2020 FINANCIAL YEAR

INTERIM REPORT AS OF SEPTEMBER 30, 2020

EDAG

CONTENT

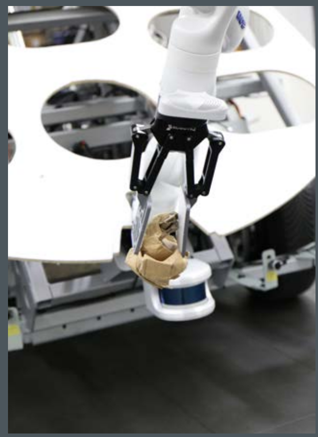
SUMMARY OF THE THIRD QUARTER OF THE 2020 FINANCIAL YEAR

WORLD PREMIERE OF THE NEXT STAGE IN THE EVOLUTION OF THE "EDAG CITYBOT" AT THE EDAG TECH SUMMIT 2020 – ONLINE OR LIVE ON-SITE

Visionary and feasible: the AI prototype makes an impressive impact with new skills and technologies

The EDAG Group presented the AI prototype of the "EDAG CityBot" for the first time at the "EDAG Tech Summit 2020" in October 2020. The AI prototype, which constitutes the further development of the CityBot mobility concept presented at the IAA 2019, impressively underlines its technical feasibility. In the fields of artificial intelligence, autonomous driving, robotic technology and trajectory planning, the robot vehicle demonstrates concrete technical solutions for transferring the "EDAG CityBot" vision to the real world. This once again demonstrates the acknowledged expertise of the EDAG Group in the future fields that will shape the networked and digital mobility of tomorrow.

The EDAG Group presented the AI prototype of the "EDAG CityBot" for the first time at the EDAG Tech Summit 2020 held from 10/26/2020 to 11/5/2020. Trade visitors were able to see the extended skills of the CityBot as it handles the task of waste disposal in a test area (playground) for themselves - either in person at the Fulda site, where the vehicle was developed, or via live stream. By means of innovative trajectory planning and self-localization, the AI prototype can autonomously move around the playground and approach an identified waste object with pinpoint accuracy. Thanks to AI and machine learning, the EDAG specialists have developed an object recognition system capable of identifying objects such as a ball of scrunched up paper, a beverage can or a bottle, and then using its robotic arm to pick it up and dispose of it accordingly.



With the AI prototype, the EDAG Group has demonstrated the technical feasibility of its vision of the fully integrated "EDAG CityBot" mobility concept. It also represents the extensive software and digitalization competencies of the EDAG Group.

The EDAG Group will be working on the continual development of the CityBot concept. The roadmap provides for a first application in a "living laboratory". On a timescale up until 2025, the EDAG Group considers the industrial use of CityBots at airports or in the field of distribution/logistics to be a realistic goal, as there is no mixed traffic in these areas, and the influencing factors are easier to control than in real city traffic.

JULY AUGUST SEPTEMBER

KEY FIGURES OF AND EXPLANATIONS BY THE EDAG GROUP AS PER SEPTEMBER 30, 2020

(in € million or %)	1/1/2020 – 9/30/2020	1/1/2019 – 9/30/2019	7/1/2020 – 9/30/2020	7/1/2019 – 9/30/2019
Vehicle Engineering	304.1	375.6	95.1	125.4
Production Solutions	73.5	85.9	23.5	27.5
Electrics/Electroics	125.5	129.1	39.3	42.9
Consolidation	- 20.1	- 6.3	- 7.5	- 1.9
Total revenues[1]	**482.9**	**584.3**	**150.4**	**193.8**
Growth:				
Vehicle Engineering	*-19.0%*	*3.5%*	*-24.2%*	*4.3%*
Production Solutions	*-14.5%*	*-27.9%*	*-14.6%*	*-31.0%*
Electrics/Electronics	*-2.8%*	*12.4%*	*-8.2%*	*9.0%*
Change of revenues[1]	***-17.3%***	***-0.6%***	***-22.4%***	***-1.6%***
Vehicle Engineering	- 6.0	26.5	5.9	10.0
Production Solutions	- 5.5	- 8.1	- 0.6	- 2.7
Electrics/Electronics	3.8	9.9	1.9	4.1
Adjusted EBIT	**- 7.7**	**28.2**	**7.2**	**11.3**
Vehicle Engineering	*-2.0%*	*7.0%*	*6.2%*	*8.0%*
Production Solutions	*-7.4%*	*-9.4%*	*-2.6%*	*-9.9%*
Electrics/Electronics	*3.0%*	*7.6%*	*4.9%*	*9.5%*
Adjusted EBIT margin	***-1.6%***	***4.8%***	***4.8%***	***5.9%***
Profit or loss	***- 17.8***	***9.4***	***- 1.3***	***4.9***
Earnings per share (€)	-0.71	0.38	- 0.05	0.19

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

(in € million or %)	9/30/2020	12/31/2019
Fixed assets	300.2	331.6
Net working capital	- 7.4	83.6
Net financial debt (incl. lease liabilities)	- 130.5	- 232.0
Provisions	- 54.5	- 55.3
Equity	**107.8**	**127.9**
Balance sheet total	**633.4**	**644.6**
Net financial debt (wo lease liabilities)	9.3	- 71.0
Equity / BS total	*17.0%*	*19.8%*
Net Gearing [%] incl. lease liabilities	*121.1%*	*181.4%*
Net Gearing [%] wo/ lease liabilities	*n/a*	*55.6%*

(in € million or %)	1/1/2020 – 9/30/2020	1/1/2019 – 9/30/2019	7/1/2020 – 9/30/2020	7/1/2019 – 9/30/2019
Operating cash flow	114.2	0.0	92.8	12.9
Investing cash flow	- 10.9	- 18.2	- 3.5	- 5.8
Free cash flow	103.4	- 18.2	89.3	7.1
Financing cash flow	- 31.2	- 24.4	- 16.5	- 8.3
CapEx	10.8	18.1	3.5	5.9
CapEx/Revenues	*2.2%*	*3.1%*	*2.3%*	*3.0%*

	9/30/2020	12/31/2019
Headcount end of period	8,013	8,488
Trainees as %	*4.4%*	*5.1%*

At € 482.9 million, revenue in the third quarter of 2020 was below the previous year's level of € 584.3 million. This represents a drop in revenues of 17.3 percent. The effects of the COVID-19 pandemic were again apparent in this reporting quarter. Revenue totaled € 150.4 million, a decrease of a significant 22.4 percent compared to the same period in the previous year (€ 193.8 million). There was a slight decline in revenues in the Electrics/Electronics, while the Vehicle Engineering and Production Solutions segments reported considerable decreases in revenues.

The EBIT, which was primarily adjusted for the effects from the purchase price allocations and the expenses arising from measures to optimize the cost structure and improve performance (adjusted EBIT) stood at € -7.7 million, which is substantially below the value for the previous year (€ 28.2 million). This is equivalent to an adjusted EBIT margin of -1.6 percent (Q1-3 2019: 4.8 percent). This includes increased additions (€ -12.7 million) to provisions for risks within the scope of IFRS 9, which allow for the impairment of the age structure of financial assets and the macroeconomic risks resulting from the Corona pandemic. If these increased risk provisions were not taken into account, the adjusted EBIT for the reporting period would be € 5.0 million, which would be equivalent to an adjusted EBIT margin of 1.0 percent.

The unadjusted EBIT in the nine-month period just ended stood at € -17.2 million, compared to the previous year's value of € 21.1 million.

Alongside the ongoing dynamic market environment, the COVID-19 pandemic is posing additional economic challenges. The first effects of the Corona pandemic were already apparent at EDAG during the first quarter. The full force of the economic impact of the COVID-19 pandemic was felt in the second and third quarters of 2020, and is reflected in significant declines in revenue, among other things, for nine-month period just ended.

The headcount, including trainees, on September 30, 2020 was 8,013 employees (12/31/2019: 8,488 employees). 5,750 of these employees were employed in Germany, and 2,263 in the rest of the world (RoW) (12/31/2019: [Germany: 6,010; RoW: 2,478]).

In the first three quarters of 2020, gross investments in fixed assets amounted to € 10.8 million, which was below the level of the same period in the previous year (Q1-Q3 2019: € 18.1 million). The equity ratio on the reporting date was 17.0 percent (12/31/2019: 19.8 percent).

At € 130.5 million, the net financial debt (including lease liabilities) is below the level recorded on December 31, 2019 (€ 232.0 million). Without taking lease liabilities into account, the net financial assets on September 30, 2020 amount to € 9.3 million (12/31/2019: net financial debt € 71.0 million), which is equivalent to a reduction of € 80.3 million.

For the EDAG Group, supporting its customers, employees and society during the Corona pandemic remains a priority. In this context, we place great emphasis on active crisis management. At the very outset of the Corona crisis, the EDAG Group therefore implemented numerous preventive and protective measures worldwide, and set up a crisis team as a precautionary measure at the beginning of February. Since then, the crisis team has been in daily contact with the relevant authorities, and continuously provides employees with up-to-date information about the COVID-19 virus by e-mail and on a specially set up information portal. In addition, a Corona hotline has been set up to answer any further questions our employees might have on a daily basis.

As the number of infections in Germany is rising, we will continue to adhere to mobile and flexible working, and also to uphold our staggered attendance model for staff in the EDAG offices. As an additional preventive measure, a general obligation to wear masks on EDAG premises is now in force.

To ensure its financial flexibility, EDAG is continuing to hire fewer new employees and reduce the amount of capital expenditure that is adjustable at short notice, and, in the sense of strict cost management, is also taking advantage of potential savings opportunities such as fewer business trips, and virtual rather than face-to-face meetings. Short-time work is also being used as a countermeasure in Germany, and to some extent in other countries, too. In this context, a Corona company agreement has been concluded, which provides for an increase in the amount of short-time working compensation paid in cases of social hardship. A number of comprehensive measures have also been undertaken to mitigate the economic impact of the

COVID-19 pandemic, including the voluntary salary waiver by the Board of Directors, the Executive Management and all management levels for the period July to December 2020.

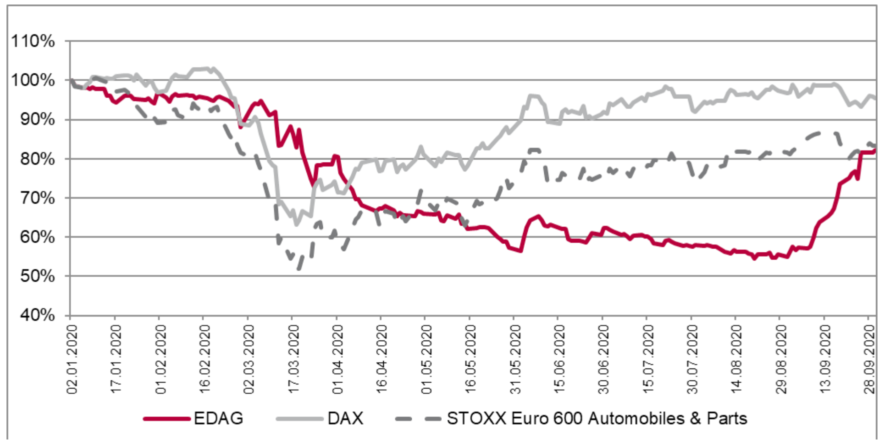
However, given the continuing uncertainty with regard to the duration and extent of the Corona pandemic, we cannot predict whether the measures taken to date or potential future actions will effectively mitigate the impact of the Corona pandemic on our assets, financial position and financial performance.

THE EDAG SHARE

On January 2, 2020, the DAX started the current financial year with 13,234 points. With a closing value of 13,789 points, the index reached a new record level on February 19. Following this, the stock markets, in particular values from the automotive sector, came under pressure. As a result of the Corona pandemic, the stock markets then fell sharply, especially in March. On March 18, the DAX fell to a closing price of 8,442 points, which was also its lowest level in the reporting period. Following this, the index gradually rose, ending the reporting period at 12,761 points on September 30. The STOXX Automobiles & Parts Index fluctuated between 267 and 518 points during the same period.

1 Price Development

On January 2, 2020, the opening price of the EDAG share in XETRA trading was € 10.14. The highest closing price in the reporting period, € 10.42, was reached on the same day. Like others, the EDAG share price was unable to escape the impact of the Corona pandemic and the negative developments in the automotive industry. The lowest closing price in the reporting period, € 5.67, was reached on August 20. Following this, the share recovered significantly, closing at € 8.56 on September 30. During the first nine months of 2020, the average XETRA trade volume was 8,833 shares a day.



Source: Comdirect

2 Key Share Data

	1/1/2020 – 9/30/2020
Prices and trading volume:	
Share price on September 30 (€)[1]	8.56
Share price, high (€)[1]	10.42
Share price, low (€)[1]	5.67
Average daily trading volume (number of shares)[2]	8,833
Market capitalisation on September 30 (€ million)	214.0

[1] Closing price on Xetra

[2] On Xetra

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

INTERIM GROUP MANAGEMENT REPORT

1 Basic Information on the Group

1.1 Business Model

Three Segments

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

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

Our main focus is on the automotive and commercial vehicle industries. Our global network ensures our local presence for our customers.

For a more detailed representation of the EDAG segments, please see the Group Management Report in the Annual Report for 2019.

1.2 Targets and Strategies

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

- Growth by intensifying and extending our global customer portfolio
- Customer enthusiasm on account of our technological know-how and innovative ability
- Attractiveness as an employer
- Profitability through professional project and resource management and by further optimizing our assets and infrastructure
- Systematic expansion of activities in "best cost countries", in order to meet customer requirements on competitive terms while guaranteeing sustainable growth

For a more detailed representation of the above-mentioned objectives, please see the Group Management Report in the Annual Report for 2019.

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

2 Financial Report

2.1 Macroeconomic and Industry-Specific Conditions

According to the latest forecast made by the International Monetary Fund (IMF) in October 2020, the world economy exhibited 2.8 percent growth in 2019 (2018: 3.6 percent). The IMF assumes that growth in the current year will fall by 4.4 percent, primarily due to the influence of the SARS-CoV-2 pandemic.

The European passenger vehicle market (EU-28 + EFTA) reported the lowest number of new registrations since the early 2000s. However, for the first time since the beginning of the pandemic, September saw an increase in sales compared to the same month in the previous year (+1.1 percent). Compared to the year before, there was a substantial decline in sales in the first nine months of 2020 (-29.3 percent). Overall, sales in the first nine months of the year amounted to 8.6 million, after 12.1 million vehicles in the equivalent period the year before.

While the number of new vehicles registered in Germany fell by 25.5 percent, Portugal (-39.3 percent) experienced the sharpest decline, followed by Spain (-38.3 percent), Italy (-34.2 percent), Great Britain (-33.2 percent), and France (-28.9 percent).

In Germany, the dynamic growth in electric passenger cars increased enormously in the third quarter of 2020 (+312 percent) compared to the same period of the previous year (+65 percent). PHEVs (Plug-In Electrical Vehicles), sales of which grew by 12 percent in the same period in 2019, and have now increased to 466 percent, accounted for a significant share of growth. Overall, sales of electric passenger cars amounted to 204,251 in the first nine months of 2020, 10.0 percent of the total. At 49.6 percent, the proportion of gasoline-fueled passenger cars in the reporting period was below the level of the same period in 2019 (59.5 percent); the proportion of diesel-fueled passenger cars (29.9 percent) was also slightly below the level in the previous year (32.3 percent).

In the USA, the volume on the light vehicle market (passenger cars and light trucks) in September increased by 6 percent to approx. 1.3 million vehicles compared to the same period in the previous year. This was the first time since February that there was an improvement on the same month in the previous year. The first nine months of 2020 ended at -18.8 percent, which was also down on the previous year's results. All together, a total of 10.3 million light vehicles were sold. China recorded a sharp decline in the first three quarters with 13.1 million vehicles (-12.5 percent), one of the weakest periods since 2011. Japan (-18.1 percent), India (38.0 percent), Brazil (-32.9 percent) and Russia (-13.9 percent) also recorded substantial downturns.

The automotive market is in a period of transition, and is still undergoing major structural changes. Innovation drivers such as autonomous and connected driving, digitalization, eMobility and new mobility services are having a worldwide impact, and are also affecting the market for engineering services. At the same time, changes in customer requirements (including the declining relevance of "automotive status"), a downward trend in demand for cars, and political uncertainties are also having their effect. These trends are creating great momentum, and consequently both opportunities and risks for the engineering service market. In the short term, budget shifts and the reprioritization of investment decisions on the part of customers will result in a very volatile market environment characterized by delays in the awarding of contracts and the re-scheduling of projects. In the medium to long term, an increase in development expenses (primarily in software and electrification) is expected.

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

Financial Performance

Development of the EDAG Group

As of September 30, 2020, orders on hand increased to € 391.2 million, compared to € 294.4 million as of December 31, 2019 (9/30/2019: € 327.6 million). Neither potential call-offs relating to general agreements nor call-offs relating to production orders are included in the orders on hand. In the nine-month period just ended, the EDAG Group generated incoming orders amounting to € 578.4 million, which, compared to the same period in the previous year (€ 624.5 million), represents a decrease of € 46.0 million.

Revenues decreased by € 101.4 million or 17.3 percent to € 482.9 million compared to the same period in the previous year (Q1-3 2019: € 584.3 million) due to the continuing difficult and dynamic market conditions and the additional challenges posed by the COVID-19 pandemic. The effects of the COVID-19 pandemic were again apparent in this reporting quarter. Revenue totaled € 150.4 million, a decrease of a significant 22.4 percent compared to the same period in the previous year (€ 193.8 million). There was a slight decline in revenues in the Electrics/Electronics, while the Vehicle Engineering and Production Solutions segments reported considerable decreases in revenues.

For the reasons mentioned above, the EBIT in the reporting period decreased by € 38.3 million to € -17.2 million compared to the previous year (Q1-3 2019: € 21.1 million). This means that an EBIT margin of -3.6 percent was achieved (Q1-3 2019: 3.6 percent).

Primarily adjusted for the depreciation, amortization and impairments from the purchase price allocations that were recorded in the reporting period in 2020 and the expenses arising from measures to optimize the cost structure and improve performance, the adjusted EBIT figure was € -7.7 million (Q1-3 2019: € 28.2 million), which is equivalent to an adjusted EBIT margin of -1.6 percent (Q1-3 2019: 4.8 percent). The sharp decline in the revenues and EBIT is attributable to the ongoing difficult and dynamic market conditions in the nine-month period just ended, as well as to the additional challenges posed by the COVID-19 pandemic. In view of this situation, the Executive Management of EDAG Engineering Group AG had already adopted an action plan to optimize the cost structure and improve performance in the second quarter. In the third quarter of 2020, the resulting measures have a cumulative volume of some € 6.2 million.

The materials and services expenses decreased by € 32.1 million to € 63.5 million. At 13.1 percent, the materials and services expenses ratio was below the level of the same period of the previous year (Q1-3 2019: 16.4 percent). This development is mainly due to a production order expiring in 2020.

The EDAG Group's personnel expenses decreased slightly by € 30.8 million or 8.3 percent to € 339.5 million compared to the same period in the previous year. The personnel expenses include income relating to other periods in the amount of € 1.2 million (Q1-3 2019: € 6.4 million), and severance pay in the amount of € 2.6 million (Q1-3 2019: € 1.6 million), and income from government subsidies for short-time work compensation in the amount of € 8.4 million (Q1-3 2019: € 0.9 million). Further severance payments made within the context of optimizing the cost structure and improving performance are shown in other expenses. In the nine-month period just ended, the company had a workforce of 8,190 employees on average, including apprentices (Q1-Q3 2019: 8,660 employees).

Depreciation, amortization and impairments totaled € 32.4 million (Q1-Q3 2019: € 33.7 million). Further depreciation, amortization and impairments within the context of optimizing the cost structure are shown in other expenses. The net result from the impairment/impairment loss reversal of financial assets increased from € -0.8 million to € -11.9 million due to increased allocations to provisions for risks within the scope of IFRS 9, which allow for the impairment of the age structure of receivables and of the macroeconomic risks brought about by the Corona pandemic. The other operating expenses decreased significantly by € 9.9 million to € 65.1 million.

In the first nine months of 2020, the financial result was € -7.5 million (Q1-3 2019: € 7.1 million), a drop of € 0.5 million compared with the same period in the previous year. One significant effect was a worsening in the results of investments accounted for using the equity method compared with the same period in the previous year (€ -1.1 million). Lower interest expenses in particular had the opposite effect (€ 0.7 million).

Development of the Vehicle Engineering Segment

Incoming orders amounted to € 394.9 million in the first nine months of 2020, which was slightly (0.7 percent) below the value for the same period in the previous year (Q1-3 2019: € 397.6 million). At € 304.1 million, revenues remained below the previous year's level (Q1-3 2019: 375.6 million). All in all, an EBIT of € -14.0 million was reported for the Vehicle Engineering segment in the nine-month period just ended (Q1-Q3 2019: € 24.5 million). The EBIT margin amounted to -4.6 percent and was thus below the level of the same period in the previous year (Q1-Q3 2019: 6.5 percent). Without the effects from the purchase price allocations and the expenses arising from measures to optimize the cost structure and improve performance, this resulted in an adjusted EBIT margin of -2.0 percent (Q1-3 2019: 7.0 percent). The reduction in the EBIT margin was also caused by the € 12.7 million increase in the additions to provisions for risks within the scope of IFRS 9. Without taking these increased risk provisions into account, the adjusted EBIT in the Vehicle Engineering segment for the reporting period would be € 6.8 million, which would be equivalent to an adjusted EBIT margin of 2.2 percent.

Development of the Production Solutions Segment

In this segment, incoming orders amounted to € 69.8 million, which was significantly below the level of the same period in the previous year (Q1-3 2019: 92.3 million). Revenues decreased by 14.5 percent to € 73.5 million (Q1-Q3 2019: € 85.9 million).

Overall, the EBIT for the Production Solutions segment stood at € -5.7 million in the nine-month period just ended (Q1-Q3 2019: € -12.0 million). The decline in the revenues is attributable to continuing difficult market conditions in the nine months just ended and the resulting under-utilization of resources. The adjusted EBIT margin was -7.4 percent and therefore above the previous year's level (Q1-3 2019: -9.4 percent).

Development of the Electrics/Electronics Segment

Incoming orders decreased by € 15.9 million to € 123.1 million compared to the same period in the previous year (Q1-3 2019: € 139.0 million). Revenue totaled € 125.5 million, which was also below the same period in the previous year (€ 129.1 million). The EBIT stood at € 2.6 million (Q1-3 2019: € 8.6 million). This meant that the EBIT margin amounted to 2.0 percent (Q1-Q3 2019: 6.7 percent). Without the effects from the purchase price allocations, this resulted in an adjusted EBIT margin of 3.0 percent (Q1-3 2019: 7.6 percent).

Cash Flows and Financial Position

At € 633.4 million, the EDAG Group's statement of financial position was below the level of December 31, 2019. The non-current assets decreased by € 23.2 million to € 322.3 million (31/12/2019: € 345.5 million), primarily as a result of the depreciation and amortization on rights of use from leased assets and of other intangible assets and property, plant and equipment. By contrast, deferred tax assets in non-current assets rose by € 8.5 million. In the current assets, the reduction of current accounts receivable by € 69.8 million is countered by an increase in contract assets in the amount of € 9.1 million. Other current non-financial assets increased by € 5.8 million to € 15.9 million (12/31/2019: € 10.1 million) due to prepaid expenses and receivables from subsidies for short-time work compensation. Cash and cash-equivalents increased by € 70.3 million to € 140.9 million, mainly from customers' prepayments.

On the equity, liabilities and provisions side, equity decreased by € 20.1 million to € 107.8 million as a result of the current loss. The equity ratio was 17.0 percent (12/31/2019: 19.8 percent).

At € 283.3 million, non-current liabilities and provisions remain below the level of December 31, 2019 (31/12/2019: € 303.9 million). This was mainly due to a decrease of € 19.5 million in the non-current lease liabilities. Current liabilities and provisions, on the other hand, increased by € 29.5 million to € 242.3 million. The main effect on current liabilities and provisions was an increase of € 82.8 million in the contractual liabilities. The opposite effect was seen primarily in decreases of € 36.9 million in the accounts payable and of € 10.5 million in the current financial liabilities.

In the third quarter of 2020, the operating cash flow was € 114.2 million (Q1-3 2019: € 0.0 million). The increase was due primarily to a positive effect in capital being tied up in the trade working capital, despite a decrease in earnings.

At € 10.8 million, gross investments in the reporting period were lower than in the previous year (Q1-3 2019: € 18.1 million). The ratio of gross investments in relation to revenues was therefore 2.2 percent (Q1-Q3 2019: 3.1 percent).

On the reporting date, unused lines of credit in the amount of € 89.5 million exist in the Group (12/31/2019: € 101.8 million). The Executive Management continues to regard the overall economic situation of the EDAG Group as good. The company has a sound financial basis, and was able to fulfil its payment obligations at all times throughout the reporting period.

2.3 HR Management and Development

The success of the EDAG Group as one of the leading engineering service providers in the automotive sector is inextricably linked to the skills and motivation of its employees. Behind the company's comprehensive service portfolio are people with widely differing occupations and qualifications. In addition, the EDAG Group is also characterized by the special commitment and mentality of its employees. Throughout more than 50 years of history, EDAG has always ensured that both young and experienced employees are offered interesting and challenging activities and projects, and are provided with the prospect of and the necessary space for personal responsibility and decision-making. And this is the primary focus of both our human resources management and development. For a more detailed representation of personnel management and development, please see the Group Management Report in the Annual Report for 2019.

On September 30, 2020 the EDAG Group employed a workforce of 8,013 employees (12/31/2019: 8,488 employees). Personnel expenses in the reporting period amounted to € 339.5 million (Q1-Q3 2019: € 370.3 million).

3 Forecast, Risk and Reward Report

3.1 Risk and Reward Report

There were no significant changes during the reporting period to the risks and rewards described in Group Management Report in the Annual Report for 2019. The magnitude of the SARS-CoV-2 pandemic makes it impossible to make a reliable quantitative forecast of the future development of the overall economy, industry and also the EDAG Group for the coming months, the 2020 financial year and beyond. We refer here to our comments in the Forecast report. Considering the measures taken, our position on the market, and our strategic and financial strength, we remain confident of our ability to contain the existing risks and deal successfully with the resulting challenges. For a more detailed representation of the Risk and Reward Report, please see the Group Management Report in the Annual Report for 2019.

3.2 Forecast

According to the International Monetary Fund's (IMF) latest October 2020 outlook, the world economy exhibited 2.8 percent growth in 2019. While a decline of 4.4 percent is expected for 2020, a recovery of 5.2 percent is forecast for 2021. The IMF's July forecast expected a decline of 4.9 percent in 2020 and a recovery of 5.4 percent in 2021. For 2020, this means a decline in economic performance for the first time since the financial crisis of 2008/09. This is primarily due to the impact of the SARS-CoV 2 pandemic. Substantial monetary policy incentives have already been initiated by several central banks in order to cushion the economic impact, and individual countries have also set up emergency aid programs for the economy. In Germany alone, the total volume of measures affecting the budget amounts to € 353.3 billion and the total volume of guarantees to € 819.7 billion. In addition, the European Union plans to invest € 750 billion in reconstruction. According to IMF estimates, countries around the world are making around $ 12 billion available to combat the crisis. Further risks to global economic development arise as a result of the American-Chinese trade tensions and the possibility of a no deal Brexit.

According to current estimates announced in October 2020, Germany can expect economic performance to contract by 6.0 percent in 2020; in the July forecast, a decline of 7.8 percent was expected. In the coming year, on the other hand, a growth rate of 4.2 percent and strong counter-development are projected, which is 1.2 percentage points below the July forecast. Within the euro area, the IMF expects a downturn of 8.3 percent in 2020, and a recovery of 5.2 percent in 2021 (the July forecast projected a downturn of 10.2 percentage points and a recovery of 6.0 percentage points).

Projections indicate that the decline in the US economy in 2020 is expected to amount to 4.3 percent, whereas the July forecast expected a downturn of 8.0 percentage points. Here, too, a recovery of 3.1 percent is expected for 2021, 1.4 percentage points below the July forecast.

According to current estimates, China, with forecasts for a 1.9 percent increase in economic output in 2020 (0.9 percentage points more than in the July forecast) and 8.2 percent in 2021, will continue to be a growth engine for the global economy, and is therefore one of the few states with growing economic performance in 2020.

The outlook in the automotive industry for 2020 is also subject to considerable uncertainty resulting from the SARS-CoV-2 pandemic. According to the IHS September update, demand is still expected to drop significantly in 2020, despite a brief recovery. While mid-March and early April saw worldwide production stops by several automobile manufacturers, production was already being re-started by mid-April. By now, almost all plants are back in production again, but sales figures are still below those of the previous year.

As a result of consumer uncertainty and official closure orders, a significant decrease in sales of passenger cars is also expected in 2020. Based on the latest estimates from September, Morgan Stanley anticipates a significant decline (approx. 16.4 percent) in global sales to 72 million vehicles in 2020. In July, estimates for 2020 stood at 71.2 million vehicles.

According to VDA estimates, the number of new vehicles registered within Europe (EU-28 + EFTA) will fall by 24 percent to a total of 12.0 million passenger cars in 2020. For Germany, the VDA forecasts a similar decline of 23 percent to 2.8 million passenger cars. Here too, the background is the SARS-CoV-2 pandemic and the associated temporary closure of car dealerships and administrative offices, which occasionally brought the European market to a virtual standstill in the first nine months of the year.

Following the decrease in China's sales figures in 2019, the VDA anticipates a further drop of 10 percent to 19.0 million units in 2020.

Besides the sales figures, however, technological and digital trends are having an enormous influence not just on our own business model, but also on those of the OEMs. The current emission standards are pushing the further development of classic powertrain types and promoting the integration of alternative powertrains. The BEV/PHEV[1] technologies are also becoming increasingly important. Additional challenges for all market participants are being created by the future-oriented fields of software, sensors, and autonomous and connected driving. The development of new digital business fields and mobility services necessitates additional development and capacity requirements, which could lead to new growth opportunities for the engineering service market. The continuing consolidation of the engineering service providers and changed responsibility models in the drafting of work contracts will also bring about lasting changes within the sector. According to an assessment by the VDA, the automobile engineering service sector will experience annual average growth of about 3.0 percent until 2030.

The market for engineering services remains highly dynamic. With a growing focus on CO_2 reduction, the development of alternative drive concepts is being massively accelerated. Trend topics such as highly automated driving and data-based business models call for completely new vehicle architectures, and are increasingly leading to a separation of hardware and software in development. The large number of powertrain variants will make flexible and networked smart factories indispensable. All these developments are driving the demand for development services, and will, in the medium to long term, lead to considerable opportunities.

On the other hand, global trade disputes, sharply declining sales figures and above all the consequences of the SARS-CoV-2 pandemic are having a hugely negative impact on the automotive market.

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

As already mentioned in more detail in the Group Management Report in the 2019 Annual Report, these macroeconomic conditions give rise to exceptional uncertainties that significantly impair our forecasting ability. We are therefore continuing to limit ourselves to a qualitative comparative forecast, because - particularly in terms of the extent and duration of the negative effects of the SARS-CoV-2 pandemic - the development of the EDAG Group's net assets, financial position and financial performance cannot be reliably forecast in the usual form. In view of the situation, sales revenues and earnings are expected to decline in the 2020 financial year compared with the previous year, which in the worst case could have a material impact on financial performance. On the basis of the negative earnings after taxes (EAT) on September 30, 2020, of the deterioration in incoming orders compared to the previous year, and of the restructuring expenses that will have to be taken into account in the fourth quarter of the year, it cannot be assumed that it will be possible to compensate for the accumulated loss in the course of the final quarter of the year.

The Executive Management constantly monitors possible effects on the business and takes comprehensive measures to ensure that the protection of employees and the continuation of business operations in the Group companies are guaranteed.

For further explanations, please see the Group Management Report in the 2019 Annual Report.

4 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.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 Consolidated Statement of Comprehensive Income

in € thousand	1/1/2020 – 9/30/2020	1/1/2019 – 9/30/2019	7/1/2020 – 9/30/2020	7/1/2019 – 9/30/2019
Profit or loss				
Sales revenues and changes in inventories[1]	482,935	584,289	150,413	193,842
Sales revenues	484,994	583,351	150,345	191,212
Changes in inventories	- 2,059	938	68	2,630
Other income	12,267	12,276	3,860	4,644
Material expenses	- 63,480	- 95,572	- 16,170	- 34,035
Gross Profit	**431,722**	**500,993**	**138,103**	**164,451**
Personnel expenses	- 339,492	- 370,328	- 102,477	- 118,175
Depreciation, amortization and impairment	- 32,353	- 33,715	- 10,633	- 11,527
Net result from impairment losses or impairment loss reversals of financial assets	- 11,940	- 787	- 272	- 644
Other expenses	- 65,121	- 75,049	- 24,380	- 24,426
Earnings before interest and taxes (EBIT)	**- 17,184**	**21,114**	**341**	**9,679**
Result from investments accounted for using the equity method	- 281	810	197	247
Financial income	207	281	67	80
Financing expenses	- 7,455	- 8,160	- 2,454	- 2,728
Financial result	**- 7,529**	**- 7,069**	**- 2,190**	**- 2,401**
Earnings before taxes	**- 24,713**	**14,045**	**- 1,849**	**7,278**
Income taxes	6,920	- 4,677	517	- 2,424
Profit or loss	**- 17,793**	**9,368**	**- 1,332**	**4,854**

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

in € thousand	1/1/2020 – 9/30/2020	1/1/2019 – 9/30/2019	7/1/2020 – 9/30/2020	7/1/2019 – 9/30/2019
Profit or loss	**- 17,793**	**9,368**	**- 1,332**	**4,854**
Other Comprehensive Income				
Under certain conditions reclassifiable profits/losses				
Currency conversion difference				
Profits/losses included in equity from currency conversion difference	- 2,434	214	- 843	169
Total under certain conditions reclassifiable profits/losses	**- 2,434**	**214**	**- 843**	**169**
Not reclassifiable profits/losses				
Revaluation of net obligation from defined benefit plans				
Revaluation of net obligation from defined benefit plans before taxes	192	- 7,334	- 2,133	- 2,538
Deferred taxes on defined benefit plans and obligations	- 59	2,214	638	767
Share of other comprehensive income of at-equity accounted investments, net of tax	4	- 37	- 24	- 13
Total not reclassifiable profits/losses	**137**	**- 5,157**	**- 1,519**	**- 1,784**
Total other comprehensive income before taxes	- 2,238	- 7,157	- 3,000	- 2,382
Total deferred taxes on the other comprehensive income	- 59	2,214	638	767
Total other comprehensive income	**- 2,297**	**- 4,943**	**- 2,362**	**- 1,615**
Total comprehensive income	**- 20,090**	**4,425**	**- 3,694**	**3,239**
Earnings per share of shareholders of EDAG Group AG [diluted and basic in €]				
Earnings per share	- 0.71	0.37	- 0.05	0.19

2 Consolidated Statement of Financial Position

in € thousand	9/30/2020	12/31/2019
Assets		
Goodwill	74,089	74,367
Other intangible assets	16,232	20,742
Property, plant and equipment	69,758	74,500
Rights of use from leasing	122,725	144,372
Financial assets	160	160
Investments accounted for using the equity method	17,187	17,464
Non-current other financial assets	775	1,037
Non-current other non-financial assets	150	66
Deferred tax assets	21,217	12,742
Non-current assets	**322,293**	**345,450**
Inventories	5,349	8,633
Current contract assets	79,972	70,823
Current accounts receivables	65,846	135,665
Current other financial assets	1,737	2,274
Current securities, loans and financial instruments	80	51
Current other non-financial assets	15,949	10,122
Income tax assets	1,293	976
Cash and cash-equivalents	140,898	70,618
Current assets	**311,124**	**299,162**
Assets	**633,417**	**644,612**

in € thousand	9/30/2020	12/31/2019
Equity, liabilities and provisions		
Subscribed capital	920	920
Capital reserves	40,000	40,000
Retained earnings	85,706	103,499
Reserves from profits and losses recognized directly in equity	- 13,000	- 13,137
Currency conversion differences	- 5,852	- 3,418
Equity	**107,774**	**127,864**
Provisions for pensions and similar obligations	36,002	37,759
Other non-current provisions	3,477	3,449
Non-current financial liabilities	120,454	120,000
Non-current lease liabilities	123,208	142,658
Non-current other non-financial liabilities	131	-
Deferred tax liabilities	38	20
Non-current liabilities and provisions	**283,310**	**303,886**
Current provisions	15,057	14,173
Current financial liabilities	11,245	21,698
Current lease liabilities	16,553	18,269
Current contract liabilities	128,344	45,500
Current accounts payable	18,144	55,014
Current other financial liabilities	3,463	4,363
Current other non-financial liabilities	45,353	49,679
Income tax liabilities	4,174	4,166
Current liabilities and provisions	**242,333**	**212,862**
Equity, liabilities and provisions	**633,417**	**644,612**

3 Consolidated Cash Flow Statement

	in € thousand	1/1/2020 – 9/30/2020	1/1/2019 – 9/30/2019
	Profit or loss	**- 17,793**	**9,368**
+/-	Income tax expenses/income	- 6,920	4,677
-	Income taxes paid	- 2,404	- 10,719
+	Financial result	7,529	7,069
+	Interest and dividend received	197	854
+/-	Depreciation and amortization/write-ups on tangible and intangible assets	33,053	33,715
+/-	Other non-cash item expenses/income	12,012	- 7,510
+/-	Increase/decrease in non-current provisions	- 1,317	8,156
-/+	Profit/loss on the disposal of fixed assets	248	116
-/+	Increase/decrease in inventories	3,462	- 3,767
-/+	Increase/decrease in contract assets, receivables and other assets that are not attributable to investing or financing activities	41,991	- 40,206
+/-	Increase/decrease in current provisions	1,232	- 960
+/-	Increase/decrease in accounts payables and other liabilities and provisions that are not attributable to investing or financing activities	42,914	- 765
=	**Cash inflow/outflow from operating activities/operating cash flow**	**114,204**	**28**
+	Deposits from disposals of tangible fixed assets	159	208
-	Payments for investments in tangible fixed assets	- 8,087	- 14,417
-	Payments for investments in intangible fixed assets	- 2,756	- 3,685
+	Deposits from disposals of financial assets	11	33
-	Payments for investments in financial assets	- 12	- 33
-	Payments for investments in shares of fully consolidated companies/divisions	- 169	- 296
=	**Cash inflow/outflow from investing activities/investing cash flow**	**- 10,854**	**- 18,190**

	in € thousand	1/1/2020 – 9/30/2020	1/1/2019 – 9/30/2019
-	Payments to shareholders/partners (dividend for prior years, capital repayments, other distributions)	-	- 18,750
-	Interest paid	- 7,384	- 7,822
+	Borrowing of financial liabilities	10,761	18,401
-	Repayment of financial liabilities	- 20,380	- 2,968
-	Repayment of lease liabilities	- 14,229	- 13,310
=	**Cash inflow/outflow from financing activities/financing cash flow**	**- 31,232**	**- 24,449**
	Net Cash changes in financial funds	**72,118**	**- 42,611**
-/+	Effect of changes in currency exchange rate and other effects from changes of financial funds	- 1,838	415
+	Financial funds at the start of the period	70,618	63,862
=	**Financial funds at the end of the period [cash & cash equivalents]**	**140,898**	**21,666**
=	**Free cash flow (FCF) – equity approach**	**103,350**	**- 18,162**

4 Consolidated Statement of Changes in Equity

in € thousand	Subscribed capital	Capital reserves	Retained earnings	Currency conversion	Revaluation from pension plans	Shares in investments accounted for using the equity method	Total equity attributable to majority shareholders	Non controlling interest	Total equity
As per 1/1/2020	**920**	**40,000**	**103,499**	**- 3,418**	**- 13,035**	**- 102**	**127,864**	**-**	**127,864**
Profit or loss	-	-	- 17,793	-	-	-	- 17,793	-	- 17,793
Other comprehensive income	-	-	-	- 2,434	133	4	- 2,297	-	- 2,297
Total comprehensive income	**-**	**-**	**- 17,793**	**- 2,434**	**133**	**4**	**- 20,090**	**-**	**- 20,090**
As per 9/30/2020	**920**	**40,000**	**85,706**	**- 5,852**	**- 12,902**	**- 98**	**107,774**	**-**	**107,774**

in € thousand	Subscribed capital	Capital reserves	Retained earnings	Currency conversion	Revaluation from pension plans	Shares in investments accounted for using the equity method	Total equity attributable to majority shareholders	Non controlling interest	Total equity
As per 1/1/2019	**920**	**40,000**	**115,226**	**- 3,536**	**- 8,583**	**- 22**	**144,005**	**1**	**144,006**
Profit or loss	-	-	9,368	-	-	-	9,368	-	9,368
Other comprehensive income	-	-	-	215	- 5,120	- 37	- 4,942	-	- 4,942
Total comprehensive income	**-**	**-**	**9,368**	**215**	**- 5,120**	**- 37**	**4,426**	**-**	**4,426**
Dividends	-	-	- 18,750	-	-	-	- 18,750	-	- 18,750
Deconsolidations	-	-	-	-	-	-	-	- 1	- 1
As per 9/30/2019	**920**	**40,000**	**105,844**	**- 3,321**	**- 13,703**	**- 59**	**129,681**	**-**	**129,681**

5 Selected Explanatory Notes

5.1 General Information

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

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

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

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

The shares are denominated in Swiss francs. The operating currency is the euro, and shares are traded in euros. The company's shares are briefed in a global certificate and deposited with Clearstream. Each company share entitles its holder to a vote at the company's annual shareholders' meeting.

The financial statements of the subsidiaries included in the Consolidated Interim Report were prepared using uniform accounting and valuation principles as of EDAG Group AG's financial reporting date (September 30).

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

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

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

5.2 Basic Principles and Methods

Basic Accounting Principles

The Consolidated Interim Report of the EDAG Group AG for the period ending September 30, 2020 has been prepared in accordance with IAS 34 "Interim financial reporting". As the scope of the Consolidated Interim Report has been reduced, making it shorter than the Consolidated Financial Statement, it should be read in conjunction with the Consolidated Financial Statement for December 31, 2019.
The Consolidated Financial Statement of EDAG Group AG and its subsidiaries for December 31, 2019 has been prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), as they are to be applied pursuant to Directive No. 1606/2002 of the European Parliament and Council regarding the application of international accounting standards in the EU. In addition to the International Financial Reporting Standards, the term IFRS also includes the still valid International Accounting Standards (IAS), the Interpretations of the IFRS Interpretations Committee (IFRS IC) and those of the former Standing Interpretations Committee (SIC). The requirements of all accounting standards and interpretations resolved as of September 30, 2020 and adopted in national law by the European Commission have been fulfilled.

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

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

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

New, Changed or Revised Accounting Standards

EDAG Group AG has applied the following accounting standards adopted by the EU and legally required to be applied since January 1, 2020, although they did not have any significant effect on the assets, financial position and financial performance of the EDAG Group in the Consolidated Interim Report:

- **Conceptual Framework** – Amendments to References to the Conceptual Framework for Financial Reporting (IASB-publication: March 29, 2018; EU endorsement: November 29, 2019)
- **IAS 1 / IAS 8** – Definition of Material (IASB publication: October 31, 2018; EU endorsement: November 29, 2019)
- **IFRS 9 / IAS 39 / IFRS 7** – Interest Rate Benchmark Reform (IASB publication: September 26, 2019; EU endorsement: January 15, 2020)
- **IFRS 3** – Definition of a Business (IASB publication: October 22, 2018; EU endorsement: April 21, 2020)
- **IFRS 16** – Covid-19-related rent concessions (IASB publication: May 28, 2020; EU endorsement: October 9, 2020)

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

Accounting and Valuation Principles

For this Consolidated Interim Report, a discount rate of 1.03 percent has been used for pension provisions in Germany (12/31/2019: 1.12 percent). A discount rate of 0.17 percent has been used for pension provisions in Switzerland (12/31/2019: 0.35 percent). The personnel expenses include income relating to other periods in the amount of € 1.2 million, state subsidies for short-time work compensation in the amount of € 8.4 million, and severance pay in the amount of € 2.6 million. Expenses from restructuring measures in the amount of € 7.2 million are included in the other expenses. In connection with an impaired age structure of receivables and the macroeconomic risks resulting from the Corona pandemic, an increased allocation was made to the provisions for risks for expected credit losses based on the regulations set out in IFRS 9. Consequently, at € -11.9 million, there is a significant decrease in the net result from the impairment/impairment loss reversal of financial assets compared to the same period in the previous year (Q1-3 2019: € -0.8 million).

In accordance with the objective of financial statements set out in F.12 et seq., IAS 1.9 and IAS 8.10 et seq., IAS 34.30(c) was applied when determining income tax expense for the reporting period. Accordingly, the weighted average expected annual tax rate in the amount of 28 percent (12/31/2019: 34 percent effective reported tax charge) was used.

Otherwise, the same accounting and valuation methods and consolidation principles as were used in the 2019 consolidated financial statements for EDAG Group AG were applied when preparing the Consolidated Interim Report and determining comparative figures. A detailed description of these methods has been published in the Notes to the Consolidated Financial Statement in the Annual Report for 2019. This Consolidated Interim Report should therefore be read in conjunction with the Consolidated Financial Statement of EDAG Group AG for December 31, 2019.

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

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

Accounting estimates and management judgements due to the COVID-19 pandemic

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

Due to the fact that it is currently not possible to foresee the global consequences of the COVID-19 pandemic, these estimates and discretionary decisions are subject to increased uncertainty. The amounts actually realized may deviate from these estimates and discretionary decisions; changes may have a material impact on the Consolidated Interim Report.

All available information relating to expected future economic developments and country-specific government measures was taken into account when the estimates and discretionary decisions were being updated.

This information was included in the impairment test for assets and financial investments accounted for using the equity method. In addition, impairment tests were carried out for the cash-generating units, which confirmed the recoverability of the relevant underlying book values.

5.3 Changes in the Scope of Consolidation

On September 30, 2020, the group of combined or consolidated companies is composed as follows:

	Switzerland	Germany	Other Countries	Total
Fully consolidated companies	3	5	24	32
Companies accounted for using the equity method	-	1	-	1
Companies included at acquisition cost [not included in the scope of consolidation]	-	3	-	3

The companies included at acquisition cost are for the most part non-operational companies and general partners, and are not included in the scope of consolidation.

The company accounted for using the equity method that is included is an associated company.

With effect from January 1, 2020, EDAG Production Solutions, Inc., Troy was merged with EDAG, Inc., Troy.

With effect from January 1, 2020, Müller HRM Engineering AB, Gothenburg was merged with EDAG Engineering Scandinavia AB, Gothenburg.

EDAG Turkey Mühendislik Ltd., Gebze/Kocaeli, was founded with the entry in the commercial register on May 28, 2020.

5.4 Currency Conversion

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

Country		9/30/2020 Spot rate on balance sheet date	3Q 2020 Average exchange rate for period	12/31/2019 Spot rate on balance sheet date	3Q 2020 Average exchange rate for period
Great Britain	GBP	0.9124	0.8845	0.8508	0.8830
Brazil	BRL	6.6308	5.7072	4.5157	4.3646
USA	USD	1.1708	1.1241	1.1234	1.1237
Malaysia	MYR	4.8653	4.7588	4.5953	4.6461
Hungary	HUF	365.5300	348.1183	330.5300	322.9969
India	INR	86.2990	83.4336	80.1870	78.8439
China	CNY	7.9720	7.8613	7.8205	7.7119
Mexico	MXN	26.1848	24.5148	21.2202	21.6350
Czech Republic	CZK	27.2330	26.3861	25.4080	25.7022
Switzerland	CHF	1.0804	1.0678	1.0854	1.1182
Poland	PLN	4.5462	4.4226	4.2568	4.3012
Russia	RUB	91.7763	79.8960	69.9563	73.0958
Sweden	SEK	10.5713	10.5618	10.4468	10.5672
Japan	JPY	123.7600	120.8365	121.9400	122.6207
Turkey	TRY	9.0990	7.5910	-	-

5.5 Reconciliation of the Adjusted Operating Profit (Adjusted EBIT)

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

in € thousand	1/1/2020 – 9/30/2020	1/1/2019 – 9/30/2019	7/1/2020 – 9/30/2020	7/1/2019 – 9/30/2019
Earnings before interest and taxes (EBIT)	**- 17,184**	**21,114**	**341**	**9,679**
Adjustments:				
Expenses from purchase price allocation	3,821	3,894	1,238	1,295
Other adjustmens	5,697	3,202	5,639	370
Total adjustments	**9,518**	**7,096**	**6,877**	**1,665**
Adjusted earnings before interest and taxes (adjusted EBIT)	**- 7,666**	**28,210**	**7,218**	**11,344**

5.6 Segment Reporting

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

As at September 30, 2020, the non-current assets amounted to € 322.3 million (12/31/2019: € 345.5 million). Of these, € 0.8 million are domestic, € 281.2 million are German, and € 40.3 million are non-domestic (12/31/2019: [domestic: € 1.0 million; Germany: € 297.5 million; non-domestic: € 47.0 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 ("VE") consists of services along the vehicle development process as well as responsibility for derivative and complete vehicles. For descriptions of the individual departments in this segment, please see the chapter "Business Model" in the Group Management Report in the Annual Report for 2019.

As an all-round engineering partner, the Production Solutions segment ("PS") is responsible for the development and implementation of production processes. In addition to handling the individual stages in the product creation process and all factory and production systems-related services, Production Solutions are also able to optimally plan complete factories over all fields, including cross processes, and to provide the realization from a single source. For more detailed descriptions of the individual departments in this segment, please see the chapter "Business Model" in the Group Management Report in the Annual Report for 2019.

The range of services offered by the Electrics/Electronics segment ("E/E") includes the development of electrical and electronic systems, components, functions and services for everything from show cars and prototypes to the complete vehicle. These services are performed in competencies; these are described in greater detail in the chapter "Business Model" in the Group Management Report in the 2019 Annual Report.

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

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

in € thousand	1/1/2019 – 9/30/2019					
	Vehicle Engineering	Production Solutions	Electrics/ Electronics	Total segments	Consolidation	Total Group
Sales revenues with third parties	370,903	83,641	128,807	583,351	-	583,351
Sales revenues with other segments	4,192	1,901	195	6,288	- 6,288	-
Changes in inventories	518	341	79	938	-	938
Total revenues[1]	**375,613**	**85,883**	**129,081**	**590,577**	**- 6,288**	**584,289**
EBIT	**24,486**	**- 12,012**	**8,640**	**21,114**	**-**	**21,114**
EBIT margin [%]	6.5%	-14.0%	6.7%	3.6%	n/a	3.6%
Purchase price allocation (PPA)	2,457	225	1,212	3,894	-	3,894
Other adjustments	- 473	3,675	-	3,202	-	3,202
Adjusted EBIT	**26,470**	**- 8,112**	**9,852**	**28,210**	**-**	**28,210**
Adjusted EBIT margin [%]	7.0%	-9.4%	7.6%	4.8%	n/a	4.8%
Depreciation, amortization and impairment	- 22,067	- 5,095	- 6,553	- 33,715	-	- 33,715
Ø Employees per segment	5,050	1,559	2,051	8,660		8,660

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

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

in € thousand	1/1/2020 – 9/30/2020							
	Vehicle Engineering		Production Solutions		Electrics/ Electronics		Total	
Customer sales division A	38,554	13%	11,724	17%	34,821	31%	85,099	18%
Customer sales division B	11,868	4%	1,868	3%	31,047	27%	44,783	9%
Customer sales division C	6,598	2%	1,148	2%	5,091	4%	12,837	3%
Customer sales division D	43,151	14%	7,980	12%	13,637	12%	64,768	13%
Customer sales division E	33,263	11%	6,873	10%	1,968	2%	42,104	9%
Customer sales division F	64	0%	2,557	4%	-	0%	2,621	1%
Customer sales division G	13,544	4%	581	1%	153	0%	14,278	3%
Customer sales division H	94,644	31%	7,511	11%	5,399	5%	107,554	22%
Customer sales division I	24,610	8%	2,177	3%	7,582	7%	34,369	7%
Miscellaneous	35,427	12%	26,722	39%	14,432	13%	76,581	16%
Sales revenue with third parties	**301,723**	**100%**	**69,141**	**100%**	**114,130**	**100%**	**484,994**	**100%**

in € thousand	1/1/2019 – 9/30/2019							
	Vehicle Engineering		Production Solutions		Electrics/ Electronics		Total	
Customer sales division A	60,015	16%	15,373	18%	39,559	31%	114,947	20%
Customer sales division B	21,421	6%	3,904	5%	37,426	29%	62,751	11%
Customer sales division C	9,617	3%	1,340	2%	4,511	4%	15,468	3%
Customer sales division D	61,577	17%	9,712	12%	14,448	11%	85,737	15%
Customer sales division E	59,565	16%	13,611	16%	1,865	1%	75,041	13%
Customer sales division F	99	0%	4,194	5%	-	0%	4,293	1%
Customer sales division G	9,212	2%	183	0%	417	0%	9,812	2%
Customer sales division H	63,813	17%	5,521	7%	5,168	4%	74,502	13%
Customer sales division I	26,896	7%	3,504	4%	7,425	6%	37,825	6%
Miscellaneous	58,688	16%	26,299	31%	17,988	14%	102,975	18%
Sales revenue with third parties	**370,903**	**100%**	**83,641**	**100%**	**128,807**	**100%**	**583,351**	**100%**

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

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

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

in € thousand	1/1/2019 – 9/30/2019					
	Vehicle Engineering	Production Solutions	Electrics/ Electronics	Total Segments	Consolidation	Total Group
Period-related revenue recognition	325,281	84,247	128,151	537,679	-	537,679
Point in time revenue recognition	49,814	1,295	851	51,960	-	51,960
Sales revenue with other segments	- 4,192	- 1,901	- 195	- 6,288	-	- 6,288
Sales revenue with third parties	**370,903**	**83,641**	**128,807**	**583,351**	**-**	**583,351**
Sales revenue with other segments	4,192	1,901	195	6,288	- 6,288	-
Changes in inventories	518	341	79	938	-	938
Total revenues	**375,613**	**85,883**	**129,081**	**590,577**	**- 6,288**	**584,289**

5.7 Contingent Liabilities/Receivables and Other Financial Obligations

Contingent Liabilities

As in the previous year, there were no material contingent liabilities on the reporting date.

Other Financial Obligations

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

in € thousand	9/30/2020	12/31/2019
Total renting and leasing contracts	4,914	5,020
Open purchase orders	1,809	2,818
Other miscellaneous financial obligations	73	320
Total	**6,796**	**8,158**

The obligations from rental and leasing contracts are composed primarily of leasing agreements for low-value assets in the form of IT equipment, of short-term rental agreements and software leasing.

Contingent Receivables

As in the previous year, there were no material contingent receivables on the reporting date.

5.8 Financial Instruments

Net Financial Debt/Credit

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

in € thousand	9/30/2020	12/31/2019
Non-current financial liabilities	- 120,454	- 120,000
Non-current lease liabilities	- 123,208	- 142,658
Current financial liabilities	- 11,245	- 21,698
Current lease liabilities	- 16,553	- 18,269
Current securities, loans and financial instruments	80	51
Cash and cash equivalents	140,898	70,618
Net financial debt/-credit [-/+]	**- 130,482**	**- 231,956**
Net financial debt/-credit wo/lease liabilities [-/+]	**9,279**	**- 71,029**
Equity	107,774	127,864
Net Gearing [%] incl. Lease liabilities	**121.1%**	**181.4%**
Net Gearing [%] wo/ Lease liabilities	**n/a**	**55.6%**

At € 130.5 million, the net financial debt on September 30, 2020 is € 101.5 million below the previous year's value (€ 232.0 million). Without taking lease liabilities into account, the net financial assets as of September 30, 2020 amounts to € 9.3 million (12/31/2019: net financial debt € 71.0 million), which is equivalent to a decrease of € 80.3 million.

The major creditor is a well-known credit institution in the form of a promissory note loan (Schuldscheindarlehen) with a total volume of € 120 million. The promissory note loan is composed of several tranches with various interest rates and terms to maturity of three to eight years. The current loan from VKE-Versorgungskasse EDAG-Firmengruppe e.V. (12/31/2019: € 20.6 million) had, to a material extent (€ 19.5 million), already been repaid on June 30, 2020, but can be used again to this extent any time.

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

The EDAG Group has unused lines of credit in the amount of € 89.5 million on the reporting date (12/31/2019: € 101.8 million).

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

in € thousand		9/30/2020	12/31/2019
	Inventories	5,349	8,633
+	Current contract assets	79,972	70,823
+	Current accounts receivable	65,846	135,665
-	Current contract liabilities	- 128,344	- 45,500
-	Current accounts payable	- 18,144	- 55,014
=	**Trade Working Capital (TWC)**	**4,679**	**114,607**
+	Non-current other financial assets	775	1,037
+	Non-current other non-financial assets	150	66
+	Deferred tax assets	21,217	12,742
+	Current other financial assets excl. Interest-bearing receivables	1,737	2,274
+	Current other non-financial assets	15,949	10,122
+	Income tax assets	1,293	976
-	Non-current other non-financial liabilities	- 131	-
-	Deferred tax liabilities	- 38	- 20
-	Current other financial liabilities	- 3,463	- 4,363
-	Current other non-financial liabilities	- 45,353	- 49,679
-	Income tax liabilities	- 4,174	- 4,166
=	**Other working capital (OWC)**	**- 12,038**	**- 31,011**
	Net working capital (NWC)	**- 7,359**	**83,596**

The trade working capital decreased by € 109,928 thousand from € 114,607 thousand to € 4,679 thousand, compared to December 31, 2019. The reduction mainly results from the decrease of € 69,819 thousand in the current accounts receivable and the increase of € 82,844 thousand in the short-term contract liabilities. The opposite effect was had by the reduction of € 36,870 thousand in accounts payable and the increase of € 9,149 thousand in current contract assets.

Influenced by an increase in prepaid expenses, receivables from subsidies for short-time work compensation and deferred tax assets, at €-12,038 thousand, the other working capital rose, compared to € -31,011 thousand on December 31, 2019.

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

The principles and methods for assessing at fair value have not changed compared to last year. Detailed explanations of the valuation principles and methods can be found in the Notes to the Consolidated Financial Statement in the Annual Report of EDAG Group AG for 2019.

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

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

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

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

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

in € thousand	Measured at Fair Value through Profit and Loss [FVtPL]	Measured at Amortized Cost [AC]		Not allocated to a measurement category [n.a.]	Balance sheet item as per 9/30/2020
		Carrying Amount	Fair Value		
Financial Assets					
Financial assets	80	80	80	-	160
Non-current other financial assets	-	428	428	347	775
Current contract assets	-	-	-	79,972	79,972
Current accounts receivables	-	65,846	65,846	-	65,846
Current other financial assets	-	1,520	1,520	217	1,737
Current securities, loans and financial instruments	80	-	-	-	80
Cash and cash-equivalents	-	140,898	140,898	-	140,898
Financial Assets	**160**	**208,772**	**208,772**	**80,536**	**289,468**
Financial liabilitites					
Non-current financial liabilities	-	120,454	122,518	-	120,454
Non-current lease liabilities	-	-	-	123,208	123,208
Current financial liabilities	-	11,245	11,245	-	11,245
Current lease liabilities	-	-	-	16,553	16,553
Current contract liabilities	-	-	-	128,344	128,344
Current accounts payable	-	18,144	18,144	-	18,144
Current other financial liabilities	256	3,207	3,207	-	3,463
Financial liabilitites	**256**	**153,050**	**155,114**	**268,105**	**421,411**

in € thousand	Measured at Fair Value through Profit and Loss [FVtPL]	Measured at Amortized Cost [AC]		Not allocated to a measurement category [n.a.]	Balance sheet item as per 12/31/2019
		Carrying Amount	Fair Value		
Financial Assets					
Financial assets	80	80	80	-	160
Non-current other financial assets	-	526	526	511	1,037
Current contract assets	-	-	-	70,823	70,823
Current accounts receivables	-	135,665	135,665	-	135,665
Current other financial assets	-	2,065	2,065	209	2,274
Current securities, loans and financial instruments	51	-	-	-	51
Cash and cash-equivalents	-	70,618	70,618	-	70,618
Financial Assets	**131**	**208,954**	**208,954**	**71,543**	**280,628**
Financial liabilitites					
Non-current financial liabilities	-	120,000	121,335	-	120,000
Non-current lease liabilities	-	-	-	142,658	142,658
Current financial liabilities	-	21,698	21,698	-	21,698
Current lease liabilities	-	-	-	18,269	18,269
Current contract liabilities	-	-	-	45,500	45,500
Current accounts payable	-	55,014	55,014	-	55,014
Current other financial liabilities	1,267	3,096	3,096	-	4,363
Financial liabilitites	**1,267**	**199,808**	**201,143**	**206,427**	**407,502**

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

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

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

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

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

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

in € thousand	Assessed at fair value 9/30/2020			
	Level 1	Level 2	Level 3	Total
Financial assets				
Current securities, loans and financial instruments	38	42	-	80
Financial liabilities				
Other financial liabilities	-	-	256	256

in € thousand	Assessed at fair value 12/31/2019			
	Level 1	Level 2	Level 3	Total
Financial assets				
Current securities, loans and financial instruments	29	22	-	51
Financial liabilities				
Other financial liabilities	-	-	1,267	1,267

The other liabilities with fair values valuated according to level 3 are contingent considerations. These are evaluated on the basis of the defined sales revenue, EBIT and employee retention targets, taking into account the likelihood of their occurrence. With the valuation technique used, the expected value of the contingent consideration is determined according to the discounted cash flow method. The valuation model takes into account the present value of the contingent consideration, discounted using a risk-adjusted discount rate.

The material non-observable input factors include the predicted sales revenues, the predicted EBIT, the predicted employee retention and the risk-adjusted discount rate.

The estimated fair values of the contingent considerations would drop if the expected sales revenues and the EBIT turned out to be lower than the defined target figures or the risk-adjusted discount rate were to rise. On the other hand, the fair values of the contingent considerations increase if the risk-adjusted discount rate falls.

The following table shows the reconciliation of the level 3 fair values:

in € thousand	2020	2019
As per 1/1/	**1,267**	**2,226**
Loss recognized in financial expenses		
Net change of fair value	12	32
Profit recognized in other income		
Net change of fair value	- 843	- 702
Cash Flows	- 169	- 295
Currency conversion difference	- 11	12
As per 9/30/	**256**	**1,273**

5.9 Related Parties

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

For a more detailed account of the type and extent of the business relations, please see the Notes to the Consolidated Financial Statement in the annual report of EDAG Group AG for 2019.

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

in € thousand	1/1/2020 – 9/30/2020	1/1/2019 – 9/30/2019
EDAG Group with boards of directors[1] (EDAG Group AG & EDAG Schweiz Sub-Holding AG)		
Work-related expenses	699	668
Travel and other expenses	16	19
Consulting expenses	9	16
EDAG Group with supervisory boards[1] (EDAG Engineering GmbH & EDAG Engineering Holding GmbH)		
Work-related expenses	48	35
Compensation costs	762	784

in € thousand	1/1/2020 – 9/30/2020	1/1/2019 – 9/30/2019
EDAG Group with ATON companies (parent company and its affiliated companies)		
Goods and services rendered	110	7,579
Goods and services received	29	1,155
Other operating income	-	216
Other operating expenses	4	212
EDAG Group with unconsolidated subsidiaries		
Other operating expenses	6	6
EDAG Group with associated companies		
Goods and services rendered	636	1,378
Goods and services received	1,854	2
Other operating income	354	477
Other operating expenses	37	37
Income from investments	- 281	810
EDAG Group with other related companies and persons		
Goods and services rendered	71	571
Interest expense	81	231
Other operating income	5	46
Paid leases for rights of use	3,639	3,642

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

5.10 Subsequent Events

On November 11, 2020, EDAG Engineering GmbH, a subsidiary of EDAG Engineering Group AG (EDAG), contractually agreed a KfW entrepreneur loan of € 60 million.

The loan has a term of two years and is subject to the usual KfW conditions. One of the conditions of the KfW loan is that dividend payments will be waived for the term of the loan, or until the loan has been repaid in full. No further financial covenants are associated with the loan.

EDAG is complementing the existing financial instruments with this new loan. This will give the company greater financial latitude and ensure financial stability and flexibility.

Arbon, November 11, 2020

EDAG Engineering Group AG

Georg Denoke, Chairman of the Board of Directors

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

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

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

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The English version of the interim report is a translation of the German version. The German version is legally binding.

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