

REPORT ON THE 3<sup>RD</sup> QUARTER  
AND 1<sup>ST</sup> NINE MONTHS 2021

H<sub>2</sub>



# Key figures

## ElringKlinger Group

		3 <sup>rd</sup> quarter 2021	2 <sup>nd</sup> quarter 2021	1 <sup>st</sup> quarter 2021	4 <sup>th</sup> quarter 2020	3 <sup>rd</sup> quarter 2020
<b>Order Situation</b>						
Order intake	€ million	486.3	429.5	576.6	512.0	423.6
Order backlog	€ million	1,307.3	1,221.6	1,185.6	1,033.1	971.8
<b>Sales/Earnings</b>						
Sales revenue	€ million	400.6	393.6	424.1	450.9	381.2
Cost of sales	€ million	-306.3	302.8	314.8	361.1	296.3
Gross profit margin		23.5 %	23.1 %	25.8 %	19.9 %	22.3 %
EBITDA	€ million	55.0	50.4	77.2	87.6	49.0
EBIT/Operating result	€ million	27.0	23.0	48.4	25.2	18.9
EBIT margin		6.7 %	5.9 %	11.4 %	5.6 %	5.0 %
Earnings before taxes	€ million	23.8	18.5	49.4	9.8	9.2
Net income	€ million	9.4	6.5	38.5	-8.9	2.9
Net income attributable to shareholders of ElringKlinger AG	€ million	9.0	7.9	37.9	-10.7	3.4
<b>Cash flow</b>						
Net cash from operating activities	€ million	26.5	50.5	42.0	87.0	78.4
Net cash from investing activities	€ million	-17.5	-15.4	-0.8	-30.3	0.4
Net cash from financing activities	€ million	-46.6	-37.1	-7.5	-71.1	-81.1
Operating free cash flow <sup>1</sup>	€ million	8.1	37.0	28.6	62.5	78.6
<b>Balance Sheet</b>						
Balance sheet total	€ million	2,071.5	2,092.3	2,109.9	1,963.1	2,014.6
Equity	€ million	968.0	963.4	949.9	812.9	825.7
Equity ratio		46.7 %	46.0 %	45.0 %	41.4 %	41.0 %
Net debt <sup>2</sup>	€ million	360.8	363.3	400.2	458.8	512.4
<b>Human Resources</b>						
Employees (as at end of quarter) <sup>3</sup>		9,554	9,608	9,597	9,549	9,579
<b>Stock</b>						
Earnings per share	€	0.14	0.13	0.6	-0.17	0.05

<sup>1</sup> Net cash from operating activities and net cash from investing activities (excluding M&A activities and excluding investments in financial assets)

<sup>2</sup> Current and non-current financial liabilities less cash and cash equivalents as well as short-term securities

<sup>3</sup> Employee figures adjusted in the previous year, as working students and apprentices have not been included since 2021

# Summary of First Nine Months 2021

- Despite significant market downturn and increasing strains within procurement markets, ElringKlinger maintained its strong business performance in the third quarter of 2021. The Group expanded both revenues and earnings compared to the previous quarter and – even more significantly – compared to the same quarter last year. Thus, the overall picture for the nine-month period is particularly favorable in respect of revenue growth, profitability, and the sustained improvement in financial indicators.
- **Group revenue** up by 5% year on year to EUR 401 million in the third quarter of 2021 and by 18% to EUR 1,218 million in the nine-month period. Revenue generated by the E-Mobility unit increased sharply from what remains a comparatively low base, while the traditional areas of business saw the Lightweighting/Elastomer Technology business unit in particular expand on the back of a broad portfolio centered around innovative material concepts.
- **Group EBIT** at EUR 27 million (margin: 7%) in the third quarter and at EUR 98 million (margin: 8%) after nine months: higher commodity prices were counteracted by successful measures implemented as part of the efficiency enhancement program. The Aftermarket and Engineered Plastics segments also delivered convincing results. Furthermore, a one-off income of EUR 11 million had been recognized from the sale of the Austrian subsidiary in the first quarter.
- Further improvement in financial strength: **operating free cash flow** also well within positive territory at EUR 8 million in the third quarter of 2021 and at EUR 74 million in the period from January to September. The **net debt ratio** (net debt in relation to EBITDA) fell further to 1.3, down from 3.4 a year earlier. In the year to date, ElringKlinger has reduced its net financial liabilities by around EUR 100 million to EUR 361 million.
- Among **significant events** in the first nine months were the commencement of business by EKPO Fuel Cell Systems GmbH (“EKPO” for short) based in Dettingen/Erms as of March 1, 2021, and establishment of German site in Neuffen for E-Mobility business activities. As an entity jointly operated by ElringKlinger (60%) and the French automotive supplier Plastic Omnium (40%), EKPO offers fuel cell stacks and components for a wide range of applications.

»The third quarter has illustrated once again that ElringKlinger is on the right track with both its product strategy and its efficiency enhancement program. The favorable direction taken by the Group’s key financial indicators gives us additional clout when it comes to pursuing the far-reaching transformation of the mobility sector.«

Dr. Stefan Wolf, CEO of ElringKlinger AG

# Contents

## 06

### INTERIM GROUP MANAGEMENT REPORT

- 06 Macroeconomic Conditions and Business Environment
- 07 Significant Events
- 08 Sales and Earnings Performance
- 14 Financial Position and Cash Flows
- 18 Opportunities and Risks
- 18 Report on Expected Developments

## 22

### ELRINGKLINGER AND THE CAPITAL MARKETS

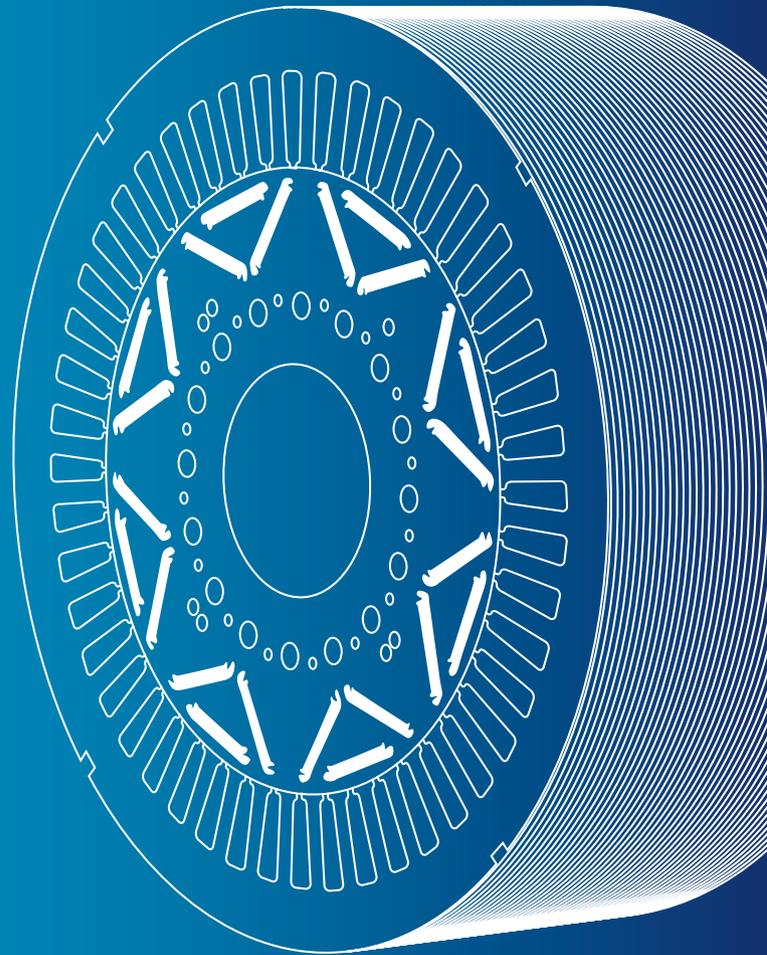
## 24

### INTERIM CONSOLIDATED FINANCIAL STATEMENTS

- 24 Group Income Statement
- 25 Group Statement of Comprehensive Income
- 26 Group Statement of Financial Position
- 28 Group Statement of Changes in Equity
- 30 Group Statement of Cash Flows
- 31 Group Sales Revenue
- 32 Segment Reporting
  
- 34 Notes
- 41 Responsibility Statement

## THE FORCE OF CHANGE

In view of the current transformation sweeping through the automotive industry, companies are having to use their technological know-how in an innovative manner for the purpose of strategic realignment – in other words, to harness »the force of change«. Using the example of a transparent drive unit, our »pulse« article explains how ElringKlinger leverages its in-depth manufacturing experience when it comes to developing solutions for electrically powered vehicles.



# Macroeconomic Conditions and Business Environment

The global economy continued to recover over the course of the third quarter of 2021. Having said that, this upward trend was adversely affected by rising inflation, material-related shortages, and problems within the supply chains. As a result, the economy lost some of its overall momentum compared to the previous quarter. In addition, a large divide continued to exist between industrialized and emerging nations, due in part to differences in the overall coverage of vaccinations aimed at containing the coronavirus pandemic.

The booming US economy decelerated in the third quarter and growth in China also declined significantly. The European economy, meanwhile, benefited from progressive easing of pandemic-specific restrictions, whereas shortages of raw materials and input commodities proved detrimental to industrial production. On a positive note, the global economy was buoyed by the highly expansive monetary and fiscal policy still being pursued by central banks around the world.

## Global vehicle production declines due to supply-side bottlenecks

Emerging from the pandemic-induced quagmire of the previous year, global automotive markets rallied quite significantly during the first half of 2021 – before experiencing a decline in production output and sales volumes in the third quarter of 2021. The impact of ongoing problems within supply chains and especially the shortage of semiconductors became increasingly noticeable. Due to the strong market recovery seen in the same quarter last year, the year-on-year decline was particular-

ly severe in comparison. While 20.5 million vehicles were produced in the third quarter of 2020, a mere 16.5 million passenger cars and light commercial vehicles rolled off the production lines in the quarter under review, a decline of around 20 %.

Buffeted by material-related bottlenecks, the Chinese market has also become more sluggish since the second quarter. In fact, the third quarter saw a double-digit decline. Despite these developments, the market is still in positive territory in the year to date. The noticeable recovery previously seen in India and South Asia also came under severe attack in September. In Europe and North America, too, production figures slipped into negative territory after the encouraging upturn recorded in the first two quarters.

In the period from January to September 2021, year-on-year growth in global vehicle production thus fell sharply to 9.5 % – equivalent to an increase in production of around 5 million vehicles. Growth in production output for the first nine months as a whole remained in positive territory in all vehicle markets.

The situation was similar within the sales markets. The number of newly registered vehicles slumped at the end of the third quarter. In September, Europe (-25.2 %), the USA (-24.9 %), and China (-16 %) all registered double-digit declines. Thanks to the high level of new registrations in the spring, however, these three key markets remained on a trajectory of growth in the year to date – Europe at 6.9 %, the United States at 13.2 %, and China at 11.1 %.

## GDP growth

Year-on-year change in %

Region	1 <sup>st</sup> quarter 2021	2 <sup>nd</sup> quarter 2021	3 <sup>rd</sup> quarter 2021 <sup>1</sup>	4 <sup>th</sup> quarter 2021 <sup>1</sup>
Germany	-3.1	9.4	3.6	3.7
Eurozone	-1.2	14.3	3.8	5.0
USA	0.5	12.2	5.3	5.5
Brazil	1.0	12.4	4.9	2.4
China	18.3	7.9	5.1	4.6
India	1.6	20.1	8.5	4.3
Japan	-1.3	7.6	2.3	0.9

<sup>1</sup> Estimate/Forecast  
Source: HSBC (Sep. 2021)

## Light vehicle production

Region	3 <sup>rd</sup> quarter 2021		Jan.–Sep. 2021	
	Vehicles (millions)	Year-on-year change	Vehicles (millions)	Year-on-year change
Europe <sup>1</sup>	3.1	-30 %	12.0	6 %
China	5.3	-17 %	17.0	8 %
Japan/Korea	2.3	-21 %	8.1	1 %
Middle East/Africa	0.5	1 %	1.5	17 %
North America	3.0	-25 %	9.8	7 %
South America	0.6	-11 %	1.9	29 %
South Asia	1.7	2 %	5.6	40 %
<b>World</b>	<b>16.5</b>	<b>-20 %</b>	<b>55.9</b>	<b>10 %</b>

<sup>1</sup> Incl. Russia  
Source: IHS (Oct. 2021)

## Significant Events

### EKPO Fuel Cell Technologies operational since March 1

EKPO Fuel Cell Technologies GmbH (“EKPO” for short) commenced its business operations on March 1, 2021. ElringKlinger holds a 60 % interest in the new Group company, while French automotive supplier Plastic Omnium has a stake of 40 %. The entity is fully consolidated within the ElringKlinger Group. The company offers state-of-the-art fuel cell stacks and components for a broad range of applications, initially with a focus on commercial vehicles and buses but in future also passenger cars. Specialist vehicles, trains, and ships are among the other suitable fields of application with growth potential. ElringKlinger contributed its fuel cell technology unit to the entity, while Plastic Omnium committed itself to a contribution of EUR 100 million.

In this context, ElringKlinger sold its subsidiary ElringKlinger Fuelcell Systems Austria GmbH, which specializes in the integration of hydrogen systems and is based in Wels, Austria, to Plastic Omnium with effect from March 1, 2021.

### E-Mobility unit based at new Neuffen site

At the beginning of 2021, ElringKlinger established a new site in Neuffen, located around 10 km from its Group headquarters in Dettingen/Erms. In future, the battery-related

activities of the E-Mobility business unit in particular – alongside specific parts of the business centered around electric drive units – will be brought together at this site.

### Major orders received for cell contact systems and fuel cell stacks

In March 2021, ElringKlinger AG secured a high-volume contract for cell contact systems from a global battery manufacturer. The battery systems are intended for the series platform developed by one of Germany’s premium car makers. The contract encompasses a total volume in the mid-triple-digit million euro range and will span a contractual period of around nine years. The start of production at the Neuffen plant is scheduled for the first half of 2022.

In May 2021, the new Group subsidiary EKPO received a high-volume series production order for the supply of fuel cell stacks. The contract awarded by Aachen-based mobility company AE Driven Solutions GmbH covers a total volume in the high double-digit million euro range over a period of several years. The fuel cell stacks of the type NM5-evo ordered by the company will be used in delivery vehicles, the aim being to offer environmentally friendly drive technology in urban areas. Series production is scheduled to commence in the first half of 2022.

### ElringKlinger technologies selected for European IPCEI funding project

ElringKlinger has been considered for two projects as part of the European Union's IPCEI (Important Project of Common European Interest) funding initiative. At the end of April, ElringKlinger received notification of funding from the German Federal Ministry for Economic Affairs and Energy and the state of Baden-Württemberg for its innovative battery cell housing components. Within the context of establishing a European battery value chain, ElringKlinger is thus one of eleven companies providing the key components in a future production network. Additionally, the German government has selected ElringKlinger to develop a new generation of fuel cell stacks for the commercial vehi-

cle sector in the context of the so-called Hydrogen IPCEI. The stacks are also to be used in buses as well as in maritime applications, in the rail sector, or as stationary units. The fact that ElringKlinger was selected for these two projects confirms the company's strategic positioning in two essential key areas of the future.

### Additional subsidiaries established in the United States

Two new Group companies were established in the USA on July 1, 2021. The first, ElringKlinger Holding USA, Inc. was created at ElringKlinger's existing site in Buford, USA. The second, ElringKlinger Texas, LLC, based in San Antonio, USA, is to evolve into an additional production company.

## Sales and Earnings Performance

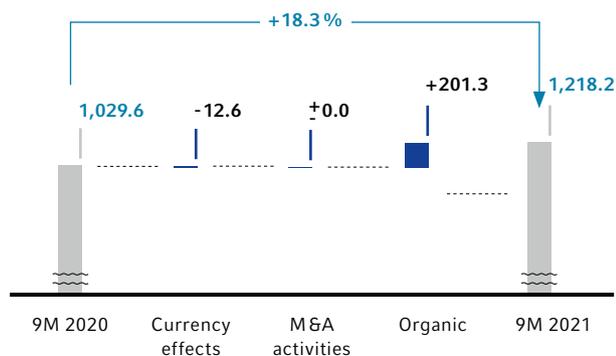
### Further revenue growth despite opposing market forces

The ElringKlinger Group generated sales revenue of EUR 400.6 million in the third quarter of 2021, representing a further year-on-year increase. Group revenue rose by EUR 19.5 million, or 5.1 %, compared to the third quarter of 2020 (Q3 2020: EUR 381.2 million), thus defying the recent decline in vehicle production seen in a number of markets. Accumulated revenue in the first nine months of 2021 expanded by EUR 188.7 million, or 18.3 %, compared to the same period of the previous year, up from EUR 1,029.6 million to EUR 1,218.2 million.

In the first nine months, revenue was diluted by EUR 12.6 million, or 1.2 %, as a result of currency effects. This was primarily due to the direction taken by the US dollar, but also exchange rate changes relating to the Turkish lira, the Brazilian real, and the Japanese yen. Excluding foreign exchange movements, revenue growth was EUR 201.3 million, or 19.5 %, in the first nine months of 2021 and EUR 12.6 million, or 3.3 %, in the third quarter of 2021. There was no impact from M&A activities in the first nine months of 2021.

### Factors influencing Group revenue Jan.–Sep.

in EUR million



According to the industry institute IHS, global vehicle production fell by almost 20 % in the third quarter and was up 9.5 % in the first nine months of 2021 compared to the same period last year. ElringKlinger's Group revenue thus exceeded the market as a whole in terms of organic growth by around 23 percentage points in the third quarter of 2021; in the first nine months of the year, the change (excluding M&A and currency effects) was 10 percentage points above the market level.

### Growth varies across the regions

After a sharp drop in revenue in the previous year, there have been signs of recovery in many regions in the year to date, in some cases at a pronounced level.

Growth in Germany slowed in the third quarter compared to the previous quarters, which was in part due to the fact that the comparative prior-year quarter had already seen markets make up lost ground quite substantially as they emerged from the previous slumps. Correspondingly, revenue in the third quarter of 2021 grew by just EUR 1.4 million, or 1.8 %, in Germany to EUR 84.1 million (Q3 2020: EUR 82.7 million). In the first nine months, revenue generated from sales in Germany expanded by EUR 26.9 million, or 11.3 %, to EUR 265.2 million (9M 2020: EUR 238.3 million).

In the region encompassing the Rest of Europe, the Group saw revenue increase by EUR 13.2 million, or 11.8 %, year on year in the quarter under review, taking the figure to EUR 126.0 million (Q3 2020: EUR 112.8 million). In the nine-month period, revenue in the region stood at EUR 381.2 million (9M 2020: EUR 300.0 million), up EUR 81.3 million, or 27.1 %, year on year.

The picture in North America was very different: revenue fell by EUR 9.0 million, or 8.9 %, to EUR 92.6 million in the third quarter (Q3 2020: EUR 101.6 million). On the back of a much better performance in the first two quarters of the year, revenue in the first nine months of 2021 increased by EUR 20.9 million, or 8.0 %, to EUR 281.8 million (9M 2020: EUR 260.9 million). Adjusted for currency effects, growth amounted to as much as EUR 25.9 million or 9.9 %.

In the Asia-Pacific region, meanwhile, revenue growth was again well within positive territory in the third quarter of 2021, at EUR 8.3 million, or 11.8 %, taking the total to EUR 78.7 million (Q3 2020: EUR 70.4 million), despite a dou-

ble-digit decline in automotive production in this region. In the first nine months of 2021, ElringKlinger recorded growth of EUR 43.9 million, or 22.9 %, in Asia-Pacific, taking the figure to EUR 235.9 million (9M 2020: EUR 192.0 million). Revenue was diluted by foreign exchange effects: currency-adjusted revenue increased by EUR 45.7 million or 23.8 %.

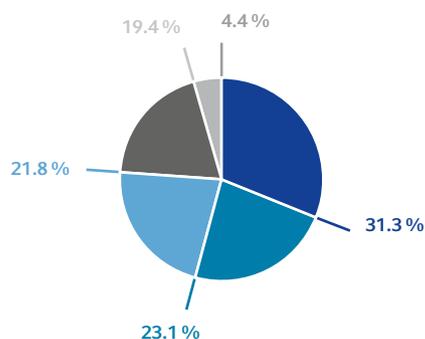
In South America and the Rest of the World revenue expanded by EUR 5.5 million, or 39.9 %, to EUR 19.2 million in the third quarter. In the first nine months, the Group saw revenue expand by EUR 15.5 million, or 40.4 %, to EUR 53.9 million (9M 2020: EUR 38.4 million). Adjusted for currency effects, this increase was even more pronounced at EUR 17.9 million or 46.7 %.

The share of foreign sales in total Group revenue was 79.0 % in the third quarter of 2021 and 78.2 % in the first nine months (Q3 2020: 78.3 % and 9M 2020: 76.8 %).

#### Original Equipment segment maintains trajectory of growth

At 78.4 %, the Original Equipment segment continued to represent the largest share of Group revenue in the first nine months of 2021. After the pandemic-induced slump seen in the previous year, revenues in the first nine months of 2021 recovered in all regions, led in particular by the Rest of Europe (30.9 %) and South America (+39.9 %) and closely followed by Asia-Pacific (+23.0 %). Compared to this performance, the increases in Germany (+13.0 %) and North America (+7.1 %) were relatively modest. Overall, segment revenue increased by EUR 147.3 million, or 18.2 %, in the period from January to September 2021.

#### Group sales by region Jan.–Sep. 2021



	in EUR million (previous year)	
Rest of Europe	381.4	(300.0)
North America	281.8	(260.9)
Germany	265.2	(238.3)
Asia-Pacific	235.9	(192.0)
South America and Rest of the World	53.9	(38.4)
<b>Group sales</b>	<b>1,218.2</b>	<b>(1,029.6)</b>

Looking at the third quarter of 2021, the segment posted year-on-year growth of EUR 7.0 million, or 2.3 %, taking the figure to EUR 313.4 million (Q3 2020: EUR 306.4 million). Some business units continued to expand, while others saw a decline in sales revenue due to material-related bottlenecks at car manufacturers and a downturn in vehicle production in key markets. The E-Mobility unit again recorded strong year-on-year growth in revenue, which drove the figure to EUR 23.6 million (Q3 2020: EUR 5.5 million) as demand for electric vehicles remained buoyant. At EUR 47.4 million, revenue in the first nine months of 2021 more than doubled compared to the previous year (9M 2020: EUR 17.6 million). Looking at the traditional business units, Lightweighting/Elastomer Technology recorded year-on-year growth in the third quarter of 2021 (+7.3 %), while Metal Sealing Systems & Drivetrain Components saw a slight decline of 3.6 % to EUR 105.9 million. This was attributable to the general market decline. For the Shielding Technology unit (-18.4 %), too, there was no escape from challenging market conditions in the quarter under review.

The upturn in revenue in the year to date has had a very positive effect on the Group's earnings performance compared to the previous year. The long-standing areas of business again saw EBIT move well into positive territory. On the back of higher revenues, the future-oriented E-Mobility unit, which in addition to the fuel cell business also includes battery technology and electric drive units, posted negative EBIT in the quarter under review as well as in the first nine months of 2021. This was mainly due to new series ramp-ups and pre-series production.

Overall, the Original Equipment segment more than doubled its EBIT in the reporting quarter, taking the figure to EUR 9.6 million (Q3 2020: EUR 4.3 million). The first nine months also showed a marked improvement compared to the pandemic-induced losses of the same period last year, with EBIT totaling EUR 46.2 million (9M 2020: EUR -36.5 million). As a result, the EBIT margin stood at 3.0 % in the third quarter (Q3 2020: 1.4 %) and 4.7 % in the first nine months (9M 2020: -4.4 %).

### Aftermarket business remains strong

The Aftermarket segment contributed EUR 55.5 million to Group revenue in the quarter under review. At EUR 8.2 million, or 17.3 %, year-on-year growth within this area was significant (Q3 2020: EUR 47.3 million). The segment managed to increase revenues by EUR 25.6 million, or 18.4 %, to EUR 164.1 million in the first nine months of 2021 (9M 2020: EUR 138.6 million). Revenues expanded in Eastern Europe, but most of the other regions of the world also recorded growth on the back of continued market cultivation.

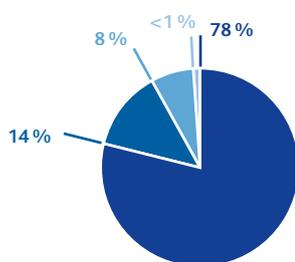
The third quarter again saw a significant rise in costs associated with global freight and logistics. Despite these developments, the bottom-line result remained at a high level, which was due in part to the sustained approach of strong cost discipline. Indeed, the segment saw earnings grow by EUR 1.5 million in the third quarter, taking EBIT to EUR 11.1 million (Q3 2020: EUR 9.6 million). This corresponds to an EBIT margin of 19.9 % (Q3 2020: 20.2 %). In the first nine months, segment EBIT reached EUR 33.0 million (9M 2020: EUR 30.0 million) with an EBIT margin of 20.1 % (9M 2020: 21.7 %).

### Engineered Plastics segment posts strong earnings

With revenue totaling EUR 30.7 million (Q3 2020: EUR 26.8 million), the Engineered Plastics segment also grew significantly again in the third quarter of 2021. Revenue flows proved particularly strong in the mechanical engineering sector, in the chemical industry, and also in the automotive sector. From a regional perspective, Asia in particular recorded tangible growth in the period under review. Overall, segment revenue in the reporting quarter was EUR 3.9 million, or 14.7 %, higher than that posted for the same period last year. In the first nine months, segment revenue increased by EUR 16.2 million, or 20.4 %, taking the figure to EUR 95.6 million (9M 2020: EUR 79.5 million).

This increase in revenue was reflected to a disproportionately large extent in earnings. In total, the Engineered Plastics segment achieved earnings before interest and taxes of EUR 6.1 million in the third quarter of 2021 (Q3 2020: EUR 4.5 million), which corresponds to an EBIT margin of 20.0 %. In the first nine months of 2021, EBIT attributable to the Engineered Plastics segment stood at EUR 19.4 million (9M 2020: EUR 9.3 million), resulting in a comparatively favorable EBIT margin of 20.3 % (9M 2020: 11.7 %).

## Group sales by division Jan. – Sep. 2021



	in EUR million (previous year)	
■ <b>Original Equipment</b>	<b>955.3</b>	(808.0)
Lightweighting/Elastomer Technology	<b>364.1</b>	(295.2)
Metal Sealing Systems & Drivetrain Components	<b>337.9</b>	(282.8)
Shielding Technology	<b>202.7</b>	(206.7)
E-Mobility	<b>47.4</b>	(17.6)
Exhaust Gas Purification	<b>3.1</b>	(5.5)
■ <b>Aftermarket</b>	<b>164.1</b>	(138.6)
■ <b>Engineered Plastics</b>	<b>95.6</b>	(79.5)
■ <b>Others</b>	<b>3.2</b>	(3.5)
<b>Group sales</b>	<b>1,218.2</b>	(1,029.6)

**"Others" segment**

Revenues generated in the "Others" segment relate to the business activities of Elring Klinger Motortechnik GmbH, ElringKlinger Logistic Service GmbH, Kochwerk Catering GmbH, and an industrial park located in Germany. At EUR 1.0 million, revenue grew in the third quarter compared to the same quarter of 2020 (Q3 2020: EUR 0.7 million). By contrast, revenue for the first nine months of 2021 was slightly down on the prior-year figure, at EUR 3.2 million (9M 2020: EUR 3.5 million).

**Slight reduction in headcount**

The ElringKlinger Group employed 9,554 people as of September 30, 2021. Compared to both the previous quarter (Jun. 30, 2021: 9,608) and last year's nine-month period (Sept. 30, 2020: 9,579<sup>1</sup>), the number thus declined slightly. The Group had implemented an efficiency enhancement program even before the coronavirus pandemic. This also affected HR management throughout the Group, including the optimization of global personnel structures. While the headcount declined in North America (-4.9%), the Group expanded its workforce in the regions covering Europe (+0.9%), Asia-Pacific (+0.5%), and South America and Rest of the World (+1.1%).

The headcount abroad fell slightly to 57.5% as of September 30, 2021 (Sept. 30, 2020: 58.5%). Thus, the proportion of staff members employed at domestic facilities was 42.5% (Sept. 30, 2020: 41.5%).

**Gross profit margin continues to recover**

As ElringKlinger succeeded in keeping the increase in its cost of sales below the rate of revenue growth, its gross profit margin improved year on year in both the quarter under review and the nine-month period. In the third quarter, it rose to 23.5% (Q3 2020: 22.3%). The favorable trend relating to ElringKlinger's gross profit margin is even more pronounced for the first nine months, mainly due to the adverse effects of lockdown measures implemented in the previous year. For this period, it stood at 24.2% (9M 2020: 19.0%).

The direction taken by the cost of materials is a clear reflection of the persistently high level of commodity prices seen in the period under review. The Purchasing department had been able to limit the impact during the first half of 2021. In the third quarter of 2021, however, more significant effects became apparent, which was due in part to the expiry of contracts. Compared to the same period a year ago, the cost of materials rose by EUR 18.5 million, or 11.3%, to EUR 181.7 million (Q3 2020: EUR 163.2 million). This resulted in a cost-of-materials ratio (cost of materials in relation to Group revenue) of 45.4% (Q3 2020: 42.8%). The situation within the commodity markets remains tense. As was the case over the course of the year to date, the prices of raw materials that are of particular relevance to ElringKlinger, such as steel, aluminum, and polyamides (plastic granules, also known as pellets), remain at a high level. Furthermore, availability is not always guaranteed to the same extent as in the past.

As business continued to pick up, staff costs also increased again in the third quarter of 2021, rising by EUR 12.0 million, or 10.7%, to EUR 123.8 million (Q3 2020:

<sup>1</sup> Previous year's figure adjusted, as working students and vocational trainees are no longer included as from 2021

EUR 111.7 million). Staff costs in relation to Group revenue stood at 30.9%, up year on year (Q3 2020: 29.3%) but down from the previous quarters (Q1 2021: 32.0% and Q2 2021: 32.8%), partly due to the consistent implementation of the global efficiency program.

The upturn in business as well as the gradual return to normality after the lockdowns also had an impact on sales activities as well as general and administrative expenses. For example, trade shows and exhibitions – such as IAA Mobility in Munich in September 2021 – have re-opened and ElringKlinger is again playing an active role not only at a virtual level. As a result, selling expenses increased to EUR 28.8 million in the third quarter of 2021 (Q3 2020: EUR 25.5 million). The 10.0% increase in the first nine months to EUR 88.7 million (9M 2020: EUR 80.7 million) was still disproportionately lower than the 18.3% gain in revenue. General and administrative expenses also increased, bringing them to EUR 22.1 million (Q3 2020: EUR 19.2 million) in the third quarter of 2021 and EUR 65.6 million (9M 2020: EUR 57.1 million) in the first nine months.

#### Research and development costs at a stable level

Research and development (R&D) activities at ElringKlinger are directed primarily at new drive technologies. In the first nine months of 2021, the Group spent EUR 53.5 million (9M 2020: EUR 45.9 million) on R&D. In addition, capitalized development costs amounted to EUR 8.2 million (9M 2020: EUR 7.0 million). As a result, the capitalization ratio remained unchanged at 13.2% compared to the same period of the previous year (9M 2020: 13.2%). The ratio also remained stable in the reporting quarter, with capitalized development costs totaling EUR 2.5 million (Q3 2020: EUR 1.8 million) and other R&D expenses amounting to EUR 16.5 million (Q3 2020: EUR 13.6 million). In the same quarter last year, the capitalization ratio was slightly lower at 11.7%.

The R&D ratio (R&D expenses, incl. capitalization, in relation to Group revenue) was also at the same level as the previous year at 5.1% in the first nine months of 2021. At 4.7%, it was slightly higher in the third quarter than in the same period a year ago (Q3 2020: 4.0%). Overall, the ratio was within the range of around 5 to 6% set for the short and medium term.

While other operating income of EUR 2.2 million in the quarter under review changed only slightly compared to the same period of the previous year (Q3 2020: EUR 1.9 million), other operating expenses fell significantly by EUR 7.5 million to EUR 2.1 million (Q3 2021: EUR 9.6 million). This was attributable partly to write-downs relating to bad debt losses recognized in the same period last year. The significant upturn in other operating income of EUR 20.1 million in the nine-month period of 2021 (9M 2020: EUR 6.2 million) is primarily due to a one-off income of EUR 10.9 million from the sale of the Austrian subsidiary in the first quarter of 2021.

In the current year, ElringKlinger again received government grants that were directed primarily at research projects in the field of battery and fuel cell technology. They amounted to EUR 0.5 million in the third quarter of 2021 (Q3 2020: EUR 0.1 million) and EUR 1.7 million in the first nine months (9M 2020: EUR 2.2 million).

#### Marked improvement in EBIT margin

The coronavirus crisis had led to a noticeable dip in revenue in the previous year. Against the backdrop of a tangible upturn in business and the successful continuation of the efficiency enhancement program, ElringKlinger's earnings situation improved significantly. In the quarter under review, earnings before interest, taxes, depreciation, and amortization (EBITDA) stood at EUR 55.0 million, which was EUR 6.0 million or 12.3% above the prior-year level (Q3 2020: EUR 49.0 million) – despite the persistently high price of raw materials. In the first nine months of 2021, ElringKlinger managed to almost double EBITDA to EUR 182.6 million (9M 2020: EUR 93.9 million) compared to the same period of the previous year.

Taking into account depreciation and amortization of intangible assets and property, plant, and equipment of EUR 28.0 million (Q3 2020: EUR 30.1 million), earnings before interest and taxes (EBIT) in the third quarter of 2021 amounted to EUR 27.0 million (Q3 2020: EUR 18.9 million). On a nine-month basis, the year-on-year increase was even more pronounced than in the case of EBITDA, as depreciation/amortization was EUR 7.2 million lower at EUR 84.1 million (9M 2020: EUR 91.3 million) as a result of streamlined capital expenditure. EBIT amounted to EUR 98.5 million – after EUR 2.5 million in the period from January to September 2020.

As a result, the EBIT margin for the third quarter of 2021 stood at 6.7% (Q3 2020: 5.0%) and at 8.1% for the first nine months of 2021 (9M 2020: 0.2%).

#### Noticeable reduction in net finance cost

Net finance cost fell by EUR 6.6 million year on year, or 67.2%, to EUR -3.2 million in the quarter under review (Q3 2020: EUR -9.8 million). This improvement was attributable essentially to the significant reduction in finance costs (EUR -7.0 million in the reporting quarter compared to EUR -14.7 million in the same period of the previous year). This was primarily due to lower unrealized foreign exchange losses. Correspondingly, the net result of foreign exchange gains and losses was in positive territory at EUR 1.9 million (Q3 2020: EUR -2.8 million). At the same time, interest expenses decreased noticeably by EUR 2.1 million to EUR 3.2 million (Q3 2020: EUR -5.2 million), which is due to the Group's significantly lower net debt with a corresponding reduction in interest payments. The net interest result thus improved to EUR -2.8 million, after EUR -5.0 million in the same quarter of the previous year.

Looking at the first nine months of the current financial year, finance income declined by EUR 11.7 million to EUR 14.8 million compared to the period from January to September 2020 (9M 2020: EUR 26.5 million). However, finance costs fell at a more pronounced rate in relative terms, down by EUR 30.1 million to EUR -16.8 million (9M 2020: EUR -46.9 million). As in the reporting quarter, the nine-

month period also saw a positive net result from currency translation (EUR 4.8 million), while in the same period of the previous year it had still been in negative territory (EUR -7.7 million).

Earnings before taxes (EBT) in the quarter under review thus amounted to EUR 23.8 million – after EUR 9.2 million in the period from July to September 2020. Pre-tax profit after the first nine months of 2021 amounted to EUR 91.7 million (9M 2020: EUR -23.4 million).

#### Earnings per share up significantly year on year in the third quarter and in the first nine months

The improved earnings performance coincided with higher income taxes. This was due to the fact that – as in the prior periods – it was not possible to recognize deferred tax assets on losses incurred by some of the foreign companies. At the same time, the increase was attributable mainly to the geographical structure of the profits achieved. In the reporting quarter, income tax expenses amounted to EUR 14.4 million (Q3 2020: EUR 6.3 million). In the nine-month period, the increase was even more pronounced, up from EUR 7.7 million in 2020 to EUR 37.3 million in the current financial year.

Overall, this resulted in net income of EUR 9.4 million in the third quarter of 2021 (Q3 2020: EUR 2.9 million) and EUR 54.4 million in the period from January to September 2021 (9M 2020: EUR -31.0 million). Having factored in non-controlling interests, net income attributable to the shareholders of ElringKlinger AG was EUR 9.0 million in the third quarter of 2021 (Q3 2020: EUR 3.4 million) and EUR 54.8 million in the first nine months (9M 2020: EUR -30.1 million).

As of September 30, 2021, the number of shares outstanding that were entitled to a dividend remained unchanged at 63,359,990. Calculated on this basis, earnings per share attributable to the shareholders of ElringKlinger AG amounted to EUR 0.14 in the third quarter (Q3 2020: EUR 0.05) and EUR 0.86 in the first nine months of the year (9M 2020: EUR -0.47).

# Financial Position and Cash Flows

After the first nine months of 2021, the ElringKlinger Group's financial position and cash flows remain in a very solid shape. ElringKlinger continued to roll out the efficiency enhancement program being pursued since 2019, thus unlocking further improvements with regard to its financial situation in the year to date. The Group generated

free cash flow of EUR 73.7 million in the first nine months of 2021 and has managed to reduce net debt<sup>2</sup> by a further EUR 98.0 million since the beginning of the year to EUR 360.8 million. The debt ratio (net debt/EBITDA) improved significantly in the same period from 2.5 to 1.3 as of September 30, 2021.

## Key figures Financial Position and Cash Flows

in EUR million

	Sep. 30, 2021	Jun. 30, 2021	Dec. 31, 2020	Sep. 30, 2020
<b>Total equity and liabilities</b>	<b>2,071.5</b>	<b>2,092.3</b>	<b>1,963.1</b>	<b>2,014.6</b>
Equity ratio	46.7 %	46.0 %	41.4 %	41.0 %
<b>Net Working Capital<sup>1</sup></b>	<b>424.3</b>	<b>413.0</b>	<b>402.8</b>	<b>407.3</b>
Net Working Capital in relation to sales	25.4 %	25.0 %	27.2 %	28.1 %
<b>Net Debt<sup>2</sup></b>	<b>360.8</b>	<b>363.3</b>	<b>458.8</b>	<b>512.4</b>
Net Debt/EBITDA	1.3	1.4	2.5	3.4
ROCE	8.0 %	8.5 %	1.7 %	0.2 %

	3 <sup>rd</sup> quarter 2021	3 <sup>rd</sup> quarter 2020	Jan.–Sep. 2021	Jan.–Sep. 2020
Investments in property, plant, and equipment <sup>3</sup>	15.2	15.1	37.7	37.9
Operating free cash flow <sup>4</sup>	8.1	78.6	73.7	102.3

<sup>1</sup> Inventories as well as trade receivables less trade payables

<sup>2</sup> Current and non-current financial liabilities less cash and cash equivalents and short-term securities

<sup>3</sup> Payments for investments in property, plant, and equipment

<sup>4</sup> Cash flow from operating activities and cash flow from investing activities, adjusted for M&A activities and cash flows for financial assets

## Assets up due to EKPO Fuel Cell Technologies

Total assets recognized by the ElringKlinger Group increased by EUR 108.4 million to EUR 2,071.5 million as of September 30, 2021, compared to the end of the 2020 reporting period (EUR 1,963.1 million). The new Group company EKPO Fuel Cell Technologies GmbH ("EKPO" for short), which commenced operations on March 1, 2021, had a noticeable influence on the change in assets in the current financial year. ElringKlinger holds 60 % of the interests in the company, which is fully consolidated within the ElringKlinger Group. As planned, a contribution of around EUR 100 million from the French partner Plastic Omnium (cf. Significant Events) was accounted for in the first quarter of 2021. It was divided into an initial installment of EUR 30.0 million and a non-current and current receivable for the remaining amount, each of which was recognized in

other assets. On the liabilities side, equity increased accordingly. In addition, ElringKlinger sold its Austrian subsidiary ElringKlinger Fuelcell Systems Austria GmbH, Wels, to Plastic Omnium as part of the agreement.

## Robust asset structure

The ratio of non-current to current assets remains stable over the longer term at around 60:40 percent as of September 30, 2021. The carrying amount of non-current assets was EUR 1,235.0 million as of September 30, 2021, up EUR 22.8 million on the amount recognized at the end of 2020 (EUR 1,212.2 million). The intangible assets included in this item, which mainly comprise acquired goodwill, amounted to EUR 204.8 million as of September 30, 2021 (Dec. 31, 2020: EUR 201.1 million). Property, plant, and equipment decreased by EUR 16.9 million to EUR 923.1 mil-

lion compared to the end of the 2020 reporting period. The decline reflects the Group's disciplined investment policy. In the first three quarters of 2021, additions to property, plant, and equipment and intangible assets (incl. additions from leases) of EUR 57.7 million (9M 2020: EUR 71.6 million) were recognized in the consolidated statement of financial position. Depreciation and amortization (less write-ups) of property, plant, and equipment and intangible assets for the same period amounted to EUR 84.1 million (9M 2020: EUR 91.3 million). In the third quarter of 2021, depreciation/amortization (less write-ups) of EUR 28.0 million was equivalent to the additions from total investments. Compared to the amount recognized as of September 30, 2020 (EUR 971.6 million), property, plant, and equipment decreased as a whole, which was attributable in part to impairment losses recognized at the end of 2020 at some Group companies following impairment tests.

#### **Inventories up amid business growth and difficult market conditions**

The increase in inventories in the first nine months reflects the positive direction taken by business in the same period. In addition, inventory management is being influenced by current trends within commodity and material markets, the aim being to avoid higher costs in the wake of price hikes and supply-side bottlenecks to the greatest extent possible. At the same time, customer call-off volumes had experienced higher short-term fluctuations in the period under review. Compared to the level recorded at the end of 2020 (EUR 300.5 million), inventories were up by 20.7% to EUR 362.8 million. In the third quarter of 2021, they rose by 5.8%. In contrast, trade receivables remained stable at EUR 230.8 million compared to both the half-year reporting date (EUR 225.8 million) and the year-end 2020 level (EUR 231.2 million). Both balance sheet items together make up working capital, which amounted to EUR 593.6 million as of September 30, 2021, compared to EUR 531.8 million at the end of the 2020 financial year.

Seen within the context of 18.3% growth in revenue, the increase in working capital was much less pronounced at 9.1% compared to the previous year (Sept. 30, 2020: EUR 544.2 million). This was achieved with the help of targeted management measures undertaken as part of the efficiency enhancement program pursued since 2019. The key elements include optimization efforts with regard to stockpiling, receivables management, and trade payables.

Cash and cash equivalents held by the ElringKlinger Group amounted to EUR 126.4 million as of September 30, 2021 (Dec. 31, 2020: EUR 127.9 million). Current assets as a whole had a carrying amount of EUR 836.4 million at the end of the reporting period (Dec. 31, 2020: EUR 745.7 million). Their share of total assets corresponded to 40.4%.

#### **Equity ratio at 47 percent**

At the end of the reporting period, equity held by the ElringKlinger Group accounted for 46.7% (Dec. 31, 2020: 41.4%) of total equity and liabilities. It thus represents a strong foundation in the Group's capital structure. The equity ratio remains within the management's target range of 40 to 50%. The increase in equity in the current financial year was attributable primarily to the positive bottom-line result for the first nine months, totaling EUR 54.8 million, and from additions relating to the participation of Plastic Omnium in the new Group company EKPO, as mentioned above. This had an impact of EUR 99.3 million on the Group's equity. Other influencing factors relate to foreign exchange translation differences, distributions to shareholders with non-controlling interests, and the change in non-controlling interests.

At EUR 156.6 million, provisions for pensions remained largely unchanged compared to the figure posted at the end of the 2020 financial year (EUR 156.9 million).

Non-current and current provisions increased by EUR 7.7 million to EUR 54.4 million compared to the level at the beginning of the year (Dec. 31, 2020: EUR 46.7 million). The quarter under review accounted for an increase of EUR 5.5 million, which was mainly due to adjustments to risks associated with contingent losses as a result of commodity price trends.

#### **Net debt further reduced by around EUR 100 million**

ElringKlinger used its significant free cash flow from operating activities in the first nine months of 2021 to further scale back net financial liabilities. Net debt (non-current and current financial liabilities less cash and cash equivalents and securities) thus fell by EUR 98.0 million when compared to the level at the end of 2020 (EUR 458.8 million), taking the figure to EUR 360.8 million as of September 30, 2021. Compared to the previous quarter, the Group saw a marginal decline of EUR 2.6 million. Nevertheless, the repayment of long-term loans continued in the third quarter of 2021. In this context, the significant amounts of cash and cash equivalents available to the Group were utilized for this purpose.

### Debt ratio improved markedly to 1.3

Both earnings performance and financial liabilities developed favorably over the course of the year, leading to a significant improvement in the debt ratio. It is calculated on the basis of net debt in relation to EBITDA and stood at 1.3 at the reporting date of September 30, following 2.5 at the end of 2020 and 3.4 a year earlier.

### Net working capital in relation to revenue reduced to 25 percent

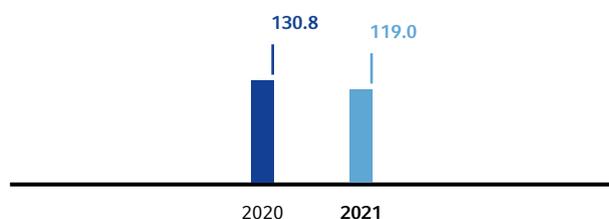
The increase in trade payables correlates with the change in inventories. Trade payables amounted to EUR 169.3 million as of September 30, 2021, compared to EUR 128.9 million at the end of the 2020 financial year. Net working capital, which encompasses inventories and trade receivables less trade payables, nevertheless increased to EUR 424.3 million (Dec. 31, 2020: EUR 402.8 million). As of September 30, 2021, net working capital as a percentage of revenue improved to 25.4 % from 27.2 % at year-end 2020.

### Strong operating cash flow in the first nine months

The favorable development of cash flow mirrors the direction taken by operating activities in the financial year to date. ElringKlinger again generated solid net cash from operating activities of EUR 26.5 million in the third quarter of 2021 (Q3 2020: EUR 78.4 million). Net cash from operating activities amounted to EUR 119.0 million in the first nine months (9M 2020: EUR 130.8 million). In this context, it should be noted that the exceptional income of EUR 10.9 million generated in the first quarter of 2021 from the sale of the Austrian subsidiary was not included in operating cash flow. This item, together with currency effects, was adjusted in the line item "Other non-cash expenses and income" in the statement of cash flows.

### Cash flow from operating activities Jan.–Sep.

in EUR million



ElringKlinger's substantial cash flow is very closely linked to the result of operating activities in the respective periods, while inventory changes were of less significance with regard to net working capital. Including other assets and liabilities not attributable to financing activities, the change in net working capital led to a reduction in cash by EUR 13.7 million in the third quarter of 2021 (Q3 2020: inflow of EUR 35.8 million). In the nine-month period, however, this effect was less pronounced at EUR -2.8 million (9M 2020: EUR 52.1 million).

Income tax payments reduced cash and cash equivalents by EUR 18.0 million in the quarter under review (Q3 2020: EUR 3.0 million) and by EUR 46.9 million in the period from January to September (9M 2020: EUR 16.1 million). Fluctuations in the tax rate are attributable to the results of the individual entities and their respective national regulations.

### Disciplined investment policy

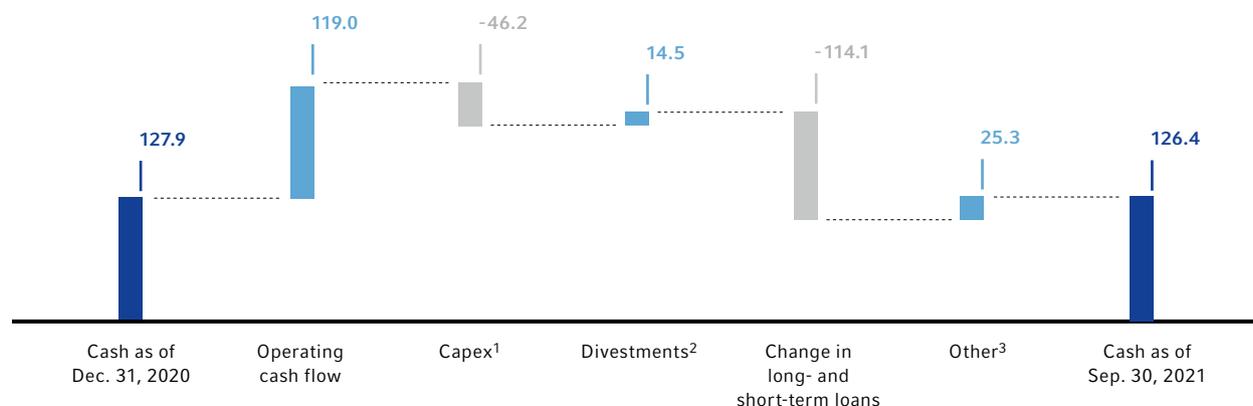
The focus of Group investments is on the company's strategic fields of the future. Capital expenditure was directed primarily at industrialization projects in the field of fuel cell and battery technology, which are mainly being implemented at the sites in Dettingen/Erms and the new facility for battery technology in Neuffen. At the same time, however, numerous measures were also put into place at plants around the world with regard to ramp-ups or suitable automation.

As in the previous year, investments in 2021 were made in a very disciplined manner, as planned. Payments made in respect of property, plant, and equipment amounted to EUR 15.2 million in the third quarter (Q3 2020: EUR 15.1 million) and EUR 37.7 million in the first nine months (9M 2020: EUR 37.9 million).

For the quarter under review, the investment ratio (payments for investments in property, plant, and equipment and investment property relative to Group revenue) was 3.8 % (Q3 2020: 4.0 %). In the first nine months of 2021, it was 3.1 % (9M 2020: 3.7 %).

**Changes in cash Jan.–Sep.**

in EUR million



<sup>1</sup> Payments for investments in property, plant, and equipment, investment property, and intangible assets

<sup>2</sup> Sale of ElringKlinger Fuelcell Systems Austria GmbH, Wels, Austria

<sup>3</sup> Including partial payment of EUR 30.0 million from Plastic Omnium for participation in joint entity and distributions to non-controlling shareholders of EUR 7.2 million.

Payments for intangible assets, which also include capitalized development costs, amounted to EUR 2.6 million in the third quarter (Q3 2020: EUR 2.1 million) and EUR 8.6 million in the period from January to September 2021 (9M 2020: EUR 8.2 million).

ElringKlinger recorded proceeds of EUR 14.5 million in the first quarter of 2021 from the sale of the Austrian subsidiary.

ElringKlinger spent a net amount of EUR 17.5 million on investing activities in the third quarter of 2021, compared to marginal income of EUR 0.4 million in the prior-year period, which was dominated by a sale-and-lease-back transaction. In the first nine months, cash flow from investing activities amounted to EUR minus 33.7 million (9M 2019: EUR -30.3 million).

**Operating free cash flow at EUR 74 million**

Despite a higher capital commitment in the current year due to essential inventory increases, the Group again achieved positive operating free cash flow of EUR 8.1 million in the third quarter (Q3 2020: EUR 78.6 million). In the first nine months, this figure totaled EUR 73.7 million (9M 2020: EUR 102.3 million). Operating free cash flow corresponds to operating cash flow less cash for investing activities and is adjusted for M&A activities, where applicable, and cash flows for financial assets. Thus, it does not include exceptional items such as the initial installment paid by Plastic Omnium for its interest in EKPO or proceeds from the sale of

the Austrian subsidiary. This illustrates the efficacy of operational measures aimed at cementing the Group's financial strength.

**EUR 114 million used to repay loans**

The Group continued its steady reduction of bank borrowings in the third quarter of 2021. In the quarter under review, ElringKlinger repaid a net amount of EUR 41.0 million (Q3 2020: EUR 81.1 million) relating to long-term and short-term loans. In the first nine months, net repayments totaled EUR 114.1 million (9M 2020: EUR 83.7 million).

In the third quarter, net cash used in financing activities amounted to EUR -46.6 million (Q3 2020: EUR -81.1 million). In the first nine months of 2021, it amounted to EUR -91.2 million – including the partial payment received for the investment in EKPO Fuel Cell Technologies GmbH in the amount of EUR 30.0 million (9M 2020: EUR -84.6 million).

As of September 30, 2021, the ElringKlinger Group had cash and cash equivalents of EUR 126.4 million (Sept. 30, 2020: EUR 142.5 million) and open, unused credit lines of EUR 299.4 million. The existing syndicated loan was increased to a volume of EUR 450 million in July 2021 and extended until February 2026. This also strengthened the Group's financial position. ElringKlinger therefore considers itself well equipped financially for further business development.

## Opportunities and Risks

The economic environment has deteriorated over the course of 2021. While the impact of covid-19 is much less severe than it had been in the previous year, the pandemic itself has not yet been overcome and the likely route it may take in the future is subject to significant uncertainty. A fourth wave of infection is currently emerging in Europe, the extent of which cannot yet be predicted. Projections as to the economic impact within the respective regions remain difficult.

Commodity prices also remained at a persistently high level at the end of the third quarter. Furthermore, commodity shortages and supply chain issues intensified in the third quarter, exerting additional upward pressure on prices. Vehicle production has been severely affected by supply-side

bottlenecks relating to semiconductor chips in recent months. Based on data currently available, shortages are likely to continue during the remaining quarter, as a result of which an impact on revenues and earnings cannot be ruled out.

An assessment of other opportunities and risks for the ElringKlinger Group as of September 30, 2021, shows that there were no significant changes to the 2020 annual report of the ElringKlinger Group.

The report on opportunities and risks from the 2020 annual report can also be accessed on the website of ElringKlinger at [www.elringklinger.de/ar2020/report-on-opportunities-and-risks](http://www.elringklinger.de/ar2020/report-on-opportunities-and-risks).

## Report on Expected Developments

### Outlook – Market and Sector

#### Economic upturn loses momentum

Emerging from the pandemic-induced slump last year, the global economy recovered faster than expected in 2021. While this economic upturn lost some of its momentum

during the third quarter, global growth is still expected to continue. Despite increasing uncertainties, the International Monetary Fund (IMF) forecast global economic growth of 5.9 % for the current year (2020: -3.1 %) in its latest World Economic Outlook of October 2021. In this context, the economy as a whole is likely to benefit yet again from vari-

#### GDP growth projections

Year-on-year change in %

Region	2020	Projections 2021	Projections 2022
<b>World</b>	<b>-3.1</b>	<b>5.9</b>	<b>4.9</b>
Advanced economies	-4.5	5.2	4.5
Emerging and developing countries	-2.1	6.4	5.1
Germany	-4.6	3.1	4.6
Eurozone	-6.3	5.0	4.3
USA	-3.4	6.0	5.2
Brazil	-4.1	5.2	1.5
China	2.3	8.0	5.6
India	-7.3	9.5	8.5
Japan	-4.6	2.4	3.2

Source: IWF (Oct. 2021)

ous government stimulus packages and the ultra-loose monetary policy adopted by central banks. On the downside, however, it faces a headwind from the surge in inflation worldwide as well as material-related shortages and supply chain issues. Furthermore, the growing divide between industrialized and developing countries, also as a result of differences in the speed of vaccination programs, is a cause for concern.

### Global vehicle markets under pressure

The automotive year 2021 is likely to develop along completely different lines than in the previous year. While the markets had slumped in the first half of 2020 in the wake of the coronavirus pandemic and recovered in the second half of the year, there are signs of a contrary trend in 2021. After a significant upswing in the first half of the year, the third quarter produced strong downside pressure; the outlook for the remaining fourth quarter is not favorable either. According to estimates by the industry institute IHS, global vehicle production in the fourth quarter of 2021 will again be significantly below the previous year's figures at around -20%. Correspondingly, all key regions are expected to be faced with a double-digit percentage decline.

For the year as a whole, the volume of new vehicles produced worldwide is likely to be similar to that recorded in 2020. According to IHS figures, around 75 million new passenger cars and light commercial vehicles will be produced worldwide in 2021, which corresponds to the prior-year figure. Thus, the overall assessment has steadily deteriorated

over the course of the year – a consequence of the material-specific bottlenecks seen in some areas, such as those relating to semiconductors. From a regional perspective, South Asia is expected to perform best, driven in part by gains recorded in India. A slight correction is expected for the Chinese market, while Europe is likely to be faced with a three-percent downturn. Meanwhile, projections for North America suggest that it will match its prior-year levels.

The outlook for sales markets – measured on the basis of new registrations – has also deteriorated significantly over the course of the year. In October, the German industry association VDA lowered its forecast for Europe from +7% to -3%, for the USA from +12% to +1%, and for China from +7% to +/-0%.

### Light vehicle production 2021

Region	Vehicles (millions)	Year-on-year change
Europe <sup>1</sup>	16.0	-3.3%
China	23.3	-1.3%
Japan/Korea	10.8	-4.0%
Middle East/Africa	2.0	11.1%
North America	13.0	-0.2%
South America	2.5	12.9%
South Asia	7.2	17.1%
<b>World</b>	<b>74.8</b>	<b>0.3%</b>

<sup>1</sup> Incl. Russia  
Source: IHS (Oct. 2021)

## Outlook – Company

In the third quarter, semiconductor chip shortages, the supply of commodities in general, and elevated prices for raw materials were again among the defining issues within the automotive industry, in addition to the fundamental aspect of market transformation.

### Order intake up markedly, order backlog at record level

Despite these factors, ElringKlinger recorded consistently solid order books. After substantial rates of growth in the previous quarters (Q1 2021: +62.4% and Q2 2021: +123.0%), order intake in the third quarter was also up markedly on the prior-year level at EUR 486.3 million (Q3 2020: EUR 423.6 million): an increase of EUR 62.7 million or 14.8%. In this context, currency effects had a posi-

itive impact. Without these, however, growth would still have been significant at EUR 44.1 million or 10.4%. After nine months, order intake for the current financial year totaled EUR 1,492.4 million. One year earlier, under the impact of measures aimed at tackling the coronavirus pandemic, this figure had stood at EUR 971.1 million.

Due to the high level of order intake, the order backlog also increased significantly compared to both the previous quarter (Q2 2021: EUR 1,221.6 million) and the same quarter of the previous year (Q3 2020: EUR 971.8 million). As of September 30, 2021, the Group had orders worth EUR 1,307.3 million in its order book, an increase of EUR 85.7 million, or 7.0%, compared to the previous quarter and EUR 335.5 million, or 34.5%, compared to the same

quarter last year. At constant exchange rates, growth compared to September 30, 2020, would have been particularly significant at EUR 308.6 million or 31.8 %.

#### Adjustment to 2021 guidance for revenue and EBIT margin

On the back of a strong quarterly performance, ElringKlinger adjusted its guidance for 2021 with the publication of its preliminary quarterly figures on October 12, 2021. In this context, it should be noted that the general market outlook deteriorated considerably in the final weeks of the quarter under review, with bottlenecks in the semiconductor industry, strains in the supply of raw materials, and elevated commodity prices taking their toll. Uncertainty relating to the stability of sales volumes as well as demand for raw materials and their availability continues. Against this backdrop, ElringKlinger now expects sales revenue to be several percentage points higher than the anticipated change in global light vehicle production (previously: roughly in line with the percentage change). Just before, the industry service provider IHS estimated global production growth of 1.6 % for 2021 compared to the previous year and has since revised this slightly downwards to 0.3 %. As regards earnings, the Group expects an EBIT margin of around 6 % (previously:

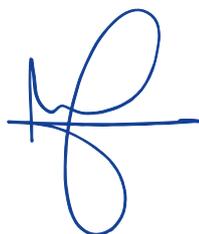
around 5 to 6 %), having taken into account the site optimizations planned within the Shielding Technology unit. The Group's projections for its other key performance indicators remain unchanged for the annual period as a whole.

#### Mid-term outlook

Despite the challenging factors currently driving the business environment in which ElringKlinger operates, the company considers itself to be well positioned in the medium to long term. ElringKlinger was quick off the mark in its efforts to embrace the transition towards e-mobility with components engineered specifically for battery and fuel cell systems. Additionally, the Group has a strong market position centered around its long-standing Lightweighting/Elastomer Technology, Shielding Systems, and Metal Sealing Systems & Drivetrain Components business units. Provided the coronavirus pandemic does not take an abrupt and unforeseen route, ElringKlinger essentially continues to take the view that it will outpace global vehicle production growth at an organic level. With regard to the earnings situation, the Group has again set itself the goal of gradually improving its EBIT margin in the medium term. The Group can also confirm its other medium-term targets.

Dettingen/Erms, November 4, 2021

The Management Board



Dr. Stefan Wolf  
CEO



Theo Becker



Thomas Jessulat



Reiner Drews



# ElringKlinger and the Capital Markets

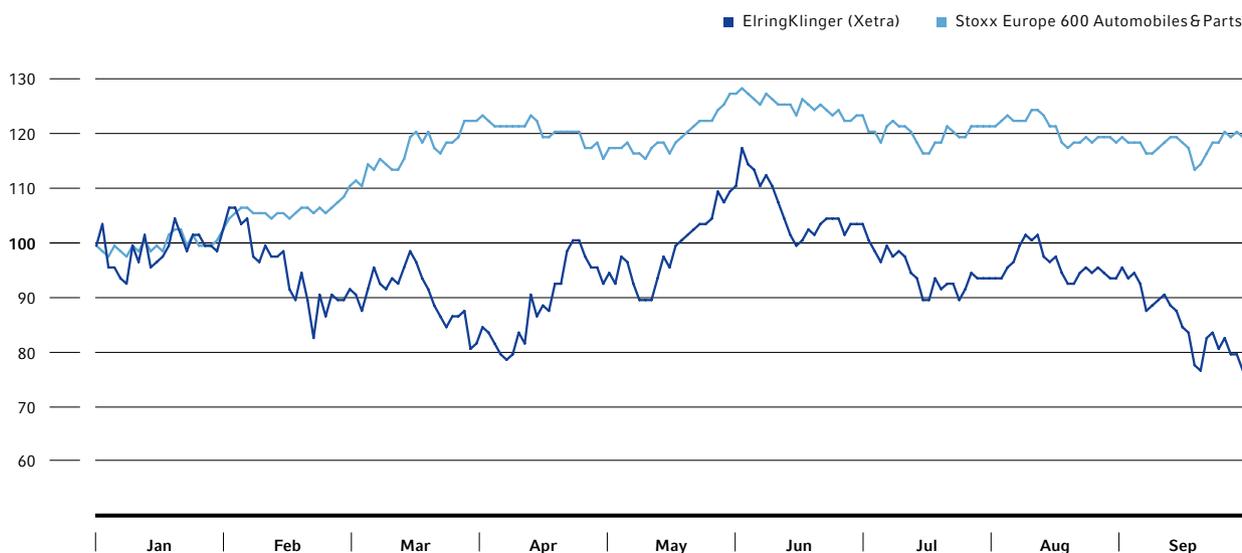
## Stock markets post slender gains in third quarter amid uncertainty

Stock markets rose only slightly over the course of the third quarter due to numerous factors of uncertainty. Economic conditions also had an adverse effect on company performance in the quarter under review. China, in particular, saw a significant slowdown in economic growth. Higher inflation rates also proved to be a game changer within the global economic arena, with the United States and Europe bearing the brunt. In addition, consumer confidence in the United States slumped significantly, not least due to the expiry of covid-19 unemployment benefits. In conjunction with an unfavorable US labor market report for August, which had a negative impact on the service sector in particular, this cast doubt on original US growth projections for the second half of the year. In Europe, meanwhile, the manufacturing sector in particular was severely buffeted, having had to contend with both longer delivery times and significant price hikes following bottlenecks in the supply of many components. This was also reflected in the ZEW indicator measuring eco-

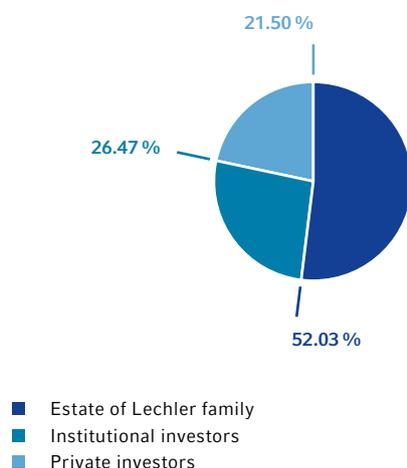
nomie sentiment in Germany; it fell for the fourth time in a row. The S&P500 index has gained around 22 % since the beginning of 2021. By the end of the third quarter, the Chinese equity market had declined by 11 % (MSCI China), which was attributable in particular to stringent regulations on technology companies. The reporting season relating to the second quarter pointed to a solid earnings performance by companies across all sectors, thus serving as confirmation of an upturn in prices that was quite significant at times during the second quarter. However, this upbeat mood surrounding solid corporate results soon cooled amid growing concerns over the economy, especially in the case of cyclical companies. The DAX reached an all-time high of 15,977 points almost exactly in the middle of the third quarter, on August 13, and ended the quarter at 15,261 points, down 1.7 % from the end of the second quarter. The S&P500 index also recorded a new all-time high in the third quarter, reaching 4,537 points on September 2. At the end of the quarter, the S&P500 stood at 4,308 points, up only slightly by 0.2 % on the figure posted at the end of the second quarter.

## ElringKlinger's share price performance from Jan. 1 to Sept. 30, 2021 (indexed)

in %



### Shareholder structure as of September 30, 2021



### Cyclical ElringKlinger stock loses ground in third quarter

The period of sluggishness experienced at the end of the second quarter continued at the beginning of the third quarter, before the company's share price managed to recover slightly in August. In mid-August, the stock reached another plateau, which immediately transitioned into a noticeable period of consolidation, causing the company's share price to fall from a quarterly high of EUR 15.39 on July 1 to EUR 11.59 on September 30. Cyclical companies such as automotive suppliers and the entire automobile industry, in particular, were among

those most heavily affected by the downturn in prices during the third quarter. As a result of this performance and the fact that a number of new stocks were listed on the exchange and experienced significant price increases, in conjunction with new index criteria, ElringKlinger shares were removed from the SDAX with effect from September 20, 2021, after having been part of the index for around nine months.

### Trading volume in first nine months up significantly on prior-year figure

In the first nine months of 2021, the volume traded was significantly higher than in the same period last year (9M 2020: 147,600 shares), with 210,168 shares traded on average per stock exchange day. The average daily value of ElringKlinger shares traded on German stock exchanges was around EUR 3.05 million (9M 2020: EUR 0.83 million). Thus, the level of liquidity was always sufficiently high for larger blocks of shares to be traded without any problems.

### Engaged in dialogue with the capital markets

In the third quarter, ElringKlinger AG once again presented itself to a predominantly international audience at virtual conferences. On announcing the Group's quarterly figures for the first half of 2021, ElringKlinger presented its results and outlook to a sizeable group of analysts and investors. The IAA Mobility trade show in Munich, at which ElringKlinger was represented, was also used for the purpose of engaging with international investors. In total, ElringKlinger AG attended three conferences in the third quarter and also held numerous other one-on-one meetings with investors and analysts.

### ElringKlinger Stock (ISIN DE0007856023/WKN 785 602)

	Jan. – Sep. 2021	Jan. – Sep. 2020
Number of shares outstanding	63,359,990	63,359,990
Share price (daily price in EUR) <sup>1</sup>		
High	17.72	8.22
Low	11.59	3.61
Closing price <sup>2</sup>	11.59	6.60
Average daily trading volume (German stock exchanges; volume of shares traded)	210,168	147,600
Average daily trading value (German stock exchanges; in EUR)	3,046,503	837,100
Market capitalization (EUR millions) <sup>1,2</sup>	734.3	418.2

<sup>1</sup> Xetra trading

<sup>2</sup> as of Sep. 30

# Group Income Statement

## of ElringKlinger AG, January 1 to September 30, 2021

EUR k	3 <sup>rd</sup> quarter 2021	3 <sup>rd</sup> quarter 2020	9 months 2021	9 months 2020
<b>Sales revenue</b>	<b>400,617</b>	<b>381,154</b>	<b>1,218,240</b>	<b>1,029,573</b>
Cost of sales	-306,294	-296,321	-923,950	-834,413
<b>Gross profit</b>	<b>94,323</b>	<b>84,833</b>	<b>294,290</b>	<b>195,160</b>
Selling expenses	-28,810	-25,464	-88,735	-80,661
General and administrative expenses	-22,134	-19,246	-65,559	-57,069
Research and development costs	-16,488	-13,558	-53,533	-45,890
Other operating income	2,242	1,948	20,096	6,210
Other operating expenses	-2,127	-9,599	-8,106	-15,234
<b>Operating result/EBIT</b>	<b>27,006</b>	<b>18,914</b>	<b>98,453</b>	<b>2,516</b>
Finance income	6,222	6,877	14,772	26,515
Finance costs	-7,044	-14,679	-16,757	-46,874
Share of result of associates	-2,377	-1,955	-4,735	-5,511
<b>Net finance costs</b>	<b>-3,199</b>	<b>-9,757</b>	<b>-6,720</b>	<b>-25,870</b>
<b>Earnings before taxes</b>	<b>23,807</b>	<b>9,157</b>	<b>91,733</b>	<b>-23,354</b>
Income tax expense	-14,425	-6,287	-37,308	-7,685
<b>Net income</b>	<b>9,382</b>	<b>2,870</b>	<b>54,425</b>	<b>-31,039</b>
of which: attributable to non-controlling interests	418	-556	-381	-961
<b>of which: attributable to shareholders of ElringKlinger AG</b>	<b>8,964</b>	<b>3,426</b>	<b>54,806</b>	<b>-30,078</b>
Basic and diluted earnings per share in EUR	0.14	0.05	0.86	-0.47

# Group Statement of Comprehensive Income

of ElringKlinger AG, January 1 to September 30, 2021

EUR k	3 <sup>rd</sup> quarter 2021	3 <sup>rd</sup> quarter 2020	9 months 2021	9 months 2020
<b>Net income</b>	<b>9,382</b>	<b>2,870</b>	<b>54,425</b>	<b>-31,039</b>
Currency translation difference	778	-7,914	8,919	-33,758
Share of other comprehensive income of associates	-7	18	-251	273
<b>Gains and losses that can be reclassified to the income statement in future periods</b>	<b>771</b>	<b>-7,896</b>	<b>8,668</b>	<b>-33,485</b>
<b>Gains and losses that cannot be reclassified to the income statement in future periods</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other comprehensive income after taxes</b>	<b>771</b>	<b>-7,896</b>	<b>8,668</b>	<b>-33,485</b>
<b>Total comprehensive income</b>	<b>10,153</b>	<b>-5,026</b>	<b>63,093</b>	<b>-64,524</b>
of which: attributable to non-controlling interests	743	-706	215	-1,030
<b>of which: attributable to shareholders of ElringKlinger AG</b>	<b>9,410</b>	<b>-4,320</b>	<b>62,878</b>	<b>-63,494</b>

# Group Statement of Financial Position

of ElringKlinger AG, as at September 30, 2021

EUR k	Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2020
<b>ASSETS</b>			
Intangible assets	204,783	201,071	208,175
Property, plant and equipment	923,053	939,953	971,590
Investment property	0	0	3,444
Financial assets	15,381	15,088	3,548
Shares in associates	12,194	17,179	18,468
Non-current income tax assets	1,187	335	298
Other non-current assets	42,338	4,320	3,947
Deferred tax assets	27,490	23,763	21,982
Contract performance costs	8,323	9,784	5,294
Non-current contract assets	288	717	656
<b>Non-current assets</b>	<b>1,235,037</b>	<b>1,212,210</b>	<b>1,237,402</b>
Inventories	362,807	300,503	317,349
Current contract assets	10,881	9,725	9,120
Trade receivables	230,789	231,249	226,804
Current income tax assets	4,742	4,889	6,009
Other current assets	100,786	71,436	75,331
Cash and cash equivalents	126,442	127,852	142,540
<b>Current assets</b>	<b>836,447</b>	<b>745,654</b>	<b>777,153</b>
<b>Assets held for sale</b>	<b>0</b>	<b>5,249</b>	<b>0</b>
	<b>2,071,484</b>	<b>1,963,113</b>	<b>2,014,555</b>

EUR k	Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2020
<b>LIABILITIES AND EQUITY</b>			
Share capital	63,360	63,360	63,360
Capital reserves	118,238	118,238	118,238
Revenue reserves	739,131	684,325	695,050
Other reserves	-31,787	-88,653	-85,902
<b>Equity attributable to the shareholders of ElringKlinger AG</b>	<b>888,942</b>	<b>777,270</b>	<b>790,746</b>
Non-controlling interest in equity	79,102	35,617	34,987
<b>Equity</b>	<b>968,044</b>	<b>812,887</b>	<b>825,733</b>
Provisions for pensions	156,631	156,935	149,004
Non-current provisions	20,481	19,793	17,807
Non-current financial liabilities	323,959	391,920	493,115
Non-current contract liabilities	5,879	7,609	8,885
Deferred tax liabilities	14,460	13,692	13,912
Other non-current liabilities	7,294	7,346	7,941
<b>Non-current liabilities</b>	<b>528,704</b>	<b>597,295</b>	<b>690,664</b>
Current provisions	33,879	26,905	15,334
Trade payables	169,315	128,920	136,879
Current financial liabilities	176,328	205,257	172,054
Current contract liabilities	21,328	31,159	30,188
Tax payable	26,513	33,278	18,669
Other current liabilities	147,373	125,493	125,034
<b>Current liabilities</b>	<b>574,736</b>	<b>551,012</b>	<b>498,158</b>
Liabilities relating to assets held for sale	0	1,919	0
	<b>2,071,484</b>	<b>1,963,113</b>	<b>2,014,555</b>

# Group Statement of Changes in Equity

of ElringKlinger AG, January 1 to September 30, 2021

EUR k	Share capital	Capital reserves	Revenue reserves
<b>Balance as of Dec. 31, 2019</b>	<b>63,360</b>	<b>118,238</b>	<b>725,128</b>
Dividend distribution			
<b>Total comprehensive income</b>			<b>-30,078</b>
Net income			-30,078
Other comprehensive income			
<b>Balance as of Sep. 30, 2020</b>	<b>63,360</b>	<b>118,238</b>	<b>695,050</b>
<b>Balance as of Dec. 31, 2020</b>	<b>63,360</b>	<b>118,238</b>	<b>684,325</b>
Dividend distribution			
Shares of non-controlling interests*			
<b>Total comprehensive income</b>			<b>54,806</b>
Net income			54,806
Other comprehensive income			
<b>Balance as of Sep. 30, 2021</b>	<b>63,360</b>	<b>118,238</b>	<b>739,131</b>

\* Share of Plastic Omnium in EKPO Fuel Cell Technologies

Other reserves					
Remeasurement of defined benefit plans	Equity impact of controlling interests	Currency translation differences	Equity attributable to the shareholders of ElringKlinger AG	Non-controlling interests in equity	Group equity
-52,909	-422	845	854,240	36,980	891,220
			0	-963	-963
		-33,416	-63,494	-1,030	-64,524
			-30,078	-961	-31,039
		-33,416	-33,416	-69	-33,485
-52,909	-422	-32,571	790,746	34,987	825,733
-60,132	-422	-28,099	777,270	35,617	812,887
			0	-7,232	-7,232
	48,794		48,794	50,502	99,296
		8,072	62,878	215	63,093
			54,806	-381	54,425
		8,072	8,072	596	8,668
-60,132	48,372	-20,027	888,942	79,102	968,044

# Group Statement of Cash Flows

of ElringKlinger AG, January 1 to September 30, 2021

EUR k	3 <sup>rd</sup> quarter 2021	3 <sup>rd</sup> quarter 2020	9 months 2021	9 months 2020
Earnings before taxes	23,807	9,157	91,733	-23,354
Depreciation/amortization (less write-ups) of non-current assets	27,979	30,067	84,144	91,343
Net interest	2,751	5,035	6,824	12,641
Change in provisions	5,127	-494	6,364	-2,144
Gains/losses on disposal of non-current assets	219	-72	399	364
Share of result of associates	2,377	1,955	4,735	5,511
Change in inventories, trade receivables and other assets not resulting from financing and investing activities	-23,950	-6,479	-49,640	43,652
Change in trade payables and other liabilities not resulting from financing and investing activities	10,243	42,268	42,590	8,417
Income taxes paid	-17,989	-3,027	-46,883	-16,058
Interest paid	-3,848	-5,269	-7,768	-12,065
Interest received	407	184	972	686
Other non-cash expenses and income	-659	5,114	-14,491	21,805
<b>Net cash from operating activities</b>	<b>26,464</b>	<b>78,439</b>	<b>118,979</b>	<b>130,798</b>
Proceeds from disposals of property, plant and equipment, intangible assets and investment property	-613	17,409	1,009	17,516
Proceeds from disposals of financial assets	2,223	343	4,949	1,388
Proceeds from the disposal of subsidiaries	0	0	14,450	0
Payments for investments in intangible assets	-2,553	-2,100	-8,592	-8,189
Payments for investments in property, plant and equipment and investment property	-15,188	-15,142	-37,684	-37,871
Payments for investments in financial assets	-1,370	-118	-7,834	-3,180
<b>Net cash from investing activities</b>	<b>-17,501</b>	<b>392</b>	<b>-33,702</b>	<b>-30,336</b>
Payments received from non-controlling interests for the acquisition of shares	0	0	30,040	0
Dividends paid to shareholders and to non-controlling interests	-5,680	0	-7,232	-963
Proceeds from the addition of long-term loans	27,876	35,505	57,389	64,251
Payments for the repayment of long-term loans	-68,289	-93,975	-189,383	-158,250
Change in current loans	-543	-22,589	17,938	10,338
<b>Net cash from financing activities</b>	<b>-46,636</b>	<b>-81,059</b>	<b>-91,248</b>	<b>-84,624</b>
Changes in cash	-37,673	-2,228	-5,971	15,838
Effects of currency exchange rates on cash	1,580	-3,063	4,561	-8,748
Cash at beginning of period	162,535	147,831	127,852	135,450
<b>Cash at end of period</b>	<b>126,442</b>	<b>142,540</b>	<b>126,442</b>	<b>142,540</b>

# Group Sales Revenue

of ElringKlinger AG, January 1 to September 30, 2021

## Sales revenue by regions

EUR k	3 <sup>rd</sup> quarter 2021	3 <sup>rd</sup> quarter 2020	9 months 2021	9 months 2020
Germany	84,149	82,673	265,234	238,273
Rest of Europe	126,029	112,752	381,384	300,037
North America	92,566	101,638	281,773	260,872
Asia-Pacific	78,655	70,351	235,916	191,986
South America and Rest of the World	19,218	13,740	53,933	38,405
<b>Group</b>	<b>400,617</b>	<b>381,154</b>	<b>1,218,240</b>	<b>1,029,573</b>

## Sales revenue by segments

EUR k	3 <sup>rd</sup> quarter 2021	3 <sup>rd</sup> quarter 2020	9 months 2021	9 months 2020
Lightweighting/Elastomer Technology	119,392	111,305	364,132	295,244
Metal Sealing Systems & Drivetrain Components	105,907	109,864	337,903	282,844
Shielding Technology	63,567	77,857	202,694	206,693
E-Mobility	23,561	5,484	47,392	17,616
Exhaust Gas Purification	927	1,839	3,138	5,539
Others	24	2	46	42
<b>Segment Original Equipment</b>	<b>313,378</b>	<b>306,350</b>	<b>955,305</b>	<b>807,978</b>
Segment Original Equipment	313,378	306,350	955,305	807,978
Segment Aftermarket	55,495	47,300	164,144	138,591
Segment Engineered Plastics	30,700	26,781	95,612	79,472
<b>Sale of goods</b>	<b>399,573</b>	<b>380,431</b>	<b>1,215,061</b>	<b>1,026,041</b>
Sales of goods	399,573	380,431	1,215,061	1,026,041
Proceeds from licensing	0	0	0	0
Proceeds from the rendering of services	1,040	723	3,166	3,532
<b>Revenue from contracts with customers</b>	<b>400,613</b>	<b>381,154</b>	<b>1,218,227</b>	<b>1,029,573</b>
Income from rental and leasehold	4	0	13	0
<b>Group</b>	<b>400,617</b>	<b>381,154</b>	<b>1,218,240</b>	<b>1,029,573</b>

# Segment Reporting

of ElringKlinger AG, July 1 to September 30, 2021

Segment EUR k	Original Equipment		Aftermarket		Engineered Plastics	
	3 <sup>rd</sup> quarter 2021	3 <sup>rd</sup> quarter 2020	3 <sup>rd</sup> quarter 2021	3 <sup>rd</sup> quarter 2020	3 <sup>rd</sup> quarter 2021	3 <sup>rd</sup> quarter 2020
External revenue	313,378	306,350	55,495	47,300	30,700	26,781
Intersegment revenue	8,189	5,593	0	0	26	7
<b>Segment revenue</b>	<b>321,567</b>	<b>311,943</b>	<b>55,495</b>	<b>47,300</b>	<b>30,726</b>	<b>26,788</b>
<b>EBIT<sup>1</sup>/Operating result</b>	<b>9,623</b>	<b>4,282</b>	<b>11,066</b>	<b>9,558</b>	<b>6,146</b>	<b>4,542</b>
Depreciation and amortization	-25,014	-26,818	-675	-985	-1,698	-1,743
Capital expenditures <sup>2</sup>	14,440	17,517	978	516	738	1,428

January 1 to September 30, 2021

Segment EUR k	Original Equipment		Aftermarket		Engineered Plastics	
	9 months 2021	9 months 2020	9 months 2021	9 months 2020	9 months 2021	9 months 2020
External revenue	955,305	807,978	164,144	138,591	95,612	79,472
Intersegment revenue	22,269	17,697	0	0	90	13
<b>Segment revenue</b>	<b>977,574</b>	<b>825,675</b>	<b>164,144</b>	<b>138,591</b>	<b>95,702</b>	<b>79,485</b>
<b>EBIT<sup>1</sup>/Operating result</b>	<b>46,230</b>	<b>-36,523</b>	<b>32,967</b>	<b>30,019</b>	<b>19,408</b>	<b>9,290</b>
Depreciation and amortization	-74,997	-81,827	-2,344	-2,879	-5,018	-5,100
Capital expenditures <sup>2</sup>	50,085	54,750	2,992	1,591	4,169	3,131

<sup>1</sup> Earnings before interest and taxes

<sup>2</sup> Investments in intangible assets and property, plant and equipment and investment property

Other		Consolidation		Group	
3 <sup>rd</sup> quarter 2021	3 <sup>rd</sup> quarter 2020	3 <sup>rd</sup> quarter 2021	3 <sup>rd</sup> quarter 2020	3 <sup>rd</sup> quarter 2021	3 <sup>rd</sup> quarter 2020
1,044	723	0	0	400,617	381,154
2,581	1,789	-10,796	-7,389	0	0
3,625	2,512	-10,796	-7,389	400,617	381,154
171	532	0	0	27,006	18,914
-592	-521	0	0	-27,979	-30,067
145	11,793	0	0	16,301	31,254

Other		Consolidation		Group	
9 months 2021	9 months 2020	9 months 2021	9 months 2020	9 months 2021	9 months 2020
3,179	3,532	0	0	1,218,240	1,029,573
7,479	5,550	-29,838	-23,260	0	0
10,658	9,082	-29,838	-23,260	1,218,240	1,029,573
-152	-270	0	0	98,453	2,516
-1,785	-1,537	0	0	-84,144	-91,343
481	12,144	0	0	57,727	71,616

# Notes to the Third Quarter and First Nine Months of 2021

## General Information

ElringKlinger AG is an exchange-listed stock corporation headquartered in Dettingen/Erms, Germany.

The accompanying condensed consolidated interim financial statements of ElringKlinger AG and its subsidiaries as of September 30, 2021, have been prepared on the basis of IAS 34 (Interim Financial Reporting). The interim financial statements conform with the International Financial Reporting Standards (IFRS), including the Interpretations issued by the IFRS Interpretations Committee (IFRS IC), as adopted by the European Union.

As the consolidated interim financial statements are presented in a condensed format, the financial statements as of September 30, 2021, do not include all information and disclosures required under IFRS for annual consolidated financial statements.

The consolidated interim financial statements as of September 30, 2021, have been neither audited nor reviewed in any way by an independent auditor.

They were authorized for issue based on a resolution passed by the Management Board on November 4, 2021.

## Basis of reporting

### Scope of consolidated financial statements

Alongside the financial statements of ElringKlinger AG, the interim financial statements as of September 30, 2021, include the financial statements of seven domestic and 32 foreign entities in which ElringKlinger AG holds more than 50 % of the interests, either directly or indirectly, or over which, for other reasons, it has the power to govern the financial and operating policies. Inclusion in the consolidated group commences on the date on which control is obtained; it ceases as soon as control no longer exists.

The interests held in hofer AG, Nürtingen, Germany, totaling 24.71 % have been accounted for as an associate in non-current Group assets, as ElringKlinger has significant influence over the entity's operating and financial policies. A significant influence over an associate is presumed to exist if an entity holds 20 % to 50 % of the voting power of the investee.

Following a resolution by the shareholders' meeting on March 1, 2021, EK Fuel Cell Technologies GmbH, based in Dettingen/Erms, Germany, was renamed EKPO Fuel Cell Technologies GmbH, based in Dettingen/Erms, Germany. Furthermore, the interests held by ElringKlinger AG in the entity were reduced from 100 % to 60 %. At the same time, French automotive supplier Plastic Omnium, based in Levallois, France, took a 40 % stake in the share capital.

Compared to the consolidated financial statements as of December 31, 2020, there were no other changes in the scope of consolidation with the exception of the sale of ElringKlinger Fuelcell Systems Austria GmbH, based in Wels, Austria, and the founding of ElringKlinger Holding USA, Inc. and ElringKlinger Texas, LLC.

### Newly established entities

ElringKlinger Holding USA, Inc. based in Buford, Georgia, USA, a wholly owned subsidiary of ElringKlinger AG based in Dettingen/Erms, Germany, was established with effect from July 1, 2021. Also with effect from July 1, 2021, ElringKlinger Texas, LLC, based in San Antonio, Texas, USA, a wholly owned subsidiary of ElringKlinger Holding USA, based in Buford, Georgia, USA, was established.

### Milestone for fuel cell business

On October 28, 2020, ElringKlinger reached an agreement with French automotive supplier Plastic Omnium, based in Levallois, France, to drive forward the development, production, and marketing of fuel cell stacks as part of a joint entity. As agreed, EK Fuel Cell Technologies GmbH, a wholly owned subsidiary of ElringKlinger AG, was initially established on December 15, 2020.

Subsequent to the closing of the agreement, which came into effect on March 1, 2021, EK Fuel Cell Technologies GmbH changed its name to EKPO Fuel Cell Technologies GmbH and commenced its business activities. At the same time, the company's share capital was increased by EUR 75k to EUR 100k. The ownership structure in the company was changed at the date of closing to the extent that ElringKlinger holds 60 % and Plastic Omnium 40 %. In addition, ElringKlinger incorporated the area of fuel cell technology into the company as part of a non-cash contribution. The contribution was made at book value. In parallel, Plastic Omnium committed itself to a contribution of EUR 100,000k to the company, of which EUR 30,000k was paid in at closing; the outstanding contribution was recognized at present value as other assets.

Under the terms of the agreement, Plastic Omnium also acquired ElringKlinger Fuelcell Systems Austria GmbH, Wels, Austria, an ElringKlinger Group company specializing in fuel cell system solutions, effective from March 1, 2021, for a purchase price of EUR 13,449k. The result on disposal of EUR 10,907k has been included in other operating income.

### Exchange rates

Exchange rates developed as follows:

Currency	Abbr.	Closing rate		Average rate	
		Sep. 30, 2021	Dec. 31, 2020	Jan. – Sep. 2021	Jan. – Dec. 2020
US dollar (USA)	USD	1.15790	1.22710	1.19392	1.14700
Pound (United Kingdom)	GBP	0.86053	0.89903	0.86266	0.88935
Swiss franc (Switzerland)	CHF	1.08300	1.08020	1.09127	1.07090
Canadian dollar (Canada)	CAD	1.47500	1.56330	1.49281	1.53802
Real (Brazil)	BRL	6.26310	6.37350	6.36521	5.99878
Mexican peso (Mexico)	MXN	23.74390	24.41600	24.12936	24.73002
RMB (China)	CNY	7.48470	8.02250	7.71102	7.89749
WON (South Korea)	KRW	1,371.58000	1,336.00000	1,355.14556	1,350.23750
Rand (South Africa)	ZAR	17.56290	18.02190	17.45249	18.91385
Yen (Japan)	JPY	129.67000	126.49000	130.29333	121.88417
Forint (Hungary)	HUF	360.19000	363.89000	356.49222	354.05167
Turkish lira (Turkey)	TRY	10.29810	9.11310	9.82423	8.15792
Leu (Romania)	RON	4.94750	4.86830	4.91689	4.84251
Indian rupee (India)	INR	86.07660	89.66050	87.89136	84.94442
Indonesian rupiah (Indonesia)	IDR	16,572.03000	17,240.76000	17,124.65667	16,743.66083
Bath (Thailand)	THB	39.23500	36.72700	37.78211	35.90242
Swedish krona (Sweden)	SEK	10.16830	10.03430	10.15574	10.48153

### Significant events and business transactions

Estimates and decisions made on the basis of judgment may have an impact on the amount of assets and liabilities recognized. Due to the currently unforeseeable global consequences of the coronavirus pandemic, these are subject to heightened uncertainty. When updating the estimates and judgment-based decisions, information available in respect of expected economic trends and country-specific measures with regard to the coronavirus pandemic were taken into account. This information was applied in the context of impairment considerations as part of quarterly reporting and did not result in any impairment losses with regard to assets. ElringKlinger currently anticipates that this event will be of a temporary nature. Due to the volatile market environment, regular scenario analyses are being conducted.

For further information on the impact of the coronavirus pandemic on business performance and our estimates in the context of our guidance, please refer to our comments in the interim management report.

On October 28, 2020, ElringKlinger reached an agreement with French automotive supplier Plastic Omnium, based in Levallois, France, to drive forward the development, production, and marketing of fuel cell stacks as part of a joint entity. The closing of the transaction took place on March 1, 2021. Further details are provided in the section "Milestone for fuel cell business."

### Disclosures relating to financial instruments

This section provides a comprehensive overview of the significance of financial instruments and offers additional information on line items of the statement of financial position containing financial instruments. There was no offsetting of financial instruments recognized by the company.

The following table shows the carrying amounts (CA) and fair values (FV) of financial assets:

	Cash	Trade receivables	Other current assets	Derivatives	Non-current securities		Other financial investments		Total
	CA	CA	CA	CA	CA	FV	CA	FV	CA
EUR k									
<b>as of Sep. 30, 2021</b>									
Financial assets measured at amortized cost	126,442	230,789	16,663	0	1,434	1,449	2,008	2,008	377,336
Financial assets measured at fair value through profit or loss	0	0	29,905	3,278	0	0	11,856	11,856	45,039
Financial assets measured at fair value through other comprehensive income	0	0	0	0	75	75	8	8	83
<b>Total</b>	<b>126,442</b>	<b>230,789</b>	<b>46,568</b>	<b>3,278</b>	<b>1,509</b>	<b>1,524</b>	<b>13,872</b>	<b>13,872</b>	<b>422,458</b>
<b>as of Dec. 31, 2020</b>									
Financial assets measured at amortized cost	127,852	231,249	14,639	0	1,438	1,451	2,008	2,008	377,186
Financial assets measured at fair value through profit or loss	0	0	0	8,607	0	0	11,561	11,561	20,168
Financial assets measured at fair value through other comprehensive income	0	0	0	0	73	73	8	8	81
<b>Total</b>	<b>127,852</b>	<b>231,249</b>	<b>14,639</b>	<b>8,607</b>	<b>1,511</b>	<b>1,524</b>	<b>13,577</b>	<b>13,577</b>	<b>397,435</b>

The following table shows the carrying amounts (CA) and fair values (FV) of financial liabilities:

EUR k	Other current liabilities	Current financial liabilities	Current lease liabilities IFRS 16	Trade payables
	CA	CA	CA	CA
<b>as of Sep. 30, 2021</b>				
Financial liabilities measured at amortized cost	52,154	161,017	15,311	169,315
Financial liabilities measured at fair value through profit or loss	0	0	0	0
<b>as of Dec. 31, 2020</b>				
Financial liabilities measured at amortized cost	55,508	192,633	12,624	128,920
Financial liabilities measured at fair value through profit or loss	0	0	0	0

EUR k	Derivatives		Non-current financial liabilities		Non-current lease liabilities IFRS 16	Total
	CA	FV	CA	FV	CA	CA
<b>as of Sep. 30, 2021</b>						
Financial liabilities measured at amortized cost	0	0	275,507	258,815	48,452	721,756
Financial liabilities measured at fair value through profit or loss	51	51	0	0	0	51
<b>as of Dec. 31, 2020</b>						
Financial liabilities measured at amortized cost	0	0	340,434	329,093	51,486	781,605
Financial liabilities measured at fair value through profit or loss	26	26	0	0	0	26

The management has ascertained that the carrying amounts of cash, trade receivables, other current assets, trade payables, other current financial liabilities, and other current liabilities largely correspond to their fair values, primarily as a result of the short maturities of these instruments.

Other current assets also include time deposits and securities of EUR 13,079k (Dec. 31, 2020: EUR 10,522k) and the current portion of Plastic Omnium's outstanding contribution of EUR 29,905k measured at present value.

ElringKlinger determines the market value of non-current fixed-interest liabilities to banks and derivatives by discounting expected future cash flows with the current prevailing interest rates for similar financial liabilities with comparable residual terms and the company-specific interest rate.

Other current liabilities include a liability of EUR 36,913k (Dec. 31, 2020: EUR 36,913k) that is attributable to a written put option with the non-controlling shareholders of ElringKlinger Marusan Corporation, a company with its registered office in Tokyo, Japan. The obligation arising from this agreement is measured at cost in the amount of the fair value. The fair value is determined on the basis of internal estimates relating to the forecast of the company's performance and the choice of the interest rate used with regard to the liability recognized. A change in the enterprise value by 10 % would result in an increase/decrease in the put option by approx. EUR 3,691k (Dec. 31, 2020: EUR 3,691k).

Financial assets and liabilities measured at fair value are classified into the following three-level fair value hierarchy as of the end of the reporting period of September 30, 2021:

EUR k	Level 1	Level 2	Level 3
<b>Sep. 30, 2021</b>			
Financial assets			
Non-current securities	75	0	0
Other financial investments	8	0	11,856
Derivatives*	0	3,278	0
<b>Total</b>	<b>83</b>	<b>3,278</b>	<b>11,856</b>
Financial liabilities			
Derivatives*	0	51	0
<b>Total</b>	<b>0</b>	<b>51</b>	<b>0</b>
<b>Dec. 31, 2020</b>			
Financial assets			
Non-current securities	73	0	0
Other financial investments	8	0	11,561
Derivatives*	0	8,607	0
<b>Total</b>	<b>81</b>	<b>8,607</b>	<b>11,561</b>
Financial liabilities			
Derivatives*	0	26	0
<b>Total</b>	<b>0</b>	<b>26</b>	<b>0</b>

\*These are derivatives that do not qualify for hedge accounting.

The following table provides details of the classification of financial assets and liabilities that are not measured at fair value but for which a fair value has been presented, according to the three-level fair value hierarchy as of the end of the reporting period of September 30, 2021:

EUR k	Level 1	Level 2	Level 3
<b>Sep. 30, 2021</b>			
Financial assets			
Non-current securities	1,449	0	0
Other financial investments	0	0	2,008
<b>Total</b>	<b>1,449</b>	<b>0</b>	<b>2,008</b>
Financial liabilities			
Non-current financial liabilities	0	258,815	0
Purchase price liability from written put option	0	0	36,913
<b>Total</b>	<b>0</b>	<b>258,815</b>	<b>36,913</b>
<b>Dec. 31, 2020</b>			
Financial assets			
Non-current securities	1,451	0	0
Other financial investments	0	0	2,008
<b>Total</b>	<b>1,451</b>	<b>0</b>	<b>2,008</b>
Financial liabilities			
Non-current financial liabilities	0	329,093	0
Purchase price liability from written put option	0	0	36,913
<b>Total</b>	<b>0</b>	<b>329,093</b>	<b>36,913</b>

The levels of the fair value hierarchy are defined as follows:

Level 1: Measurement based on quoted prices

Level 2: Measurement based on inputs for the asset or liability that are observable in active markets either directly or indirectly

Level 3: Measurement based on inputs for assets and liabilities not representing observable market data

The assessment as to whether a transfer has occurred between the levels of the fair-value hierarchy with regard to the assets and liabilities carried at fair value is conducted in each case at the end of the reporting period. No transfers occurred in the reporting period under review.

### Contingencies and related-party disclosures

The contingencies and related-party relationships disclosed in the consolidated financial statements for 2020 were not subject to significant changes in the first nine months of 2021.

### Government grants

Other operating income in the first nine months of 2021 includes government grants totaling EUR 1,720k (Sept. 30, 2020: EUR 2,150k). These grants were attributable primarily to development projects.

### Events after the reporting period

Committed to successfully meeting the challenges associated with the process of transformation within the automotive industry in the future, too, the Group aims to consolidate its assets within the Shielding Technology unit as part of strategic efforts and optimize its site structure in this area. To this end, the plan is to gradually discontinue production activities at the Langenzenn site and to cover the plant's ongoing projects through other entities operating in this business unit.

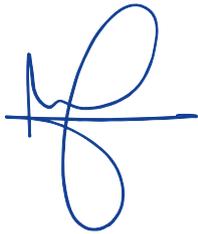
There were no further significant events after the end of the interim reporting period that would necessitate additional explanatory disclosure.

# Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Dettingen/Erms, November 4, 2021

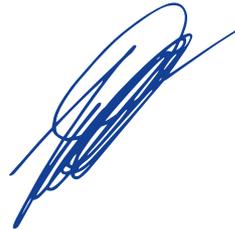
The Management Board



Dr. Stefan Wolf  
CEO



Theo Becker



Thomas Jessulat



Reiner Drews

# Imprint

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ElringKlinger AG assumes no responsibility for data and statistics originating from third-party publications.

Further information is available at [www.elringklinger.com](http://www.elringklinger.com)

## Disclaimer – Forward-looking Statements and Forecasts

This report contains forward-looking statements. These statements are based on expectations, market evaluations and forecasts by the Management Board and on information currently available to them. In particular, the forward-looking statements shall not be interpreted as a guarantee that the future events and results to which they refer will actually materialize. Whilst the Management Board is confident that the statements as well as the opinions and expectations on which they are based are realistic, the aforementioned statements rely on assumptions that may conceivably prove to be incorrect. Future results and circumstances depend on a multitude of factors, risks and imponderables that can alter the expectations and judgments that have been expressed. These factors include, for example, changes to the general economic and business situation, variations of exchange rates and interest rates, poor acceptance of new products and services, and changes to business strategy.

## Supplementary Notes

Due to rounding, some of the numbers and percentage figures specified in this document may differ from the actual values, particularly in the case of summation and percentage calculations. For the purpose of readability, we have not used gender specific forms of grammar when referring to general designations of people. Specific terms relate to all people irrespective of gender.

This report was published on November 4, 2021, and is available in German and English. Only the German version shall be legally binding.

# Financial Calendar

MARCH 2022

**29**

Annual Press Conference  
Analysts' Meeting

MAY 2022

**19**

117<sup>th</sup> Annual General  
Shareholders' Meeting

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Changes to the above dates cannot be ruled out.

We therefore recommend visiting our website to check specific financial dates at [www.elringklinger.de/en/investor-relations/financial-calendar](http://www.elringklinger.de/en/investor-relations/financial-calendar)



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