables and other assets have a term to maturity of less than a year.

in €/CHF thousand	12/31/2015 € thousand	12/31/2015 CHF thousand
<b>Current accounts receivable</b>	<b>1</b>	<b>1</b>
Affiliated companies and related parties	1	1
<b>Other current receivable</b>	<b>12</b>	<b>13</b>
Third parties	12	13
<b>Total</b>	<b>13</b>	<b>14</b>

### (2) Accrued income

Essentially, the accrued income includes advance payments for insurance services and to other suppliers.

### (3) Fixed assets

Under **investments**, only EDAG Engineering Schweiz Sub-Holding AG, Arbon is listed. All shares - specifically 25,000,000 bearer shares, each with a nominal value of CHF 1.00 - were acquired by ATON GmbH, Munich for a transfer value of € 474,660 thousand (CHF 514,294 thousand), by means of a non-cash contribution and without any consideration in return on December 1, 2015. The contribution value was the product of the initial listing price multiplied by the number of shares, minus the net assets of EDAG Engineering Group AG. The initial listing price of the EDAG Engineering Group AG shares (€ 19) x number of shares (25,000,000) - total net assets of EDAG Engineering Group AG (€ -340 thousand) = recoverable amount (€ 474,660 thousand).

Engineering Schweiz Sub-Holding AG, Arbon is a Swiss intermediate holding company. It holds 100 percent of the shares in EDAG Engineering Holding GmbH, Munich, which in turn holds 100 percent of the shares in EDAG Engineering GmbH, Wiesbaden, which, along with its subsidiaries, in turn embodies the entire operative business of the EDAG Group.

The shares **in affiliated companies and holdings** ("shareholdings") reported under financial assets - i.e. the companies for which the company either directly or indirectly holds at least 20 percent of the shares - are included in the Notes.

The intangible assets include software.

### (4) Liabilities

in €/CHF thousand	12/31/2015 € thousand	12/31/2015 CHF thousand
<b>Liabilities</b>	<b>1,618</b>	<b>1,753</b>
Third parties	118	128
Affiliated companies and related parties	1,500	1,625
<b>Other current liabilities</b>	<b>117</b>	<b>127</b>
Third parties	81	88
Affiliated companies and related parties	36	39
<b>Total</b>	<b>1,735</b>	<b>1,880</b>

All liabilities have a term to maturity of less than a year.

### (5) Provisions

in €/CHF thousand	12/31/2015 € thousand	12/31/2015 CHF thousand
Provisions for taxes	500	542
Other provisions	106	115
<b>Total</b>	<b>606</b>	<b>657</b>

The **tax provisions** consist of a real estate transfer tax obligation resulting from the non-cash contribution of the holding EDAG Engineering Schweiz Sub-Holding AG. The **other provisions** include acquisition and testing costs in the amount of € 106 thousand (CHF 115 thousand).

### (6) Deferred income

Expenses relating to the reporting year for which the corresponding invoice has not yet been received from the supplier are recognized as **deferred income**, and amount to € 102 thousand (CHF 111 thousand). The expenditure is concretized in terms of reason and amount. Essentially, consulting services are included here.

### (7) Share capital

On the reporting date, the company's share capital, which was paid in full on November 2, 2015, amounted to € 920 thousand (CHF 1,000 thousand), and is covered by 25 million bearer shares. This is equivalent to a nominal value of € 0.04 (CHF 0.04) per share. Each share entitles its holder to a right to vote and to receive dividends.

### (8) Capital reserves

On the reporting date, the **capital reserves** amounted to € 474,580 thousand (CHF 514,207 thousand). The capital reserves consist of **reserves from capital increase** in the amount of € 474,660 thousand (CHF 514,294 thousand) and **other capital reserves** in the amount of € -80 thousand (CHF -87 thousand).

On December 1, 2015, the reserves from capital increase were generated by the inclusion of EDAG Engineering Schweiz Sub-Holding AG by way of the non-cash contribution by the previous shareholder ATON GmbH. The start-up costs in the amount of € 80 thousand (CHF 87 thousand), for instance registration costs, consulting fees and other start-up costs, were deducted from the capital reserves.

## 4.4 Notes on Income Statement

### (9) Other operating income

The **other operating income** in the amount of € 2 thousand (CHF 2 thousand) is composed of allocations of administrative expenses to the shareholder and foreign currency earnings.

### (10) Personnel expenses

Personnel expenses can be broken down as follows:

in €/CHF thousand	2015 € thousand	2015 CHF thousand
Salaries	1,615	1,749
Social security contributions	7	8
<b>Total</b>	<b>1,622</b>	<b>1,757</b>

The salaries of the Executive Board, Board of Directors and administrative employees are listed under Salaries. Also included in Salaries are IPO<sup>4</sup> ("Initial public offering") special bonus

<sup>4</sup> Initial Public Offering

payments in the amount of € 1,500 thousand (CHF 1,625 thousand) for the members of the Executive Board of EDAG Engineering GmbH, Wiesbaden, which was initially paid by the same. In the agreement relating to the transfer of costs for bonus payments dated November 16, 2015, it was agreed that all costs economically related to the sale of shares in EDAG Group AG within the context of the IPO should be allocated using the principle of causation. For this reason, it was agreed that the IPO special bonus would be borne by EDAG Group AG.

### (11) Other operating expenses

**Other operating expenses** are mainly made up of:

in €/CHF thousand	2015 € thousand	2015 CHF thousand
Consulting, contributions and fees	287	311
Travel expenses	16	17
Insurance	14	15
Sales and marketing expenses	10	11
Maintenance	8	9
Rents and leases	6	6
General administration expenses	5	5
Expenses for group services from affiliated companies	1	1
Miscellaneous ancillary personnel expenses	1	1
<b>Total</b>	<b>348</b>	<b>377</b>

No expenses for other accounting periods were incurred.

### (12) Depreciation, amortization and impairment

**Depreciation** was carried out on intangible assets and on property, plant and equipment.

### (13) Direct taxes

The **direct taxes** in the amount of € 501 thousand (CHF 543 thousand) include real estate transfer tax and the proportionate capital tax for the abridged 2015 financial year.





## 4.5 Other Information

### Employees

The company employed no more than an annual average of 10 employees during the abridged financial year.

### Contingent Liabilities

No **contingent liabilities** exist, according to article 959c section 2 No. 10 of the Swiss Code of Obligations (OR).

### Other Financial Obligations

**Other financial obligations** due to affiliates exist; these amount to € 89 thousand (CHF 96 thousand).

### Auditor's Fees and Services

Details of the auditor's fees according to article 961a No. 2 of the Swiss Code of Obligations (OR) are not included, as these are given in the consolidated financial statements of EDAG Engineering Group AG.

### Information on the company's Organs

#### Executive Board

The members of the Executive Board represent the company jointly, in twos. The Executive Board consisted of the following persons:

In the abridged 2015 financial year, the following gentlemen formed the Executive Board:

- Jörg Ohlsen, Künzell, Chairman of the Executive Board [from November 2, 2015]
- Jürgen Vogt, Wiesbaden, Member of the Executive Board [from November 2, 2015]

The proportional remuneration of the Executive Board amounts to € 12 thousand (CHF 13 thousand) plus the bonus paid for the IPO (initial public offering) in the amount of € 1,000 thousand (CHF 1,083 thousand).

#### Board of Directors

The Board of Directors consisted of the following persons:

- Thomas Eichelmann, Munich, President of the Board of Directors (single signatory)  
[Chairman of the Nomination and Remuneration Committee]

- Dr. Michael Hammes, Frankfurt am Main,  
Member of the Board of Directors (joint signatory, two signatures required)  
[Chairman of the Audit Committee]
- Dr. Philippe Weber, Pura, Member of the Board of Directors (single signatory)  
[Member of the Nomination and Remuneration Committee]
- Sylvia Schwing, Munich,  
Member of the Board of Directors (joint signatory, two signatures required)  
[Member of the Audit Committee]

The proportional remuneration of the Board of Directors amounts to € 67 thousand (CHF 73 thousand).

Additional information about the remuneration of the Executive Board and the Board of Directors can be found in the Compensation Report, according to Art. 14-16 Schweizer VergüV.

### Group Relations

The annual financial statements will be included in the consolidated financial statements. This is based on the International Financial Reporting Standards, as applicable in the European Union. The consolidated financial statements and management report can be obtained from the address of EDAG Group AG. It is also available on the Internet on the following link: <http://ir.edag.com/websites/edag/English/101020/organisation.html>, and will be submitted to the Electronic Federal Gazette in Germany.



## Appropriation of Net Income

in €/CHF thousand	2015 € thousand	2015 CHF thousand
<b>Balance brought forward</b>	-	-
Appropriation of earnings (disposal of the Annual General Meeting)	-	-
Allocation to legal retained earnings	-	-
Dividend payout to shareholders	-	-
<b>Net income of the year</b>	<b>- 2,470</b>	<b>- 2,675</b>
<b>Total available earnings at the disposal of the Annual General Meeting</b>	<b>- 2,470</b>	<b>- 2,675</b>

## Appropriation of reserves proposed by the Board of Directors

in €/CHF thousand	2015 € thousand	2015 CHF thousand
<b>Total available earnings at the disposal of the Annual General Meeting</b>	<b>- 2,470</b>	<b>- 2,675</b>
Allocation to legal retained earnings	-	-
Removal from legal retained earnings	-	-
Allocation to legal capital reserve	-	-
Removal from legal capital reserve	18,750	20,316
Dividend payout to shareholders	- 18,750	- 20,316
<b>Balance to be carried forward</b>	<b>- 2,470</b>	<b>- 2,675</b>

Subject to approval of the general meeting, the Board of Directors recommends that the net loss of € 2,470 thousand (CHF 2,675 thousand) should be carried forward to the new statement as a negative retained profit, and is in favour of a dividend payout of € 0.75 (CHF 0.81) per share, which will result in an overall payout of € 18,750 thousand (CHF 20,316 thousand). The Board of Directors recommends that the entire dividend payout in the amount of € 0.75 (CHF 0.81) per share proposed for 2015 should be withdrawn from the statutory capital reserves. Subject to this proposal being passed at the general meeting, any such payout will not be subject to Swiss withholding tax.

Arbon, April 19, 2016

EDAG Engineering Group AG



Thomas Eichelmann, Chairman of the Board of Directors



Dr. Michael Hammes, member of the Board of Directors  
and Chairman of the Nomination and Compensation Committee



Jürgen Vogt, CFO



## 4.6 Appendices

### Development of assets

in € thousand	(Historical) cost			Accumulated depreciation			Carrying amount	
	11/02/2015	Additions	12/31/2015	11/02/2015	Additions	12/31/2015	11/02/2015	12/31/2015
<b>Intangible assets</b>								
Software	-	1	1	-	-	-	-	1
<b>Total intangible assets</b>	-	<b>1</b>	<b>1</b>	-	-	-	-	<b>1</b>
<b>Property, plant and equipment</b>								
Other equipment, operating and office equipment	-	59	59	-	1	1	-	58
<b>Total property, plant and equipment</b>	-	<b>59</b>	<b>59</b>	-	<b>1</b>	<b>1</b>	-	<b>58</b>
<b>Financial assets</b>								
Shares in affiliated companies	-	474,660	474,660	-	-	-	-	474,660
<b>Total financial assets</b>	-	<b>474,660</b>	<b>474,660</b>	-	-	-	-	<b>474,660</b>
<b>TOTAL</b>	-	<b>474,720</b>	<b>474,720</b>	-	<b>1</b>	<b>1</b>	-	<b>474,719</b>

in CHF thousand	(Historical) cost			Accumulated depreciation			Carrying amount	
	11/02/2015	Additions	12/31/2015	11/02/2015	Additions	12/31/2015	10/31/2015	12/31/2015
<b>Intangible assets</b>								
Software	-	1	1	-	-	-	-	1
<b>Total intangible assets</b>	-	<b>1</b>	<b>1</b>	-	-	-	-	<b>1</b>
<b>Property, plant and equipment</b>								
Other equipment, operating and office equipment	-	64	64	-	1	1	-	63
<b>Total property, plant and equipment</b>	-	<b>64</b>	<b>64</b>	-	<b>1</b>	<b>1</b>	-	<b>63</b>
<b>Financial assets</b>								
Shares in affiliated companies	-	514,294	514,294	-	-	-	-	514,294
<b>Total financial assets</b>	-	<b>514,294</b>	<b>514,294</b>	-	-	-	-	<b>514,294</b>
<b>TOTAL</b>	-	<b>514,359</b>	<b>514,359</b>	-	<b>1</b>	<b>1</b>	-	<b>514,358</b>

### Changes in equity

in € thousand	Subscribed capital	Capital reserve	Other capital reserve	Others	Total capital reserve	Profit or loss	Total equity
<b>As per 11/02/2015</b>	<b>920</b>	-	<b>- 80</b>	-	<b>- 80</b>	-	<b>840</b>
Capital increase	-	474,660	-	-	474,660	-	474,660
Profit or loss	-	-	-	-	-	- 2,470	- 2,470
<b>As per 12/31/2015</b>	<b>920</b>	<b>474,660</b>	<b>- 80</b>	-	<b>474,580</b>	<b>- 2,470</b>	<b>473,030</b>

in CHF thousand	Subscribed capital	Capital reserve	Other capital reserve	Others	Total capital reserve	Profit or loss	Total equity
	<b>1,000</b>	-	<b>- 87</b>	-	<b>- 87</b>	-	<b>913</b>
Capital increase	-	514,294	-	-	514,294	-	514,294
Increase in capital reserve	-	-	-	-	-	-	-
Profit or loss	-	-	-	-	-	- 2,675	- 2,675
Currency conversion difference	-	-	-	- 4	- 4	-	- 4
<b>As per 12/31/2015</b>	<b>1,000</b>	<b>514,294</b>	<b>- 87</b>	<b>- 4</b>	<b>514,203</b>	<b>- 2,675</b>	<b>512,528</b>



Share ownership list in accordance with article 959c p. 2 No. 3 of the Swiss Code of Obligations (OR)

Inland company and Germany	Domicile	Capital share in %		Voting right
		Direct	Indirect	
1. EDAG Engineering Schweiz Sub-Holding AG	Switzerland	100	-	100
2. EDAG Engineering Holding GmbH	Germany	-	100	100
3. EDAG Engineering GmbH	Germany	-	100	100
4. EDAG-Beteiligung GmbH	Germany	-	100	100
5. Zweite FOM Objekt GmbH & Co.KG	Germany	-	100	100
6. Zweite FOM Beteiligungs GmbH	Germany	-	100	100
7. EDAG Production Solutions GmbH & Co.KG	Germany	-	100	100
8. EDAG Production Solutions Verwaltungs GmbH	Germany	-	100	100
9. Haus Kurfürst GmbH	Germany	-	100	100
10. EDAG Werkzeug + Karosserie GmbH	Germany	-	49	49
11. BFFT Gesellschaft für Fahrzeugtechnik mbH	Germany	-	100	100
12. BFFT aeromotive GmbH	Germany	-	100	100
13. BFFT Holding GmbH	Germany	-	100	100
14. Rücker Akademie GmbH	Germany	-	100	100
15. EDAG Engineering Schweiz GmbH	Switzerland	-	100	100
16. VR-Leasing Malakon GmbH & Co Immo. KG	Germany	-	85	25

Company abroad	Domicile	Capital share in %		Voting right
		Direct	Indirect	
17. EDAG Engineering Limited	Great Britain	-	100	100
18. EDAG do Brasil Ltda.	Brazil	-	100	100
19. EDAG, Inc.	USA	-	100	100
20. EDAG HOLDING SDN. BHD.	Malaysia	-	100	100
21. EDAG Hungary Atófejlesztő Mérőki Kft.	Hungary	-	100	100
22. EDAG Production Solutions India Pvt. Ltd.	India	-	100	100
23. EDAG Slovakia spol. s.r.o.	Republic of Slovakia	-	100	100
24. EDAG Technologies India Priv. Ltd.	India	-	100	100
25. EDAG Production Solutions CZ s.r.o.	Czech Republic	-	100	100
26. EDAG Japan Co., Ltd.	Japan	-	100	100
27. EDAG Production Solutions Korea Ltd.	South Korea	-	100	100
28. EDAG Engineering and Design (Shanghai) Co.,Ltd.	China	-	100	100
29. EDAG México S.A. de C.V.	Mexico	-	100	100
30. EDAG Servicios México S.A. de C.V.	Mexico	-	100	100
31. BFFT Italia S.R.L.	Italia	-	100	100
32. BFFT of America, Inc.	USA	-	100	100
33. EDAG Engineering S.R.L.	Romania	-	100	100
34. Rücker Vehicle Design (Shanghai) Co.,Ltd.	China	-	100	100
35. EDAG Italia S.R.L.	Italy	-	100	100
36. EDAG Engineering CZ spol. s r.o.	Czech Republic	-	100	100
37. EDAG Engineering Polska Sp.z.o.o.	Poland	-	100	100
38. Rücker Lypsa S.L.	Spain	-	100	100
39. EDAG Engineering AB	Sweden	-	100	100
40. OOO EDAG Production Solutions RU	Russia	-	100	100

# AUDITOR'S REPORT (STATUTORY FINANCIAL STATEMENT)

## REPORT OF THE STATUTORY AUDITOR TO THE GENERAL MEETING OF EDAG ENGINEERING GROUP AG, ARBON

### Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the accompanying financial statements of EDAG Engineering Group AG, which comprise the balance sheet, income statement, cash flow statement and notes, for the period from November 2, 2015 to December 31, 2015.

### Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

### Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor

considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements for the period from November 2, 2015 to December 31, 2015 comply with Swiss law and the company's articles of incorporation.

### Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of reserves complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

PATRICK BALKANYI      MATTHIAS KLEINLOSEN  
Audit expert  
Auditor in charge

Zurich, April 19, 2016





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## RESPONSIBILITY STATEMENT

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

Arbon, April 19, 2016

EDAG Engineering Group AG



Thomas Eichelmann, Chairman of the Board of Directors



Dr. Michael Hammes, member of the Board of Directors



Dr. Philippe Weber, member of the Board of Directors



Sylvia Schwing, member of the Board of Directors



Jörg Ohlsen, CEO



Jürgen Vogt, CFO

## LEGAL NOTICE

This report includes predictive statements about future developments that are based on the current views of the management team. Statements of this kind are associated with certain risks and uncertainties. Should one of these uncertainty factors or other uncertainties materialise, or the assumptions on which the statements are based prove to be inaccurate, the actual results may differ substantially from the results which are either expressed or implied in these statements. We neither have the intention nor undertake any obligation to continuously update forward-looking statements, as they exclusively relate to the circumstances that existed on the date of their publication.

## IMPRINT

### Legal notice & contact

Do you have any questions or suggestions regarding our annual report?

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