

REPORT ON THE 1ST QUARTER 2021



Key figures

ElringKlinger Group

		1 st Quarter 2021	4 th Quarter 2020	3 rd Quarter 2020	2 nd Quarter 2020	1 st Quarter 2020
Order Situation						
Order intake	€ million	576.6	512.0	423.6	192.6	354.9
Order backlog	€ million	1,185.6	1,033.1	971.8	929.4	989.0
Sales/Earnings						
Sales revenue	€ million	424.1	450.9	381.2	252.2	396.2
Cost of sales	€ million	314.8	361.1	296.3	229.7	308.4
Gross profit margin		25.8%	19.9%	22.3%	8.9%	22.2%
EBITDA	€ million	77.2	87.6	49.0	-0.9	45.8
EBIT/Operating result	€ million	48.4	25.2	18.9	-32.4	16.0
EBIT margin		11.4%	5.6%	5.0%	-12.8%	4.0%
Earnings before taxes	€ million	49.4	9.8	9.2	-38.7	6.2
Net income	€ million	38.5	-8.9	2.9	-35.5	1.6
Net income attributable to shareholders of ElringKlinger AG	€ million	37.9	-10.7	3.4	-35.5	2.0
Cash flow						
Net cash from operating activities	€ million	42.0	87.0	78.4	39.6	12.8
Net cash from investing activities	€ million	-0.8	-30.3	0.4	-14.3	-16.4
Net cash from financing activities	€ million	-7.5	-71.1	-81.1	22.9	-26.5
Operating free cash flow ¹	€ million	28.6	62.4	78.6	25.8	-2.2
Balance Sheet						
Balance sheet total	€ million	2,109.9	1,963.1	2,014.6	2,050.4	2,091.4
Equity	€ million	949.9	812.9	825.7	830.8	872.4
Equity ratio		45.0%	41.4%	41.0%	40.5%	41.7%
Net debt ²	€ million	400.2	458.8	512.4	579.9	603.1
Human Resources						
Employees (as at end of quarter)		9,597	9,724	9,770	9,991	10,373
Stock						
Earnings per share	€	0.6	-0.17	0.05	-0.56	0.03

¹ Net cash from operating activities minus net cash from investing activities (excluding acquisitions/divestments and investments in financial assets)

² As from FY 2020 reduced by time deposits and current securities

First quarter of 2021 in brief

- **Group revenue** up 7.0% year on year to EUR 424.1 million in the first quarter of 2021; organic revenue growth of 10.7%; revenue up 38.8% in Asia-Pacific due in part to low comparative base and up 4.8% in Europe. North America with slight gain when adjusted for currency effects.
- **Group EBIT** with disproportionately large increase of EUR 32.4 million to EUR 48.4 million, up from EUR 16.0 million in first three months of 2020. EBIT margin rises to 11.4% (Q1 2020: 4.0%). Even without gain on disposal of EUR 10.9 million from sale of Austrian subsidiary (cf. Significant Events), EBIT margin up significantly compared to previous quarters at 8.8%. Positive effect from favorable product and regional mix as well as improved utilization of existing capacities due to buoyant demand and solid earnings contributions from Aftermarket and Engineered Plastics segments.
- **Operating free cash flow** for first three months of 2021 reaches EUR 28.6 million (Q1 2020: EUR -2.2 million); improvement driven primarily by strong earnings as well as continued disciplined investment approach, and further optimization of net working capital.
- **Net debt ratio** scaled back to 1.9 as of March 31, 2021, down from 3.1 a year earlier; net financial liabilities were reduced by more than EUR 200 million to EUR 400.2 million over twelve-month period.
- **Significant events** in the quarter under review: 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. EKPO is a joint venture between ElringKlinger (60%) and French automotive supplier Plastic Omnium (40%) and is set to become a major driver of fuel cell technology in the future.

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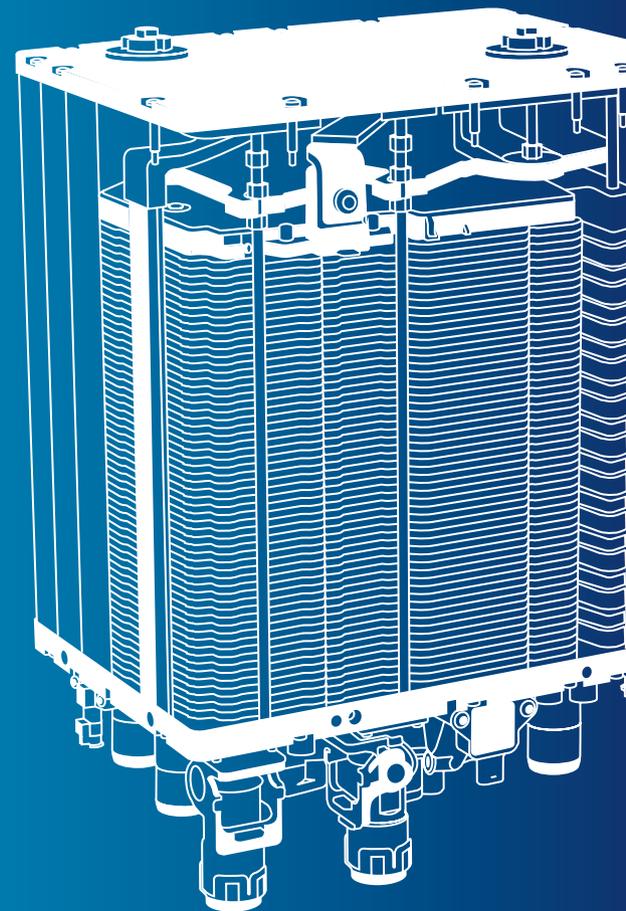
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FUEL OF THE FUTURE

Convinced of the future of hydrogen-based mobility, ElringKlinger took important steps during the 2020 financial year to further advance fuel cell technology. Through strategic partnerships with Airbus and Plastic Omnium, ElringKlinger will step up its efforts to develop solutions for climate-friendly mobility by road, rail, water, and air. Find out more in »Fuel of the future« in our »pulse« magazine.



Macroeconomic Conditions and Business Environment

The repercussions of the coronavirus pandemic continued to have an impact on the economic environment in the first quarter of 2021. A third wave of infection and the more widespread emergence of virus mutations prompted governments around the globe to extend or reintroduce lockdown measures. Despite the resulting restrictions on mobility and economic activity, many economies continued to recover from the severe setbacks experienced in the previous year. This was driven by various influencing factors. These include a visible adjustment to everyday life in the pandemic, in addition to significant supportive measures being pursued by governments and central banks in terms of fiscal and monetary policy.

In the euro area, however, tighter restrictions in response to the coronavirus pandemic again triggered a recession. Having said this, thanks to the tailwind generated by global demand, these recessionary effects proved to be less pronounced than those seen in the spring of 2020. The United States, which saw a change of government in the first quarter and steady progress with regard to vaccinations, benefited from a sustained recovery in its economy. China's economy experienced strong growth compared to last year's extremely poor first-quarter performance. However, leading indicators there point to a slowdown in growth.

Global vehicle production up by 14%

Global production of light vehicles (passenger cars and light commercial vehicles) increased by 14.0% to 20.3 million units in the first quarter of 2021. Progress within the European vehicle market, however, was slow. Persistent lockdowns and closed dealerships at the turn of the year as well as the expiry of incentive programs had a dampening effect. There were major differences in the level of demand within the five largest individual markets: while 6.4% fewer new cars were registered in Germany and the decline was even more pronounced in the United Kingdom at -12.0% and in Spain at -14.9%, sales increased by 28.7% in Italy and by 21.1% in France. At -0.9% or 4.7 million new vehicles, production output in Europe as a whole fell short of the low level recorded in the previous year.

North America, too, saw a year-on-year decline of 4.5% in the production of light vehicles in the quarter under review. The Chinese market, by contrast, grew significantly, although this was attributable in part to the low comparative base.

From a regional and timing perspective, vehicle markets slumped to varying degrees in the wake of the coronavirus pandemic. Correspondingly, markets saw significant distortions in the quarterly percentage changes in the current year.

GDP growth projections

Year-on-year change in %	4 th quarter 2020	1 st quarter 2021 ¹	2 nd quarter 2021 ²	3 rd quarter 2021 ²	4 th quarter 2021 ²
Eurozone	-4.9	-1.8	11.8	1.7	3.7
Germany	-3.6	-3.2	9.5	3.5	4.0
USA	-2.4	0.3	12.2	6.0	6.2
Brazil	-1.1	-0.6	9.4	2.3	1.8
China	6.5	18.1	7.2	5.9	5.4
India	0.4	5.0	24.2	14.0	4.5
Japan	-1.4	-0.9	9.3	5.3	2.3

Source: HSBC (April 2021)

¹ Preliminary Estimate

² Forecast

Production Light Vehicles

Region	Vehicles millions		Year-on-year-change in %		
	1 st quarter 2021	1 st quarter 2021	2 nd quarter 2021 ²	3 rd quarter 2021 ²	4 th quarter 2021 ²
Europe ¹	4.7	-1 %	108 %	-2 %	-5 %
China	5.8	77 %	-2 %	-7 %	-8 %
Japan/Korea	3.1	0 %	34 %	-4 %	-2 %
Middle East/Africa	0.5	-1 %	56 %	8 %	5 %
North America	3.6	-4 %	174 %	5 %	6 %
South America	0.7	4 %	287 %	21 %	-2 %
South Asia	2.1	9 %	283 %	11 %	-5 %
World	20.3	14 %	58 %	-1 %	-3 %

Source: IHS April 2021

¹ incl. Russia

² Forecast

Significant Events

EKPO Fuel Cell Technologies commences business activities

EKPO Fuel Cell Technologies GmbH (“EKPO” for short), the new joint entity between ElringKlinger and Plastic Omnium, commenced operations on March 1, 2021. EKPO offers state-of-the-art, competitively priced 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.

The contractual agreements reached with the French automotive supplier based in Levallois, France, in October 2020 had been implemented by the closing date of March 1, 2021, and the requisite antitrust approvals had been granted accordingly. The company received the fuel cell technology unit as a contribution from ElringKlinger and recognized a contribution of EUR 100 million in respect of Plastic Omnium. ElringKlinger holds a 60% interest in EKPO Fuel Cell Technologies GmbH, while Plastic Omnium has a stake of 40%. The entity is fully consolidated within the ElringKlinger Group for accounting purposes.

As part of the agreement, ElringKlinger also 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. In this context, ElringKlinger AG recognized a gain on disposal in the amount of EUR 10.9 million.

E-Mobility unit based at new Neuffen location

As part of the transformation process, ElringKlinger repositioned itself around its headquarters in Dettingen/Erms and established a new site in Neuffen – some 10 km away – at the beginning of 2021. In future, the battery-related activities of the E-Mobility business unit will be brought together at this site.

Major order for cell contact systems from global battery manufacturer

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.

Sales and Earnings Performance

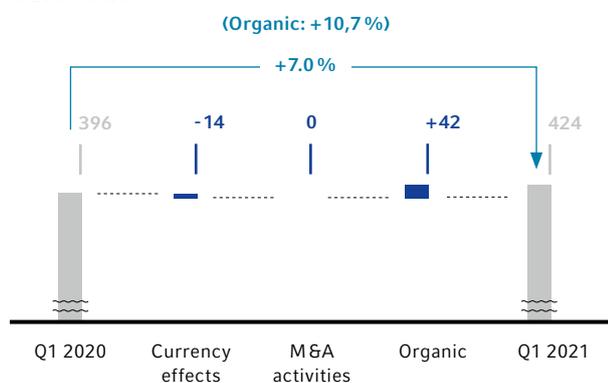
Significant increase in revenue

In the first three months of 2021, ElringKlinger recorded a visible increase in sales revenue of EUR 424.1 million, up EUR 27.8 million or 7.0% on the first quarter of the previous year. The Group thus remains on the trajectory of recovery seen in the most recent quarters subsequent to the pandemic-induced slump. Supply-side shortages within the semiconductor industry had no impact on business. The same period last year had been affected by the economic fallout from the coronavirus pandemic in China as well as a general slowdown in the economy, with revenues standing at EUR 396.2 million.

Revenue was diluted by currency effects. If exchange rates had remained unchanged, Group revenue would have been EUR 14.4 million higher. This was primarily due to the direction taken by the US dollar, but also the Brazilian real, the Mexican peso, and the Turkish lira. Revenue from acquired or divested companies is not taken into account in the year-on-year comparison, as a result of which organic growth in the quarter under review amounted to EUR 42.3 million or 10.7%. This growth rate falls short of that relating to global automobile production, which was up by 14.0% in the first three months according to IHS data. As for the full annual period, the Group anticipates that organic revenue will develop roughly in line with the percentage change in global car production.

Factors influencing Group revenue

in EUR million



Strong growth driven mainly by the Asia-Pacific region

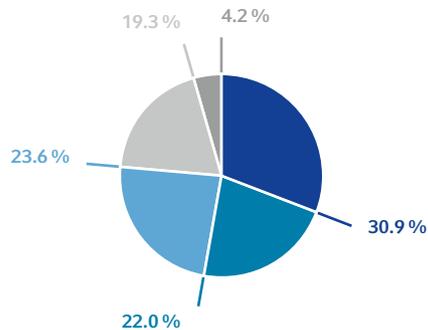
After the initial effects of the coronavirus pandemic had been felt in China in the first quarter of the previous year, ElringKlinger managed to achieve significant gains in the Asia-Pacific region in the first three months of the current financial year. Compared to EUR 58.9 million in the previous year, the Group generated sales revenue of EUR 81.8 million in the period from January to March 2021, which corresponds to growth of 38.8%. If exchange rates had remained unchanged, the year-on-year increase would have been as high as 42.7%. Thus, the Asia-Pacific region accounted for 19.3% of Group revenue in the period under review (Q1 2020: 14.9%).

The Group also saw an expansion in revenue in Europe: while growth in Germany was comparatively solid at EUR 1.6 million or 1.8%, revenues in the region encompassing the Rest of Europe rose by a noticeable EUR 8.7 million or 7.1%. Adjusted for currency effects, the increase would have been 2.4% in Germany and 9.1% in the Rest of Europe. In total, the Group generated revenue of EUR 93.5 million in Germany and EUR 131.2 million in the Rest of Europe. With a 30.9% share of revenue (Q1 2020: 30.8%), Europe (excluding Germany) remains the Group's strongest region in terms of revenue.

In North America, meanwhile, ElringKlinger saw a year-on-year decline of EUR 5.7 million or 5.4% in the first quarter of 2021, with sales revenue totaling EUR 100.2 million. This was attributable primarily to the direction taking by the US dollar. Assuming exchange rates had remained unchanged, the Group would have recorded a slight increase in revenue of EUR 0.6 million or 0.6%, taking the figure to EUR 106.5 million. The region now represents 23.6% of Group revenue (Q1 2020: 26.7%).

In South America and the Rest of the World revenue was up marginally by EUR 0.3 million or 1.9% to EUR 17.4 million. The movement in exchange rates, primarily the Brazilian real, was of particular significance in this region. Adjusted for currency effects, the increase would have been EUR 3.2 million or 18.4%. The Group thus generated 4.2% of its total revenue in this region (Q1 2020: 4.3%).

Group sales by region 1st quarter 2021



	in EUR million (previous year)	
Rest of Europe	131.2	(122.5)
Germany	93.5	(91.9)
North America	100.2	(105.8)
Asia-Pacific	81.8	(58.9)
South America and Rest of the World	17.4	(17.1)
Group sales	424.1	(396.2)

Due to the noticeable recovery, especially in the regions covering Asia-Pacific and the Rest of Europe, the share attributable to international markets was up significantly again in the period under review. The Group expanded revenue from foreign sales by 1.2 percentage points to 78.0% (Q1 2020: 76.8%).

Original Equipment on track

In the quarter under review, ElringKlinger generated sales revenues of EUR 334.4 million (Q1 2020: EUR 313.2 million) in the Original Equipment segment. Revenue growth of EUR 21.2 million or 6.8% was attributable primarily to the Lightweighting/Elastomer Technology business unit, which saw a disproportionately large increase of around 18%. At around 7%, the increase in revenue relating to the Metal Sealing Systems & Drivetrain Components business unit was roughly in line with the Group average, while revenues in the Shielding Technology business unit declined in the period under review. The E-Mobility business unit, which represented around 2% of Group revenue, grew by a buoyant 14.6% to EUR 7.3 million (Q1 2020: EUR 6.4 million), which is still a relatively low base.

Benefiting from growth in revenues, the segment result was up significantly in the first quarter of 2021. After EUR -0.3 million in the first three months of the previous year, the segment now achieved earnings before interest and taxes (EBIT) of EUR 29.3 million, which corresponds to a margin of 8.8% (Q1 2020: -0.1%). In this context, the regional and product mix also proved significant. In addition, ElringKlinger continued to pursue its efficiency enhancement program in the quarter under review, which had a positive impact on earnings. Overall, almost all business units saw a year-on-year improvement. Preparations are underway for series

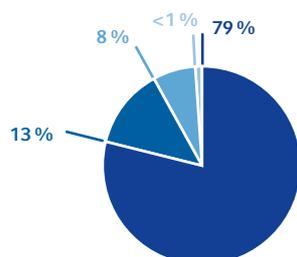
manufacturing ramp-ups and production capacity upsizing, especially in Germany, in the key strategic fields of the future, i. e., fuel cell technology, battery technology, and electric drive units. This includes machinery for fuel cell stacks at the Group's headquarters in Dettingen/Erms, a battery system line in Thale, and production machinery for electric drive units in Nürtingen, after investments had already been made with regard to capacity levels at the UK site in Solihull. In addition, the sale of the Austrian subsidiary ElringKlinger Fuelcell Systems Austria GmbH to ElringKlinger's French partner Plastic Omnium resulted in a gain on disposal of EUR 10.9 million. Overall, the E-Mobility unit, as an area of strategic importance to the future, recorded positive earnings before interest and taxes in the quarter under review.

Aftermarket business remains very strong

The Aftermarket segment again developed strongly in the quarter just ended, recording an all-time quarterly high in terms of segment revenue. Particularly Eastern Europe, the region with the highest revenue, and North America, saw a significant expansion in revenues. Elsewhere, North Africa and Asia also made visible gains within this segment. In total, revenue generated by the Aftermarket segment in the first quarter of 2021 grew by EUR 3.1 million or 5.9% to EUR 55.4 million (Q1 2020: EUR 52.3 million).

Segment earnings before interest and taxes were again very high at EUR 11.9 million (Q1 2020: EUR 12.8 million). The EBIT margin of 21.5% (Q1 2020: 24.5%) was slightly above that seen in the 2020 financial year as a whole (21.4%). This illustrates the Group's ability to cushion the effects of counteracting factors, such as optimizations in the area of logistics or market cultivation in North America, in the period under review.

Group sales by segment and business unit 1st quarter 2021



	in EUR million (previous year)	
Original Equipment	334.4	(313.2)
Lightweighting/Elastomer Technology	127.1	(108.1)
Metal Sealing Systems & Drivetrain Components	120.5	(112.5)
Shielding Technology	78.5	(83.8)
E-Mobility	7.3	(6.4)
Exhaust Gas Purification	1.0	(2.4)
Others	0.0	(0.0)
Aftermarket	55.4	(52.3)
Engineered Plastics	33.1	(28.9)
Other	1.2	(1.8)
Group sales	424.1	(396.2)

Engineered Plastics also puts in strong quarterly performance

The Engineered Plastics segment increased its revenue in the reporting quarter by EUR 4.2 million or 14.5% to EUR 33.1 million (Q1 2020: EUR 28.9 million), which represents a disproportionately large increase in relation to Group revenue. The segment was thus able to make good use of the tailwind generated by a robust economy, while also benefiting from the encouraging performance of the automotive sector as a whole.

As regards the segment's bottom-line performance, both revenue growth and the continuing commitment to strict cost management had a positive impact. EBIT increased significantly by EUR 3.7 million to EUR 7.2 million (Q1 2020: EUR 3.5 million), as a result of which the EBIT margin improved markedly from 12.1% in the first quarter of 2020 to 21.8% in the period under review.

"Others" segment sees contraction in revenue and slightly lower earnings

The segment referred to as "Others" mainly encompasses the activities of Elring Klinger Motortechnik GmbH, Idstein, Germany, ElringKlinger Logistic Service GmbH, Rottenburg/Neckar, Germany, and the industrial park in Idstein, Germany. In the first three months of 2021, revenue fell from EUR 1.8 million in the first quarter of 2020 to EUR 1.2 million. Segment earnings before interest and taxes were down marginally by EUR 0.1 million to EUR -0.1 million (Q1 2020: EUR 0.0 million).

Further year-on-year reduction in headcount

In the past twelve months, the Group has further reduced the number of employees in the wake of the coronavirus

pandemic and as part of the global efficiency enhancement program. As of March 31, 2021, the Group employed 9,597 people, compared to a headcount of 10,373 one year earlier. First and foremost, a highly diligent approach was taken when it came to filling vacant positions, while fixed-term contracts were closely examined prior to extension. ElringKlinger reduced its workforce in Europe compared to the end of the first quarter a year ago, with a particular emphasis on Germany and Switzerland. The Group has also adjusted its staffing levels in North America over the last twelve months. Due to the favorable direction taken by business, the headcount in Asia as of March 31, 2021, was slightly above that recorded at the previous year's reporting date. The headcount abroad fell marginally to 58.1% as of March 31, 2021 (Mar. 31, 2020: 58.3%). Thus, the proportion of staff members employed at domestic facilities was 41.9% (Mar. 31, 2020: 41.7%).

Gross profit margin at 26%

In the first quarter of 2021, the cost of sales rose by EUR 6.4 million to EUR 314.8 million (Q1 2020: EUR 308.4 million), i.e., at a slower rate compared to growth in revenue of EUR 28 million. In this context, the cost of materials increased by EUR 15.4 million to EUR 174.9 million (Q1 2020: EUR 159.4 million), which is attributable to more expansive sales revenues as well as the fundamentally high price of commodities that are of relevance to ElringKlinger. Due to significant supply-side shortages – particularly with regard to steel and plastic granules – and the backlog of deliveries, the commodities market showed no signs of easing in the period under review. This is due to the effects of the lockdown, which has had a lasting impact on supply chains. Against this backdrop, even isolated incidents that are usually cushioned by the market within an unblemished supply

chain that has not been affected by the fallout from lockdowns can have a major impact. For instance, the market for plastic granules, or pellets, was hit hard by a winter storm in Texas in February. The situation in respect of anti-dumping and countervailing duties has not changed significantly so far following the change in US administration. In total, the cost-of-materials ratio (cost of materials in relation to revenue) rose slightly to 41.2% (Q1 2020: 40.2%). However, this was offset by lower staff costs allocated to the cost of sales as well as lower production-related costs, such as portions of depreciation. As a result, and due to the overall improvement in utilization of existing capacities, the gross profit margin improved from 22.2% in the first quarter of 2020 to 25.8% in the period under review.

Staff costs within the ElringKlinger Group, which are included in the income statement in various functional areas, fell by EUR 4.1 million to EUR 135.6 million in the quarter under review (Q1 2020: EUR 139.8 million), while revenue increased. This decrease was primarily due to the adjustment in staffing levels to overall demand in the past twelve months. Supportive instruments gradually being phased out or now only being deployed in isolated cases, such as short-time work in Germany, also had a positive effect. As a result of these measures, staff costs in relation to revenue fell overall to 32.0% (Q1 2020: 35.3%).

Despite higher revenue, selling expenses actually fell slightly year on year to EUR 30.9 million (Q1 2020: EUR 31.4 million). This was due in part to the fact that travel restrictions in response to the pandemic have not yet been lifted. At EUR 22.3 million, general and administrative expenses were slightly higher than in the same period last year, when they had amounted to EUR 21.6 million.

Research and development costs at prior-year level

The ElringKlinger Group has focused its research and development (R&D) activities primarily on alternative drive technologies. At EUR 20.8 million (Q1 2020: EUR 20.6 million), R&D expenses in the quarter under review were almost at the previous year's level. Of this total, EUR 2.3 million (Q1 2020: EUR 2.2 million) was capitalized, which corresponds to a capitalization ratio of 10.9% (Q1 2020: 10.7%). Due to the increase in Group revenue, the R&D ratio (incl. capitalized R&D expenses) fell to 4.9% (Q1 2020: 5.2%), which was still within the short- to medium-term range of around 5 to 6%.

Other operating income includes the gain on disposal of the Austrian subsidiary ElringKlinger Fuelcell Systems Austria GmbH, which was sold to ElringKlinger's French partner Plastic Omnium as part of the agreement concluded in October 2020, in the amount of EUR 10.9 million. In addition, the Group received funds of EUR 0.7 million (Q1 2020: EUR 0.9 million) for R&D projects that were recognized in profit or loss. This contrasted with expenses of at least the same amount. In total, other operating income increased from EUR 2.0 million in Q1 2020 to EUR 14.0 million in the quarter under review. Other operating expenses changed only slightly in the same period to EUR 3.1 million (Q1 2020: EUR 2.4 million).

Significant improvement in EBIT margin

The ongoing success of optimization measures implemented as part of the efficiency enhancement program was again evident in the quarter under review. Selling expenses were scaled back further, while cost of sales and general and administrative expenses increased only at a slower rate compared to revenue growth. In combination with a favorable product and regional mix, the Group therefore saw earnings before interest, taxes, depreciation, and amortization (EBITDA) rise by EUR 31.4 million year on year in the period from January to March 2021. EBITDA amounted to EUR 77.2 million (Q1 2020: EUR 45.8 million). Depreciation and amortization fell slightly by EUR 1.0 million to EUR 28.8 million in the first quarter (Q1 2020: EUR 29.8 million). Thus, the Group recorded earnings before interest and taxes (EBIT) of EUR 48.4 million (Q1 2020: EUR 16.0 million). The EBIT margin improved from 4.0% in the first quarter of 2020 to 11.4% in the same period of the current year.

Net finance result in positive territory

Net finance income amounted to EUR 1.0 million in the quarter under review, an improvement of EUR 10.9 million compared to the same period of the previous year (EUR -9.8 million). A large part of this is due to the net result from currency translation, as the same quarter of the previous year had included significant net foreign exchange losses, especially for the Mexican peso. In total, the net result from currency translation was positive at EUR 4.7 million (Q1 2020: EUR -3.7 million). In addition, interest expenses decreased – also thanks to significantly lower net debt. Thus, the net interest result of EUR -2.1 million in the reporting quarter (Q1 2020: EUR -4.0 million) was EUR 1.9 million better than in the same period of the previous year. The loss from associates, which relates to the interest held in hofer AG, improved by EUR 0.6 million to EUR -1.6 million (Q1 2020: EUR -2.2 million).

Thus, earnings before taxes (EBT) stood at EUR 49.4 million in the first quarter of 2021 (Q1 2020: EUR 6.2 million), which was substantially higher than in the same quarter a year ago.

Significant improvement in effective tax rate

Income tax expenses rose at a less pronounced rate in the first quarter of 2021 when compared to the increase in earnings before taxes. They amounted to EUR 10.9 million (Q1 2020: EUR 4.5 million). Thus, the effective tax rate fell from 73.6% to 22.1% in the quarter under review. This is mainly attributable to the regional structure of the revenue and profit generated. In addition, a large part of the gain from the

sale of the Austrian subsidiary was not subject to taxation. Having deducted income taxes, net income stood at EUR 38.5 million in the quarter under review (Q1 2020: EUR 1.6 million). Net income attributable to non-controlling interests amounted to EUR 0.6 million (Q1 2020: EUR -0.3 million). Calculated on this basis, net income attributable to the shareholders of ElringKlinger AG totaled EUR 37.9 million (Q1 2020: EUR 2.0 million). The number of shares outstanding that were entitled to a dividend remained unchanged at 63,359,990. Earnings per share improved substantially to EUR 0.60 (Q1 2020: EUR 0.03).

Financial Position and Cash Flows

The financial position and cash flows of the ElringKlinger Group were solid in the first quarter of 2021. In consistently pursuing the efficiency enhancement program initiated in 2019, the Group was able to achieve further financial success in the quarter under review, as in previous periods. Net debt, for instance, was again scaled back by the Group, as a result of which the net debt ratio improved further to 1.9 as of March 31, 2021. ElringKlinger generated net cash from operating activities of EUR 42.0 million in the first quarter. Operating free cash flow totaled EUR 28.6 million. The equity ratio stood at 45.0% at the end of the quarter.

Assets up due to EKPO Fuel Cell Technologies

The ElringKlinger Group's total assets stood at EUR 2,109.9 million as of March 31, 2021, up EUR 146.7 million on the carrying amount at the end of 2020 (EUR 1,963.1 million). Around two-thirds of the increase is attributable to asset additions relating to the new Group company EKPO Fuel Cell Technologies GmbH ("EKPO" for short). The company, which is based in Dettingen/Erms and is fully consolidated within the ElringKlinger Group, commenced operations on March 1, 2021. ElringKlinger AG holds a 60% interest in the entity, while French automotive supplier Plastic Omnium, Levallois, has a stake of 40%. In accordance with the agreement reached in October 2020 (cf. Significant Events), ElringKlinger contributed all of its assets from its fuel cell unit, while a contribution of approximately EUR 100 million from Plastic Omnium was recognized at the closing date of March 1, 2021. At the same time, ElringKlinger received a first partial payment

of EUR 30.0 million relating to this obligation. The other sum of roughly EUR 70 million was recognized at its present value in other non-current and current assets. On the liabilities side, equity increased accordingly.

Upon closing this agreement, ElringKlinger also sold its Austrian subsidiary ElringKlinger Fuelcell Systems Austria GmbH, Wels, to Plastic Omnium. As of December 31, 2020, the assets and liabilities disposed of had already been recognized in the consolidated statement of financial position as held for sale at their carrying amounts of EUR 5.2 million and EUR 1.9 million respectively.

Non-current assets at EUR 1,256 million

Non-current assets amounted to EUR 1,256.3 million as of March 31, 2021 (Dec. 31, 2020: EUR 1,212.2 million). Property, plant, and equipment accounted for the lion's share of this, with a carrying amount of EUR 945.2 million, which was at a similar level as that seen at the end of 2020 (EUR 940.0 million). Intangible assets, which mainly include acquired goodwill, also hardly changed at EUR 200.6 million compared to the end of the 2020 reporting period (EUR 201.1 million). In the period under review, additions from investments in property, plant, and equipment and intangible assets (incl. additions from leases) of EUR 26.1 million (Q1 2020: EUR 22.4 million) were more or less on a par with depreciation and amortization of EUR 28.8 million for the period (Q1 2020: EUR 29.8 million).

Key figures Financial Position and Cash Flows

in EUR million	Mar. 31, 2021	Dec. 31, 2020	Mar. 31, 2020
Total equity and liabilities	2,109.9	1,963.1	2,091.4
Equity ratio	45.0%	41.4%	41.7%
Net Working Capital ¹	430.4	402.8	452.8
Net Working Capital in relation to sales	28.5%	27.2%	26.9%
Net Debt	400.2	458.8	603.1
Net Debt/EBITDA	1.9	2.5	3.1
ROCE	11.3%	1.7%	3.5%
	1 st quarter 2021	1 st quarter 2020	
Investments in property, plant, and equipment ²	11.6	12.3	
Operating free cash flow	28.6	-2.2	

¹ Inventories and trade receivables less trade payables

² Payments for investments in property, plant, and equipment and investment property

The decline in property, plant, and equipment and intangible assets by EUR 86.6 million compared to the same quarter of the previous year is attributable to several factors relating to the 2020 financial year. These include the lower level of investment activity as well as currency effects and impairment losses recognized at the end of the year due to impairment tests at some of the Group companies.

Q1 growth in business reflected in working capital

Working capital, which makes up the major part of current assets and consists of inventories and trade receivables, was EUR 574.5 million as of March 31, 2021, EUR 42.7 million higher than the carrying amount at the end of 2020. Almost half of the increase was accounted for by inventories, which totaled EUR 323.1 million at the end of the quarter (Dec. 31, 2020: EUR 300.5 million) and roughly half by trade receivables with a closing balance of EUR 251.4 million (Dec. 31, 2020: EUR 231.2 million). This expansion is solely due to the growth in business seen in the first quarter of 2021, which was reflected on the one hand in a 10.7% organic increase in Group revenue and on the other hand in a substantial order backlog as of March 31, 2021.

Nevertheless, working capital was scaled back by EUR 22.2 million compared to the same quarter of the previous year (Mar. 31, 2020: EUR 596.7 million) as part of the efficiency

enhancement program pursued since 2019. Key aspects of the optimization measures relate to improvements made with regard to stockpiling and receivables management.

At EUR 164.8 million as of March 31, 2021 (Dec. 31, 2020: EUR 127.9 million), cash and cash equivalents held by the ElringKlinger Group were at an above-average level due to factors relating to the end of the reporting period. This was attributable in part to the payment received from Plastic Omnium for the investment in EKPO.

In total, current assets amounted to EUR 853.6 million as of March 31, 2021 (Dec. 31, 2020: EUR 745.7 million). Their share of total assets was 40.5%. Correspondingly, non-current assets accounted for 59.5%.

Equity ratio rises to 45 percent

As of March 31, 2021, the ElringKlinger Group had equity of EUR 949.9 million, compared with EUR 812.9 million at the end of 2020. The increase of EUR 137.0 million was due to the recognition of net income of EUR 38.5 million (Q1 2020: EUR 1.6 million) for the first quarter, differences from currency translation as well as the investment of Plastic Omnium in EKPO Fuel Cell Technologies GmbH, as described earlier, which led to an increase in other reserves of EUR 47.2 million and in non-controlling interests of EUR 49.4 million.

As a result, the equity ratio of the ElringKlinger Group increased to 45.0% at the end of the first quarter of 2021 (Mar. 31, 2020: 41.7%). It thus still lies within the management's target range of 40 to 50%.

In total, there have been no significant changes in provisions, including pension provisions, in the financial year to date. Compared to the same quarter a year ago, pension provisions increased by EUR 8.3 million, which is due to the scheduled revaluation conducted at the end of 2020 and the underlying parameters, such as interest rates. The increase in non-current and current provisions recorded in the twelve-month period is attributable primarily to allocations during the fourth quarter of 2020. They related to increased obligations with regard to personnel as well as warranty obligations, potential losses from customer contracts, and other risks.

Significant reduction in net debt

Building on the solid financial foundations of the first quarter of 2021, ElringKlinger was again able to scale back its net debt (non-current and current financial liabilities less cash and cash equivalents and securities). Compared to the figure posted at the end of 2020 (EUR 458.8 million), it was down by EUR 58.6 million to EUR 400.2 million. Compared to the same quarter of the previous year (EUR 603.1 million), it was cut by as much as EUR 202.9 million. ElringKlinger thus continued to pursue the steady reduction in debt, as initiated in the first quarter of 2019.

The net debt/EBITDA ratio improved to 1.9 as of March 31, 2021, down from 2.5 at the end of 2020 and 3.1 a year earlier.

Year-on-year reduction in net working capital

In line with working capital, trade payables also increased due to more expansive business in the first quarter of 2021. At EUR 144.1 million as of March 31, 2021, therefore, they were EUR 15.1 million above the level at the end of 2020. Compared to the same quarter of the previous year (Mar. 31, 2020: EUR 143.9 million), however, they remained almost unchanged.

Net working capital, which comprises inventories and receivables less trade payables, amounted to EUR 430.4 million, EUR 27.6 million higher than at the end of 2020 but lower than at the end of the same quarter a year ago (EUR 452.8 million).

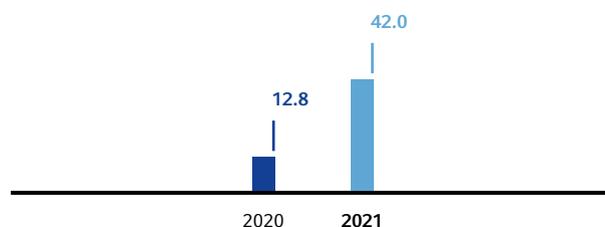
Operating cash flow at EUR 42 million

Against the backdrop of an encouraging business performance in the first three months of 2021, the ElringKlinger Group recorded cash flow from operating activities of EUR 42.0 million in the period under review (Mar. 31, 2020: EUR 12.8 million). The direction taken by cash flow is all the more positive when one considers that the increase in working capital (inventories and trade receivables) during the reporting period has resulted in a higher capital commitment. Including other assets and liabilities not attributable to financing activities, changes in net working capital resulted in a cash outflow of EUR 18.0 million in Q1 2021 (Q1 2020: EUR -31.4 million).

Furthermore, the exceptional income of EUR 10.9 million from the sale of the Austrian subsidiary, as described above, is not included in operating cash flow. This item, together with currency effects, was adjusted in the line "Other non-cash expenses and income" in the statement of cash flows.

Cash flow from operating activities 1st quarter

in EUR million



Investment in property, plant, and equipment remains low

As planned, the ElringKlinger Group has scaled back its investment activities significantly over the past two years without neglecting projects of strategic importance. As a result, payments for property, plant, and equipment in the first quarter of 2021 were very low at EUR 11.6 million (Q1 2020: EUR 12.3 million). They related to a number of investment projects from all plants worldwide and also included expansion investments for new ramp-ups.

The investment ratio (investments in property, plant, and equipment and investment property relative to Group sales revenue) fell to 2.7% in the first quarter of 2021 (Q1 2020: 3.1%).

Payments for intangible assets amounted to EUR 2.4 million in the period under review (Q1 2020: EUR 2.7 million). They were attributable mainly to capitalized development costs.

ElringKlinger recorded proceeds of EUR 14.5 million in the first quarter from the sale of the Austrian subsidiary, as described above.

Overall, the ElringKlinger Group recorded a cash outflow of EUR 0.8 million for investing activities in the first quarter of 2021 (Q1 2020: EUR 16.4 million).

Operating free cash flow of EUR 29 million

Net cash from operating activities in the first quarter was significantly higher than cash outflows relating to investing activities. As a result, ElringKlinger was able to generate operating free cash flow (operating cash flow less cash flow from investing activities adjusted for M&A activities and cash flows for financial assets) of EUR 28.6 million (Q1 2020: EUR -2.2 million).

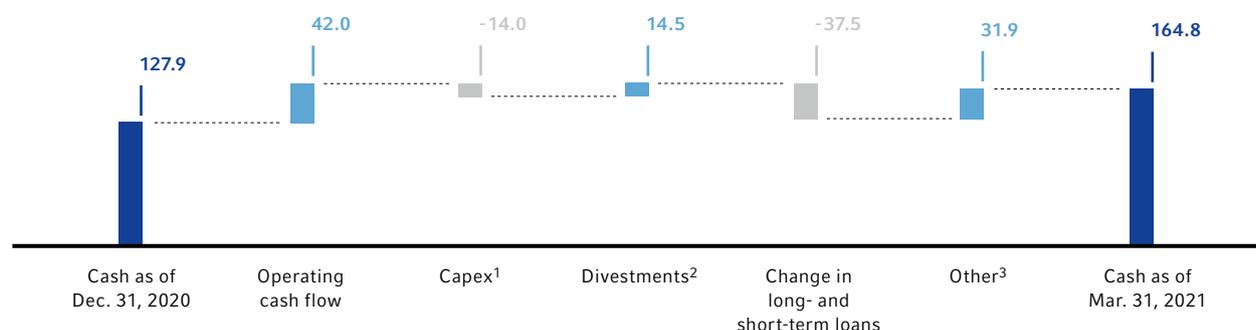
Repayment of long-term loans

The Group used its positive net cash flow from operating and investing activities to further reduce financial liabilities. Thus, in the first quarter of 2021, a sum of EUR 57.7 million (Q1 2020: EUR 42.7 million) flowed into the repayment of long-term loans (netted with borrowings). In the same period, funds of EUR 20.1 million (Q1 2020: EUR 16.2 million) were received from the change in short-term loans. Taking into account the first partial payment from Plastic Omnium for the investment in EKPO Fuel Cell Technologies GmbH in the amount of EUR 30.0 million, cash flow from financing activities in the first quarter of 2021 was EUR -7.5 million (Q1 2020: EUR -26.5 million).

As of March 31, 2021, the ElringKlinger Group had cash and cash equivalents of EUR 164.8 million and open, unused credit lines of EUR 257.8 million. As a result, ElringKlinger's liquidity continues to provide a good basis for anticipated business growth.

Changes in cash 1st quarter 2021

in EUR million



¹ Payments for investments in property, plant and equipment, investment property and intangible assets

² Sale of ElringKlinger Fuelcell Systems Austria GmbH, Wels, Austria

³ Incl. Partial payment of EUR 30.0 million from Plastic Omnium for the investment in the joint entity EKPO

Opportunities and Risks

The 2021 financial year continues to be affected by the economic repercussions of the covid-19 pandemic. At the time of reporting, lockdown measures in response to a third wave of infection were still in place in countries throughout Europe, while new virus mutations are now emerging in some regions around the globe. At the same time, vaccination programs have been advancing worldwide, the aim being to protect populations and bring the pandemic to a close. Developments in the respective countries are driven both by the incidence of infection and by the success of vaccination campaigns and are difficult to predict on the whole. As a result, estimates with regard to the impact on the economy continue to be subject to a high degree of uncertainty. Changes are monitored and evaluated on an ongoing basis and, after the best possible assessment, are taken into account, if necessary, in forecasts during the year (cf. Outlook – Company).

As raw material prices are at a persistently high level and supply chains are not robust throughout, material and supplier risks are increasing, at least in the short term. In addition, negative demand effects may result from the semiconductor bottlenecks.

An assessment of other opportunities and risks for the ElringKlinger Group in respect of the first three months of 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.

Report on Expected Developments

Outlook – Market and Sector

Global economy looks set to catch up in 2021

At present, economies around the globe are expected to recover strongly in the current year as vaccination programs aimed at containing the coronavirus pandemic progress and the world gradually returns to economic normality as predicted. In its spring report, the International Monetary Fund (IMF) raises the prospect of economies catching up, as a result of which global GDP is expected to rise by 6.0% in 2021. This comes on the back of a decline in the global economy by 3.3% in the previous year.

In this context, global growth is likely to be driven primarily by the United States, whose central bank continues to take a highly expansive stance in the form of bond purchases. The extensive economic stimulus package adopted by the new US administration is likely to provide further impetus. China, meanwhile, is again expected to see buoyant growth. Indeed, the world's second-largest economy had returned to its pre-crisis level as early as 2020. In the eurozone, eco-

nom activity is expected to recover strongly in the course of the second quarter of 2021 as government restrictions are phased out.

GDP growth projections

Year-on-year change in %	2020	2021 ¹	2022 ¹
World	-3.3	6.0	4.4
Advanced economies	-4.7	5.1	3.6
Emerging and developing countries	-2.2	6.7	5.0
Germany	-4.9	3.6	3.4
Eurozone	-6.6	4.4	3.8
USA	-3.5	6.4	3.5
Brazil	-4.1	3.7	2.6
China	2.3	8.4	5.6
India	-8.0	12.5	6.9
Japan	-4.8	3.3	2.5

Source: IWF (April 2021)

¹ Forecast

According to the IMF, the economies will recover at different speeds and to different degrees in the respective regions. It points out that overcoming the crisis will be particularly challenging in developing and emerging countries, as their financial leeway is more restricted and the distribution of vaccines is more difficult. Overall, the outlook depends heavily on the future direction taken by the pandemic and thus remains subject to considerable uncertainty.

Outlook for global vehicle markets in 2021

According to market experts, the global automotive economy will remain on the growth trajectory of the first quarter of 2021 as the year progresses. After the first three months, forecasts for vehicle production (light vehicles) for the year as a whole point to growth of around 12 percent. This means that approximately 9 million more vehicles will be produced than in the crisis year of 2020, taking the total to 83.5 million units.

Closer analysis of the vehicle markets in the individual regions shows a mixed picture, albeit of a positive nature overall. North America is expected to produce the strongest growth in absolute terms with an increase of 2.7 million

Light vehicle production – Forecast 2021

Vehicles (millions)	2021	2021 Changes in %	2022
Region			
Europe ¹	18.6	12.4 %	20.1
China	24.9	5.4 %	26.3
Japan/Korea	11.7	4.7 %	12.4
Middle East/ Africa	2.0	12.8 %	2.2
North America	15.7	20.4 %	16.9
South America	2.9	27.1 %	3.2
South Asia	7.7	25.0 %	8.8
World	83.5	11.9 %	89.7

Source: IHS April 2021

¹ Incl. Russia

newly produced vehicles, followed by Europe with +2.1 million units. Mirroring the state of the economy as a whole, the industry outlook also continues to be affected by heightened uncertainty in the wake of the coronavirus pandemic.

Outlook – Company

Despite the commencement of vaccination campaigns in many countries, the coronavirus pandemic continues to dominate global events. Measures to contain the pandemic are still in place in a number of countries, thus affecting economic activity. Plans aimed at gradually resuming public life vary greatly from country to country as well as within national territories themselves. Overall, therefore, it can be assumed that the pandemic and its consequences will continue to play a significant role in the further course of this year.

Strong surge in order intake and order backlog

After a positive trajectory with regard to incoming orders in the second half of the past year, this trend continued at the start of 2021. At EUR 576.6 million, order intake in the quarter under review was up EUR 221.7 million or 62.4% compared to the same period a year ago (EUR 354.9 million). Exchange rate movements were of minor significance in this context. Adjusted for currency effects, order intake increased by EUR 219.7 million or 61.9%.

Accordingly, ElringKlinger also recorded extremely strong growth in its order backlog. At EUR 1,185.6 million, it reached an all-time high as of the quarterly reporting date. Compared to March 31, 2020 (EUR 989.0 million), this represents an expansion of EUR 196.6 million or 19.9%. If exchange rates had remained unchanged, the increase would have been EUR 203.6 million or 20.6%.

Current financial year still subject to significant uncertainty

Notwithstanding the Group's solid order book, the level of uncertainty for the rest of 2021 remains significant, while general conditions continue to be very challenging and difficult. While the pandemic is far from over, measures aimed at relaxing some restrictions are currently being discussed in conjunction with the rate of vaccination. In addition, bottlenecks in the supply of semiconductors are affecting the automotive sector and may lead to production cutbacks among manufacturers and consequently also among suppliers. In addition, supply chains are still not consistently robust and commodity prices remain at a very high level.

Earnings outlook revised upward

Operating against this backdrop and reemphasizing the many uncertainties that exist, ElringKlinger anticipates a change in organic revenue that will be roughly in line with the direction taken by global automobile production.

Reflecting the successful first quarter of 2021, the Group has adjusted its earnings outlook for the full annual period. ElringKlinger now anticipates an EBIT margin of around 5% to 6% (previously: around 4% to 5%) in relation to Group sales revenue. This takes into account the projected growth in revenue as well as the Group's continued pursuit of the efficiency enhancement program in what is now its third year.

In addition, overall profitability – measured on the basis of return on capital employed (ROCE) – is also likely to improve visibly.

Targeting positive operating free cash flow

Against the backdrop of improved earnings, a continued disciplined approach to capital expenditure, and further optimization of working capital, ElringKlinger is aiming to generate positive operating free cash flow in the current

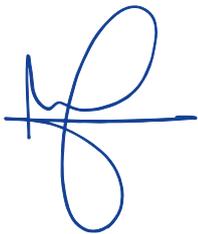
financial year as well. The Group anticipates that operating free cash flow will be in the double-digit million euro range. This will also help to improve the level of debt in the 2021 financial year as a whole when compared to the figure posted at the end of 2020 (net debt in relation to EBITDA of 2.5).

Medium-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 products engineered specifically for battery and fuel cell systems as well as electric drive units. In addition, the Group has a strong market position in its traditional business areas of Lightweighting/Elastomer Technology, Shielding Technology, and Metal Sealing Systems & Drivetrain Components. 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 in terms of organic revenue growth. 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, May 6, 2021

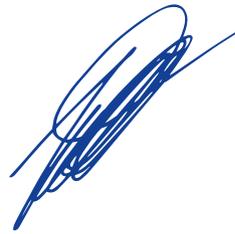
The Management Board



Dr. Stefan Wolf
CEO



Theo Becker



Thomas Jessulat



Reiner Drews

ElringKlinger and the Capital Markets

Stock markets buoyed by spirit of optimism

Stock markets trended higher over the course of the first quarter of 2021 in response to positive news concerning the coronavirus pandemic. The capital markets received fresh impetus in particular from the commencement of vaccinations, in which great hope is being placed with a view to overcoming the pandemic and which, according to the current state of research, are highly effective. Despite ongoing vaccination programs, however, many countries remained in lockdown, which contributed to market volatility, especially in January. The global economy continued to be supported by an expansionary stance with regard to monetary policy and fiscal measures. In Germany, there were signs of a dynamic recovery in the purchasing managers' index and a strong Ifo index. In the course of the annual reporting season, which often produced more favorable results than had been anticipated by the market, both the DAX and the US indices reached new all-time highs in the first quarter of 2021. In Germany, the DAX breached the mark of 15,000 points for the first time in the first three months and closed the quarter with a gain of 9.4%. In the United States, meanwhile, the Dow Jones index performed at a similar level,

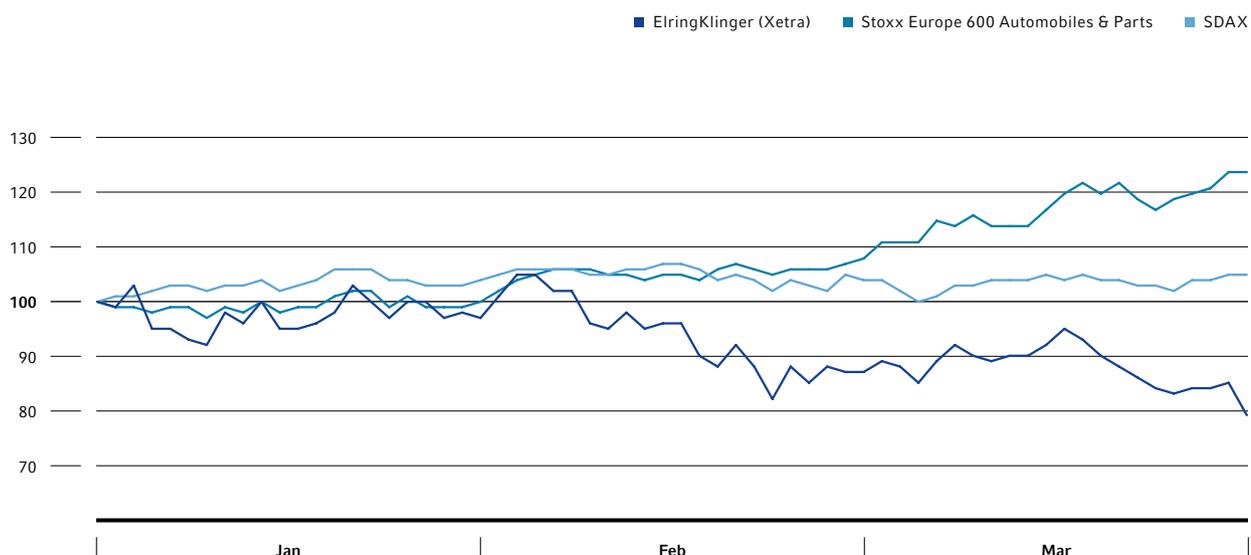
rising above 33,000 points for the first time and gaining 7.8% in the first quarter of 2021. The S&P 500 index, which comprises the 500 largest listed US companies, rose by 5.8% in the same period. In addition, the stock market was fueled by various aid measures – such as the US government's USD 1,900 billion coronavirus aid package – as well as the announcement by the ECB and the US Federal Reserve that they would maintain their expansive monetary policy.

ElringKlinger shares consolidate slightly after strong gains in previous year

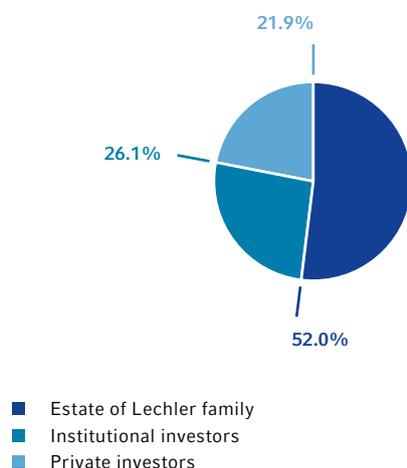
Trading within a volatile environment, ElringKlinger shares performed more or less in line with the market in January. At the beginning of February, the company's stock matched its previous high for 2021 of EUR 16.66. Having climbed to this level, the period of significant growth experienced in the preceding months was followed by a phase of consolidation in which the share price fell by more than 20%. As a result, ElringKlinger's stock did not follow the upward trajectory of the automotive sector in February and March. The quarter ended at EUR 12.52, the lowest level in the financial year to date.

ElringKlinger's share price performance from Jan. 1 to March 31, 2021 (indexed)

in %



Shareholder structure as of March 31, 2021



Further year-on-year expansion in trading volume

The average daily volume of ElringKlinger shares traded was 286,800 units in the first quarter of 2021, i. e., a visible increase compared to the volume recorded in the same period a year ago (Q1 2020: 238,200 units). This was driven not only by general buoyancy within the market and a stronger interest in the automotive sector during the first quarter of 2021 but also by the comparatively low share price towards the end of the first quarter. The average daily value of ElringKlinger shares traded on German stock exchanges

also rose to EUR 4.2 million in the first quarter. Due to the higher share price, this figure was up significantly on that of the first quarter of 2020 (EUR 1.5 million). Thus, ElringKlinger's stock again offered sufficiently high levels of liquidity to conduct relatively large share transactions during the quarter under review.

Ongoing dialogue with the capital markets

ElringKlinger took part in one capital market conference in the first quarter of 2021 and presented the company's business activities to a predominantly international audience. Additionally, the Group organized a telephone-based financial statements press conference and analysts' meeting for the purpose of presenting its 2020 financial report on the 30th of March. In this context, the Management Board of ElringKlinger AG outlined the company's results of the financial year just ended and its strategic orientation to the many journalists and analysts taking part in the conference call.

Annual General Meeting on May 18 – again as a virtual event

In view of the ongoing impact of the coronavirus pandemic, ElringKlinger has again decided in favor of a fully virtual format for its 116th Annual General Meeting, i. e., via the Internet. Against the background of the Group's earnings performance in 2020 and the economic repercussions of the coronavirus pandemic, the dividend has been suspended for the 2020 financial year.

ElringKlinger Stock (ISIN DE0007856023/WKN 785 602)

	1 st Quarter 2021	1 st Quarter 2020
Number of shares outstanding	63,359,990	63,359,990
Share price (daily price in EUR) ¹		
High	16.66	8.22
Low	12.52	3.61
Closing price ²	12.52	3.91
Average daily trading volume (German stock exchanges; volume of shares traded)	286,800	238,200
Average daily trading value (German stock exchanges; in EUR)	4,221,900	1,467,300
Market capitalization (EUR millions) ^{1,2}	793.3	247.7

¹ Xetra trading

² as of March 31

Group Income Statement

of ElringKlinger AG, January 1 to March 31, 2021

EUR k	1 st Quarter 2021	1 st Quarter 2020
Sales revenue	424,065	396,239
Cost of sales	- 314,834	- 308,408
Gross profit	109,231	87,831
Selling expenses	- 30,870	- 31,361
General and administrative expenses	- 22,306	- 21,585
Research and development costs	- 18,511	- 18,418
Other operating income	13,957	1,976
Other operating expenses	- 3,097	- 2,443
Operating result/EBIT	48,404	16,000
Finance income	6,136	20,524
Finance costs	- 3,526	- 28,139
Share of result of associates	- 1,572	- 2,206
Net finance costs	1,038	- 9,821
Earnings before taxes	49,442	6,179
Income tax expense	- 10,905	- 4,547
Net income	38,537	1,632
of which: attributable to non-controlling interests	642	- 339
of which: attributable to shareholders of ElringKlinger AG	37,895	1,971
Basic and diluted earnings per share in EUR	0.60	0.03

Group Statement of Comprehensive Income

of ElringKlinger AG, January 1 to March 31, 2021

EUR k	1 st Quarter 2021	1 st Quarter 2020
Net income	38,537	1,632
Currency translation difference	2,177	-20,517
Share of other comprehensive income of associates	-278	135
Gains and losses that can be reclassified to the income statement in future periods	1,899	-20,382
Gains and losses that cannot be reclassified to the income statement in the future periods	0	0
Other comprehensive income after taxes	1,899	-20,382
Total comprehensive income	40,436	-18,750
of which: attributable to non-controlling interests	913	-83
of which: attributable to shareholders of ElringKlinger AG	39,523	-18,667

Group Statement of Financial Position

of ElringKlinger AG, as at March 31, 2021

EUR k	March 31, 2021	Dec. 31, 2020	March 31, 2020
ASSETS			
Intangible assets	200,612	201,071	211,117
Property, plant and equipment	945,203	939,953	1,021,287
Investment property	0	0	3,258
Financial assets	15,207	15,088	3,552
Shares in associates	15,329	17,179	21,635
Non-current income tax assets	541	335	293
Other non-current assets	41,330	4,320	4,448
Deferred tax assets	28,238	23,763	16,342
Contract performance costs	9,229	9,784	10,011
Non-current contract assets	593	717	1,305
Non-current assets	1,256,282	1,212,210	1,293,248
Inventories	323,050	300,503	365,254
Current contract assets	10,012	9,725	10,561
Trade receivables	251,443	231,249	231,439
Current income tax assets	3,525	4,889	5,655
Other current assets	100,723	71,436	84,238
Cash and cash equivalents	164,826	127,852	101,016
Current assets	853,579	745,654	798,163
Assets held for sale	0	5,249	0
	2,109,861	1,963,113	2,091,411

EUR k	March 31, 2021	Dec. 31, 2020	March 31, 2020
LIABILITIES AND EQUITY			
Share capital	63,360	63,360	63,360
Capital reserves	118,238	118,238	118,238
Revenue reserves	722,220	684,325	727,099
Other reserves	-39,850	-88,653	-73,124
Equity attributable to the shareholders of ElringKlinger AG	863,968	777,270	835,573
Non-controlling interest in equity	85,932	35,617	36,876
Equity	949,900	812,887	872,449
Provisions for pensions	157,032	156,935	148,692
Non-current provisions	19,812	19,793	18,013
Non-current financial liabilities	357,775	391,920	571,298
Non-current contract liabilities	7,055	7,609	12,411
Deferred tax liabilities	13,941	13,692	14,927
Other non-current liabilities	7,370	7,346	8,120
Non-current liabilities	562,985	597,295	773,461
Current provisions	28,962	26,905	16,312
Trade payables	144,051	128,920	143,931
Current financial liabilities	219,486	205,257	143,024
Current contract liabilities	35,016	31,159	22,590
Tax payable	36,688	33,278	16,099
Other current liabilities	132,773	125,493	103,545
Current liabilities	596,976	551,012	445,501
Liabilities relating to assets held for sale	0	1,919	0
	2,109,861	1,963,113	2,091,411

Group Statement of Changes in Equity

of ElringKlinger AG, January 1 to March 31, 2021

EUR k	Share capital	Capital reserves	Revenue reserves
Balance as of Dec. 31, 2019	63,360	118,238	725,128
Dividend distribution			
Total comprehensive income			1,971
Net income			1,971
Other comprehensive income			
Balance as of Mar. 31, 2020	63,360	118,238	727,099
Balance as of Dec. 31, 2020	63,360	118,238	684,325
Dividend distribution			
Shares of non-controlling interests*			
Total comprehensive income			37,895
Net income			37,895
Other comprehensive income			
Balance as of Mar. 31, 2021	63,360	118,238	722,220

* Share of Plastic Omnium in EKPO Fuel Cell Technologies GmbH

Other reserves					
Remeasurement of defined benefit plans net	Equity impact of controlling interests	Currency translation differences	Equity attributable to the shareholders of ErlingKlinger AG	Non- controlling interests in equity	Group equity
-52,909	-422	845	854,240	36,980	891,220
			0	-21	-21
		-20,638	-18,667	-83	-18,750
			1,971	-339	1,632
		-20,638	-20,638	256	-20,382
-52,909	-422	-19,793	835,573	36,876	872,449
-60,132	-422	-28,099	777,270	35,617	812,887
			0	-20	-20
	47,175		47,175	49,422	96,597
		1,628	39,523	913	40,436
			37,895	642	38,537
		1,628	1,628	271	1,899
-60,132	46,753	-26,471	863,968	85,932	949,900

Group Statement of Cash Flows

of ElringKlinger AG, January 1 to March 31, 2021

EUR k	1 st Quarter 2021	1 st Quarter 2020
Earnings before taxes	49,442	6,179
Depreciation/amortization (less write-ups) of non-current assets	28,791	29,813
Net interest	2,090	3,954
Change in provisions	1,804	-1,227
Gains/losses on disposal of non-current assets	99	232
Share of result of associates	1,572	2,206
Change in inventories, trade receivables and other assets not resulting from financing and investing activities	-35,070	-12,924
Change in trade payables and other liabilities not resulting from financing and investing activities	17,083	-18,478
Income taxes paid	-7,683	-6,692
Interest paid	-2,130	-3,113
Interest received	282	311
Other non-cash expenses and income	-14,235	12,514
Net cash from operating activities	42,045	12,775
Proceeds from disposals of property, plant and equipment, intangible assets and investment property	616	25
Proceeds from disposals of financial assets	937	881
Proceeds from the disposal of subsidiaries	14,450	0
Payments for investments in intangible assets	-2,379	-2,659
Payments for investments in property, plant and equipment and investment property	-11,644	-12,338
Payments for investments in financial assets	-2,821	-2,301
Net cash from investing activities	-841	-16,392
Payments received from non-controlling interests for the acquisition of shares	30,040	0
Dividends paid to shareholders and to non-controlling interests	-20	-21
Proceeds from the addition of long-term loans	98	13,378
Payments for the repayment of long-term loans	-57,757	-56,035
Change in current loans	20,146	16,189
Net cash from financing activities	-7,493	-26,489
Changes in cash	33,711	-30,106
Effects of currency exchange rates on cash	3,263	-4,328
Cash at beginning of period	127,852	135,450
Cash at end of period	164,826	101,016

Group Sales Revenue

of ElringKlinger AG, January 1 to March 31, 2021

Sales revenue by regions

EUR k	1 st Quarter 2021	1 st Quarter 2020
Germany	93,492	91,855
Rest of Europe	131,163	122,505
North America	100,173	105,845
Asia-Pacific	81,798	58,928
South America and rest of the world	17,439	17,106
Group	424,065	396,239

Sales revenue by segments

EUR k	1 st Quarter 2021	1 st Quarter 2020
Lightweighting/Elastomer Technology	127,098	108,146
Metal Sealing Systems & Drivetrain Components	120,457	112,525
Shielding Technology	78,523	83,780
E-Mobility	7,284	6,355
Exhaust Gas Purification	1,016	2,372
Others	23	35
Segment Original Equipment	334,401	313,213
Segment Original Equipment	334,401	313,213
Segment Aftermarket	55,363	52,293
Segment Engineered Plastics	33,118	28,932
Sales of goods and licensing	422,882	394,438
Proceeds from the rendering of services	1,179	1,801
Revenue from contracts with customers	424,061	396,239
Income from rental and leasehold	4	0
Total	424,065	396,239

Segment Reporting

of ElringKlinger AG, January 1 to March 31, 2021

Segment	Original Equipment		Aftermarket		Engineered Plastics	
	1 st Quarter 2021	1 st Quarter 2020	1 st Quarter 2021	1 st Quarter 2020	1 st Quarter 2021	1 st Quarter 2020
EUR k						
External revenue	334,401	313,213	55,363	52,293	33,118	28,932
Intersegment revenue	7,959	6,156	0	0	38	3
Segment revenue	342,360	319,369	55,363	52,293	33,156	28,935
EBIT¹/Operating result	29,341	-290	11,904	12,798	7,215	3,495
Depreciation and amortization	-25,522	-26,686	-890	-957	-1,661	-1,655
Capital expenditures ²	22,697	21,161	1,211	609	2,001	428

¹ Earnings before interest and taxes

² Investments in intangible assets and property, plant and equipment and investment property

Other		Consolidation		Group	
1 st Quarter 2021	1 st Quarter 2020	1 st Quarter 2021	1 st Quarter 2020	1 st Quarter 2021	1 st Quarter 2020
1,183	1,801	0	0	424,065	396,239
2,512	2,132	-10,509	-8,291	0	0
3,695	3,933	-10,509	-8,291	424,065	396,239
-56	-3			48,404	16,000
-718	-515			-28,791	-29,813
195	186			26,104	22,384

Notes to the first three 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 March 31, 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 March 31, 2021, do not include all information and disclosures required under IFRS for annual consolidated financial statements.

The consolidated interim financial statements as of March 31, 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 May 6, 2021.

Basis of reporting

Scope of consolidated financial statements

Alongside the financial statements of ElringKlinger AG, the interim financial statements as of March 31, 2021, include the financial statements of 7 domestic and 30 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.

EK Fuel Cell Technologies GmbH, based in Dettingen/Erms, Germany, was renamed EKPO Fuel Cell Technologies GmbH, based in Dettingen/Erms, Germany. The interests in the company 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, based in Wels, Austria.

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 contributed the area of fuel cell technology to the company as part of a non-cash contribution. The contribution was made at book value. 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	
		Mar. 31, 2021	Dec. 31, 2020	Jan. – Mar. 2021	Jan. – Dec. 2020
US dollar (USA)	USD	1.17250	1.22710	1.19940	1.14700
Pound (United Kingdom)	GBP	0.85209	0.89903	0.86882	0.88935
Swiss franc (Switzerland)	CHF	1.10700	1.08020	1.09513	1.07090
Canadian dollar (Canada)	CAD	1.47820	1.56330	1.52110	1.53802
Real (Brazil)	BRL	6.74090	6.37350	6.68737	5.99878
Mexican peso (Mexico)	MXN	24.05060	24.41600	24.62673	24.73002
RMB (China)	CNY	7.68120	8.02250	7.77480	7.89749
WON (South Korea)	KRW	1,324.19000	1,336.00000	1,348.75667	1,350.23750
Rand (South Africa)	ZAR	17.34840	18.02190	17.91890	18.91385
Yen (Japan)	JPY	129.91000	126.49000	128.59667	121.88417
Forint (Hungary)	HUF	363.27000	363.89000	361.03000	354.05167
Turkish lira (Turkey)	TRY	9.72500	9.11310	9.20633	8.15792
Leu (Romania)	RON	4.92230	4.86830	4.89077	4.84251
Indian rupee (India)	INR	85.81300	89.66050	87.94053	84.94442
Indonesian rupiah (Indonesia)	IDR	17,030.56000	17,240.76000	17,126.07667	16,743.66083
Bath (Thailand)	THB	36.65800	36.72700	36.58133	35.90242
Swedish krona (Sweden)	SEK	10.23830	10.03430	10.16270	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 projections in respect of expected developments, please refer to the details provided 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:

EUR k	Cash	Trade receivables	Other current assets	Derivatives	Non-current securities		Other financial investments		Total
	CA	CA	CA	CA	CA	FV	CA	FV	CA
as of Mar. 31, 2021									
Financial assets measured at amortized cost	164,826	251,443	18,860	0	1,438	1,456	2,008	2,008	438,575
Financial assets measured at fair value through profit or loss	0	0	29,438	5,628	0	0	11,677	11,677	46,743
Financial assets measured at fair value through other comprehensive income	0	0	0	0	76	76	8	8	84
Total	164,826	251,443	48,298	5,628	1,514	1,532	13,693	13,693	485,402
as of Dec. 31, 2020									
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
Total	127,852	231,249	14,639	8,607	1,511	1,524	13,577	13,577	397,435

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
as of Mar. 31, 2021				
Financial liabilities measured at amortized cost	51,720	204,148	15,338	144,051
Financial liabilities measured at fair value through profit or loss	0	0	0	0
as of Dec. 31, 2020				
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 IFRS16	Total
	CA	FV	CA	FV	CA	CA
as of Mar. 31, 2021						
Financial liabilities measured at amortized cost	0	0	301,170	291,885	56,605	773,032
Financial liabilities measured at fair value through profit or loss	106	106	0	0	0	106
as of Dec. 31, 2020						
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 10,229k (Dec. 31, 2020: EUR 10,522k) and the current portion of Plastic Omnium's outstanding contribution of EUR 29,438k measured at present value.

ErlingKlinger 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 March 31, 2021:

EUR k	Level 1	Level 2	Level 3
Mar. 31, 2021			
Financial assets			
Non-current securities	76	0	0
Other financial investments	8	0	11,677
Derivatives*	0	5,628	0
Total	84	5,628	11,677
Financial liabilities			
Derivatives*	0	106	0
Total	0	106	0
Dec. 31, 2020			
Financial assets			
Non-current securities	73	0	0
Other financial investments	8	0	11,561
Derivatives*	0	8,607	0
Total	81	8,607	11,561
Financial liabilities			
Derivatives*	0	26	0
Total	0	26	0

*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 March 31, 2021:

EUR k	Level 1	Level 2	Level 3
Mar. 31, 2021			
Financial assets			
Non-current securities	1,456	0	0
Other financial investments	0	0	2,008
Total	1,456	0	2,008
Financial liabilities			
Non-current financial liabilities	0	291,885	0
Purchase price liability from written put option	0	0	36,913
Total	0	291,885	36,913
Dec. 31, 2020			
Financial assets			
Non-current securities	1,451	0	0
Other financial investments	0	0	2,008
Total	1,451	0	2,008
Financial liabilities			
Non-current financial liabilities	0	329,093	0
Purchase price liability from written put option	0	0	36,913
Total	0	329,093	36,913

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 three months of 2021.

Government grants

Other operating income in the first three months of 2021 includes government grants totaling EUR 662k (Mar. 31, 2020: EUR 855k). These grants were attributable primarily to development projects.

Events after the reporting period

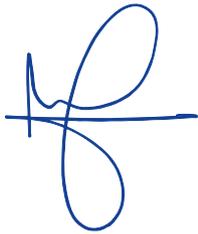
There were no further significant events after the end of the interim reporting period that would necessitate additional explanatory disclosure.

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, May 6, 2021

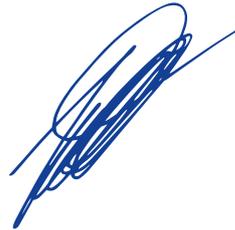
The Management Board



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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

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 May 6, 2021, and is available in German and English. Only the German version shall be legally binding.

Financial Calendar 2021

MAY

18

116th Annual General
Shareholders' Meeting,
Virtual event

AUGUST

05

Interim Report
on the 2nd Quarter and
1st Half of 2021

NOVEMBER

04

Financial Results
on the 3rd Quarter and
1st Nine Months of 2021

MAY 2022

19

117th Annual General
Shareholders' Meeting

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

For trade fairs please visit our websites:

www.elringklinger.de/en/press/dates-events

www.elring.de/en/press-events/dates-events



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